



ASLEF Political Update July 2009

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Franchised Rail Services

The Minister of State, Department for Transport (Mr. Sadiq Khan): My right hon. and noble Friend the Secretary of State for Transport has made the following ministerial statement:

This morning, National Express Group has announced that they will not provide the further financial support necessary to ensure that their subsidiary, National Express East Coast, remains solvent. As a consequence, National Express East Coast is no longer able to continue its franchise agreement to its full term.

The Government's first and overriding obligation in this situation is to ensure continuity of service to passengers, with no disruption or diminution of service standards. When the Government have had to step in to protect rail services in the past, there has been no such impact on passengers.

I have therefore established a publicly owned company, which will take over this franchise from the point at which National Express East Coast ceases to operate. We will agree an orderly handover with National Express. Until that date, National Express will operate services on the current basis; after that date the new public company will do so. There will be no interruption of services. Existing operational staff—who continue to provide a good service—will transfer to the new East Coast Main Line company; so will the assets necessary for the continuation of the service. I can assure the travelling public that services will continue without disruption and all tickets will be honoured.

National Express also operates rail services on the East Anglia main line and associated commuter routes. The company has said that it does not intend to default on its obligations in respect of these franchises. Notwithstanding this, the Government believe they may have grounds to terminate these franchises, and we are exploring all options in the light of the group's statement this morning. In the meantime, we expect National Express to meet its obligations on these franchises in full.

A company which had defaulted in the way National Express now intends would not have pre-qualified for any previous franchises let by the Department. I note that the parent groups of previous franchise failures are no longer in the UK rail business. It is simply unacceptable to reap the benefits of contracts when times are good, only to walk away from them when times become more challenging.

It is the Government's intention to tender for a new East Coast franchise operator from the end of 2010. The specification of the new franchise will reflect my concern to secure better passenger services and facilities. I intend to consult fully on the new franchise specification, including with passenger groups, parliamentarians and the Scottish Executive.

The rail franchising system was examined by the National Audit Office last year. It was found to deliver good value for money, and steadily improving services. Passenger numbers are at their highest levels since the 1940s, punctuality is over 90 per cent. and overall passenger satisfaction is steadily rising. The revenue from rail franchises is enabling us to make record investments in upgrading the network and services on it.

Railways: Carbon Emissions

Charles Hendry (Con): To ask the Minister of State, Department for Transport what recent estimate he has made of the volume of carbon dioxide emissions arising from the operations of each rail franchise in the most recent period for which figures are available. [283256]

Chris Mole: The Department for Transport does not hold data in the form requested. The rail industry reports its traction related carbon emissions annually to the Office of Rail Regulation.

In 2007-08, the most recent year for which figures are available, the rail industry reported combined freight and passenger traction carbon emissions of 3.4 million tonnes of carbon dioxide. Of this 2.7 million tonnes relates to passenger operations. This information is found in Rolling National Rail Trends 2008-09 on the Office of Rail regulation website at:

<http://www.rail-reg.gov.uk/server/show/nav.2026>

Railways: Electrification

Norman Baker: To ask the Minister of State, Department for Transport what funding his Department is providing to enable the completion of Guide to Rail Investment Projects 3 work in respect of the proposals to electrify the Gospel Oak to Barking line; and when he expects this stage of the process to be completed. [284159]

Chris Mole [*holding answer 3 July 2009*]: No funding is being provided by the Department for Transport towards the development of any Guide to Railway Investment Projects Stage 3 work for the Gospel Oak to Barking line electrification. The funding of the development work and the date for its completion are both matters for Transport for London.

Railways: Franchises

Norman Baker (LD): To ask the Minister of State, Department for Transport what maximum temperature in train carriages his Department specified in franchise agreements. [283043]

Chris Mole: There is no such requirement in any franchise agreement.

London and Continental Railways

Stephen Hammond(Con): To ask the Minister of State, Department for Transport when he expects the sale of property associated with London & Continental Rail Ltd to be completed. [284255]

Chris Mole: London and Continental Railways Ltd. hold a wide range of property interests, both those associated with the operation of the High Speed One railway, and associated developments.

Of these, by far the most significant in terms of independent commercial value are the development interests at Stratford and Kings Cross. In each case, London and Continental Railways has entered into separate development arrangements which will provide a long-term interest in the commercial potential of the sites.

No decision has yet been made as to when London and Continental Railways should seek to sell these interests. In part, this will depend on an assessment as to which point in the development project a sale would deliver best return to the taxpayer, versus future risk of continued participation.

