First transforming travel

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Dear Joel,

FirstGroup Response to Network Rail (NR) Consultation of CP5 Station Long Term Charge (LTC) – 26th September 2012

Thank you for the opportunity to respond on the above consultation which support and supplement views already issued to you by First Capital Connect, Scotrail, First TransPennine Express and First Great Western.

With reference to reallocating station information (SISS) costs to Long Term Charge (from fixed track access charges), FirstGroup have no objection.

However, we do not accept NR's proposed change to have Long Term Charges implemented on a centralised portfolio basis from the current station by station allocation.

We understand that this proposal is to save NR administration costs. However, we have no evidence of the costs savings and whether these will be passed onto the TOCS.

The other issue with this proposal is that there is limited transparency of expenditure by NR or planning of renewals and repair at present on a station by station basis. To amalgamate the LTC costs by portfolio would reduce visibility further.

The proposal also does not explain clearly how multi user stations LTC will be evidenced.

Our specific responses are below.

1. Do you agree that the established LTC structure should be retained in broadly its current form in CP5?

Yes for the above reasons

2. Do you agree that the cost of capital associated with stations should continue to be excluded from the LTC?

Yes as this may then be separately reviewed

3. Do you agree that SISS costs should be recovered by means of the LTC rather than fixed charges in CP5?

Yes

4. As a general principle, do you agree that the industry should move to a portfolio charging structure for the LTC in CP5?

No. As detailed above

5. Do you agree with the specific approach to portfolio billing described in the preceding paragraphs?

No. This would make secondary billing of beneficiaries at multi user stations difficult and time consuming for SFO.

6. Do you agree with the proposed methodology for translating expenditure into charges at franchised stations in CP5?

No. The LTC is proposed to be calculated on a station by station basis and in view of the issues described above the generic overlays should be allocated and charged on a station basis.

7. Do you agree with the proposed methodology for translating expenditure into charges at managed stations in CP5?

Yes.

8. What are your views about the LTC in light of the transfer of MRR activities to SFOs on some routes?

FG would support the proposal to calculate "shadow" LTC at locations where MRR activity is transferred to SFOs.

9. What are your views about out proposals for industry engagement as part of the process to set LTCs in CP5?

We wholly support the approach of holding cross-industry workshops in tandem with written consultation. However, we are not aware of the VTAC development meeting. (We assume in this case VTAC stands for Variable Track Access Charges).

10. Do you agree that for Managed Stations SISS maintenance and repair should be bought together as a landlord responsibility, and therefore be included in the LTC for CP5.

Yes.

Yours sincerely,

pp Sarah McManus
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