

Response received by email

From: Graham Cross [<mailto:Graham.Cross@ChilternRailways.Co.uk>]

Sent: 20 May 2013 11:34

To: Mills, Robert

Cc: David McHugo; Paul Beddow; EXTL: Rimmer, Duncan (@chilternrailways.co.uk); James Percival; EXTL: Ableman, Thomas (@chilternrailways.co.uk); Steve Murphy; EXTL: Brighthouse, Rob (@chilternrailways.co.uk); Strange Joel; clynej@halcrow.com; Peter Finch; Jackie Reay; Salmon John (Area Manager); EXTL: Munden, Andrew (@chilternrailways.co.uk)

Subject: Chiltern Railways and Schedule 8 for CP5

Dear Robert,

Two points from Chiltern Railways if I may regarding Schedule 8 for CP5.

- 1) Benchmarks: We have had sight from Halcrow of proposed draft benchmarks for CP5 (attached). I am concerned that an incorrect approach is being taken. Halcrow tell me that the recalibration period off which the proposed CP5 benchmarks are being built is 1 April 2010 to 31 March 2012. In September 2011 Chiltern had a major timetable change and a major infrastructure change, arising from the completion of Evergreen 3 Phase 1. From our perspective these changes altered significantly the relationship between infrastructure, timetable and performance. In our view it would be more correct to have a recalibration period running from December 2011 (once the service had settled down after the commissioning) to December 2012; potentially extended forward to May 2013, if you want the longest possible period. It seems wrong to use pre December 2011 data to recalibrate, as this reflects a very different world, which no longer exists. It seems to me that the incentivisation basis should be current timetable on current infrastructure, not old timetable on now replaced infrastructure. This is a different point to the one previously made by my colleague David McHugo.
- 2) Level of MRE. I have also explained to Halcrow that the proposed MRE rates for NR Schedule 8 for CP5 seem too high. So I was pleased to see the letter dated 15 May 2013 from Joel Strange of NR. We agree with NR that the MRE rates proposed for CP5 for most of the Chiltern service groups seem far too high. We generally perform in a range of PPM 93%-94%-95%-96%. We do not think that passengers actually change their behaviour once performance levels are as high as this. I can appreciate that passengers would start switching to other operators / modes if for example performance were to fall from say 95% to 85%, but I cannot see that passengers switch behaviour if performance falls from say 95% to say 93% because it just isn't perceptible.

We will engage further on these points, including with the NR workshop on 31 May, but please can I ask you to note our positions.

I am copying our DfT Franchise Manager Jackie Reay into this as under our Franchise Agreement DfT take the risk on changes to benchmarks (but not MRE). And I am copying in NR's John Salmon and Joel Strange to show that Chiltern supports their position.

Graham

Graham Cross

Business Development Director
Chiltern Railways