Railways

Stephen Hammond: To ask the Minister of State, Department for Transport what (a) operational and (b) infrastructure barriers have been identified to linkages between High Speed One and any proposed high speed lines. [284256]

Chris Mole: High Speed Two will report to the Government by the end of the year with a proposed route from London to the West Midlands, setting out any necessary options. As part of this work, High Speed Two has been asked to provide advice on the costs and benefits of options for linking with High Speed One.

Railways

Mr. Jenkins: To ask the Minister of State, Department for Transport how many rail journeys were made by passengers in each of the last five years. [284745]

Chris Mole: Rail passenger journeys in the past five years are shown in the following table:

<i>Passenger journeys, Great Britain, 2003-04 to 2007-08</i>	
	<i>Passenger journeys (million)</i>
2003-04	1,012
2004-05	1,045
2005-06	1,082

2006-07	1,151
2007-08	1,232
<i>Source:</i> The Office of Rail Regulation	

Railways

Fiona Mactaggart: To ask the Minister of State, Department for Transport what steps he is taking to encourage rail travel in off-peak hours. [284730]

Chris Mole: The Department for Transport regulates certain rail fares, particularly where people have little alternative to rail to make necessary journeys (such as season tickets used by commuters). Regulated fares account for in excess of 60 per cent. of all rail journeys made.

Train operators are free to apply commercial pricing to unregulated fares, which means charging higher fares at peak times when trains are full but lower fares to price-sensitive passengers in the off-peak to attract additional passengers. This helps achieve value for money in terms of both passengers carried and subsidy required.

Trams: Railways

Mr. Tom Harris: To ask the Minister of State, Department for Transport what progress his Department has made on its tram-train pilot. [286060]

Chris Mole: The Department for Transport is in discussions with Northern and Network Rail about the operation of a tram-train trail on the Penistone line and expects to make an announcement in due course.

East Coast Railway Line

Norman Baker: To ask the Minister of State, Department for Transport whether the terms of the East Coast mainline franchise allow for any financial obligations of National Express East Coast Ltd. to be borne by their parent company National Express Ltd. [284709]

Chris Mole [*holding answer 7 July 2009*]: Under the National Express East Coast franchise agreement, National Express Group is obliged to meet its parent company loan obligation of a £40 million loan facility. It is also open to National Express Group, at their discretion, to make available support in excess of this.

Norman Baker: To ask the Minister of State, Department for Transport what the estimated cost to the public purse is arising from the termination of the East Coast mainline franchise for the period between the date of transfer of the East Coast mainline

franchise to the public sector and the expected date by which the franchise will be relet, net of operating profits received by the new public sector company. [284710]

Chris Mole [*holding answer 7 July 2009*]: The cost to the public purse while the East Coast Mainline franchise is run by the public sector company will depend upon a number of factors, including ticket revenue during that period. The costs of transferring the franchise to the public sector company and re-letting the franchise will be met from within the £31.4 million performance bond that National Express is contractually committed to.

Norman Baker: To ask the Minister of State, Department for Transport whether the funding required for the return to public ownership of the East Coast mainline franchise will come from existing rail budgets. [286329]

Chris Mole: The costs of transferring the franchise to the public sector company and re-letting the franchise will be met from within the £31.4 million performance bond that National Express is contractually committed to.

Hugh Bayley: To ask the Minister of State, Department for Transport what surplus of income over expenditure on operating costs he expects the East Coast Main Line franchise to achieve in the period that it is in public sector management; to whom the surplus will be paid; and what plans he has for the allocation of such funds. [286373]

Chris Mole: Any surplus of income over expenditure on operating costs during the period that the east coast main line franchise is in public sector management will be used to meet expected premium payments to the Department for Transport. Any surplus beyond this will also be received by the Department. Any surplus will depend on future ticket revenue which is not yet known.

Hugh Bayley: To ask the Minister of State, Department for Transport (1) what surplus of income over expenditure on operating costs of the East Coast Main Line was in each of the last 10 years that the service was managed by British Rail; [286374]

(2) how many (a) passengers were carried and (b) kilometres were travelled by trains on the East Coast Main Line in each of the last 25 years. [286376]

Chris Mole: The Department for Transport does not hold this information. More general information on rail usage is contained in National Rail Trends, published by the Office of Rail Regulation at:

www.rail-reg.gov.uk

East Coast Railway Line: Franchises

Mr. Hoyle: To ask the Minister of State, Department for Transport pursuant to the statement of 1 July 2009, *Official Report*, columns 424-27, on National Express East

Coast franchise, what recent assessment he has made of the viability of other franchises held by National Express. [284817]

Chris Mole: All rail franchises are formally regularly monitored through the monthly and quarterly franchise performance meetings. Both National Express East Anglia and National Express c2c are monitored in this way and are currently meeting their obligations under their franchise agreements.

Stephen Hammond: To ask the Minister of State, Department for Transport with reference to Chart 5 of his Department's publication, Franchise Evaluation Process Charts, May 2008, Selection of Winning Bid, whether the difference between the risk-adjusted net present value of the National Express East Coast bid for the Intercity East Coast Franchise and the risk-adjusted net present value of the next best bidder for the same franchise was greater than the materiality threshold, after an assessment of the affordability, compliance and deliverability of the bid had been completed. [285882]

Chris Mole: The Intercity East Coast Franchise was let on 13 August 2007. A January 2007 version of the Franchise Evaluation Process Charts was used in the evaluation process.

The lead bidder's risk adjusted net present value and National Express East Coast risk-adjusted net present value were both within the materiality threshold as stated in the Franchise Evaluation Process Charts. The risk adjusted net present values included risk adjusted elements for specification compliance, deliverability and affordability.

Stephen Hammond: To ask the Minister of State, Department for Transport with reference to chart 4 of his Department's publication, Franchise Evaluation Process Charts, May 2008, categorisation of financial risk, whether his Department ascertained from National Express Group plc whether they were prepared to provide an additional unfettered facility or an on-demand loan to National Express East Coast; and whether the schedule 12 ratio fell below 1.05 per cent. at any time during the franchise. [285883]

Chris Mole: The Intercity East Coast Franchise was let on 13 August 2007. A January 2007 version of the Franchise Evaluation Process Charts was used in the evaluation process.

As part of their submission, National Express Group committed a loan facility of £40 million that was sufficient to maintain the bid in the medium financial risk category and the schedule 12 ratio above 1.05 at any point during the franchise.

Mr. Tom Harris: To ask the Minister of State, Department for Transport (1) whether the new franchise on the East Coast Main Line will be required to provide rail services to Glasgow; [286055]

(2) if he will require the specification for the new East Coast Main Line franchise in preparation by the Department to maintain services at or above the level of service in the franchise awarded to National Express East Coast. [286056]

Chris Mole: Work has now started to develop proposals for the specification of the replacement franchise. This will include looking at service patterns and destinations. The draft specification will be consulted on with stakeholders, including passenger groups, parliamentarians and the Scottish Executive.

Railways

Ms Barlow: To ask the Minister of State, Department for Transport if he will take steps to require train operating companies to abide by their contractual obligations to increase paper waste recycling and reduce electricity usage; and what recent representations he has received from train operating companies on the matter. [285796]

Chris Mole: The Department for Transport is committed to including environmental objectives such as reducing energy consumption and increasing recycling in all franchises. Once these are agreed, they are monitored by the Department as part of the normal franchise management process. Earlier this month, officials discussed with train operators how to embed a wide range of sustainability issues, such as recycling and energy consumption in future franchises.

Railways: Fares

Mr. Tom Harris: To ask the Minister of State, Department for Transport what proposals his Department is considering in relation to changes to the regime governing regulation of rail fares. [286113]

Chris Mole: My noble Friend, the then Minister of State for Transport announced in February that the increase in the cap for regulated fares (usually the retail prices index + 1 per cent.) will, in general, be applied to individual regulated fares next year as well as to baskets of fares. We also intend to regulate the rail Oyster Pay as You Go fares when these are introduced.

Railways: Franchises

Mark Lazarowicz: To ask the Minister of State, Department for Transport if he will estimate the cost to the public purse of returning all rail franchises to public ownership. [286592]

Chris Mole: It is not the policy of the Government to operate rail franchises permanently in the public sector. In situations where the Government is obliged to do so on a temporary basis in order to fulfil its Operator of Last Resort duties under section 30 of the Railways Act 1993 the costs are usually met from the franchise's performance bond.

John McDonnell: To ask the Minister of State, Department for Transport how much revenue support (a) First Great Western, (b) First Capital Connect, (c) National Express East Anglia, (d) Northern Rail and (e) Virgin West Coast have received from his Department under the terms in their respective franchise agreements to date. [286899]

Chris Mole [*holding answer 14 July 2009*]: Details of the money received and paid out under the revenue support and share arrangements between 2006-07 and 2008-09 are set out in the following table. No revenue support payments were made to these franchises under their franchise agreements prior to this:

<i>£ million</i>			
<i>Train operating company (TOC)</i>	<i>2008-09</i>	<i>2007-08</i>	<i>2006-07</i>
<i>Revenue support paid</i>			
First Great Western	47.8	0.0	0.0
First Capital Connect	0.0	0.0	0.0
National Express East Anglia	14.0	0.0	3.3
Northern rail	0.0	0.0	0.0
Virgin West Coast	0.0	0.0	0.0
Total revenue support paid	61.8	0.0	3.3
<i>Revenue share received</i>			
Northern Rail	7.8	6.3	2.3
Virgin West Coast	33.0	0.0	0.0
Total revenue share received	40.8	6.3	2.3

Mr. Sanders: To ask the Minister of State, Department for Transport what his policy is on competition on the rail network; and if he will assess the level of competition between the train operating companies serving Torquay and Paignton stations. [287150]

Chris Mole: The Department for Transport does not have a policy to achieve a defined level of competitive pressure between train operators offering the same journey, and in many parts of the rail network there is a single operator.

The Office of the Rail Regulator has concurrent jurisdiction with the Office of Fair Trading to investigate potential breaches of the Competition Act 1998 in relation to the railways, and is also responsible for determining access rights for any open access train operators who may apply to operate a complementary and competitive rail service.

Crossrail

The Minister of State, Department for Transport (Mr. Sadiq Khan): On 14 July last year, my hon. Friend the Member for Glasgow, South (Mr. Harris), made a statement offering assurance to Parliament that a statement will be published at least every 12 months until the completion of the construction of Crossrail, setting out information about the project's funding and finances. This assurance was placed on the Crossrail Register of Undertakings and Assurances.

Government are committed to ensuring that there is a high level of transparency as to the progress and cost of the Crossrail project. Our intention in this area was set out in the Heads of Terms which were signed in November 2007. The Heads of Terms have now been superseded by the Crossrail Core Agreements, binding legal documents which set out the funding, governance and delivery arrangements for the Crossrail project. These were signed by the Secretary of State for Transport, Transport for London, and Cross London Rail Links Ltd on 3 December last year, and were published in the House Library, with an accompanying statement to the House. Since the assurance was given, Cross London Rail Links Ltd has also changed its name to Crossrail Ltd.

In line with my hon. Friend's assurance to the House I am therefore publishing this statement within 12 months of the Crossrail Act 2008 coming into force on 22 July 2008, and set out below the information outlined in that assurance:

Total funding amounts provided to Crossrail Ltd by the Department for Transport and TfL in relation to the construction of Crossrail in the period 22 July 2008 to 30 May 2009.	£200.922 million
Expenditure incurred by Crossrail Ltd in relation to the construction of Crossrail in the period 22 July 2008 to 30 May 2009 (excluding recoverable VAT on land and property purchases).	£196.803 million
Total expenditure incurred by Crossrail Ltd in relation to the construction of Crossrail to the end of the period 22 July 2008 to 30 May 2009 (excluding recoverable VAT on land and property purchases).	£196.803 million
The amounts realised by the disposal of any land or property for the purposes of the construction of Crossrail by the Secretary of State, TfL or Crossrail Ltd in the period covered by the statement.	Nil

The numbers above have been provided by Crossrail Ltd and are drawn from their accounts for the relevant periods.

I can also confirm that the costs of the construction of Crossrail are likely to fall within the agreed budget, based on best current estimates of costs provided by Crossrail Ltd.

The Government remain fully committed to Crossrail. This is a long-term major infrastructure project, helping, and responding to, London and the South-East's transport needs for the next half century and more.

We remain confident that Crossrail will be delivered on time and on budget and that the project can be funded as planned.

Railways: Franchises

Mr. Tom Harris: To ask the Minister of State, Department for Transport which existing rail franchises he expects to return a premium to his Department by the end of the franchise period. [286074]

Chris Mole: Based on existing contracted amounts it is anticipated that the following franchises will return a premium over the life of the contract:

Chiltern

First Great Western

South West Trains

East Midlands Trains

First Capital Connect

NX East Anglia

Southern Trains.

However, overall net premium payments are dependent on any revenue support payments.

NX East Coast has to date paid premiums, and is contracted to do so over the remainder of the franchise.

John McDonnell: To ask the Minister of State, Department for Transport how much his Department expects to receive in premiums from rail franchises in financial year 2009-10. [286900]

Chris Mole [*holding answer 14 July 2009*]: Contracted premiums currently receivable under franchise agreements in 2009-10 total £319 million.

**ASLEF Policy and Communications
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