

# WHICH WEST COAST? The competing bids compared

## West Coast as Virgin sees it

VIRGIN, of course, was preparing to continue a franchise which it had already run for more than 15 years. One of the more intriguing elements in its plans for 'West Coast Mk 2' is the removal of the remaining Voyagers (many have already gone with the loss of CrossCountry). They would be replaced by 'baby Pendolinos', each six cars in length, but in the absence of plans to electrify to Shrewsbury or Holyhead, how would that work?

The answer as seen by Virgin is the acquisition of a new fleet of purposely-specified diesel locomotives. They would be designed to work with the new Pendolinos, with automatic couplers. This recalls the days when Pendolinos were worked along the North Wales coast to Holyhead hauled by Class 57 locomotives attached or detached at Crewe, but this could be a cumbersome process at times. The new locos should be much slicker when being coupled and decoupled, and Virgin also plans to make them reversible, so that there would be no need for running-around. Instead, when the loco is propelling from the rear of the set the plan is for the driver to occupy the leading Pendolino cab, effectively turning it into a DVT.

So much for traction – what about the trains? A major refresh is planned, although there is no proposal for a third intermediate class, as planned by First. The shops will stay, and the on-board catering improved throughout.

WiFi would be replaced by a new, upgraded system, which will apparently be free to all passengers.

The major factor, naturally, is passenger figures and revenue. Virgin is less optimistic than First about the possibilities for growth, and the premiums it offered the DfT are similarly less ambitious (£700 million less at net present value). However, the payments rise more sharply in the earlier years, being less heavily 'back-weighted', as our chart shows.

An intriguing part of Virgin's offer is the proposal to work with Network Rail on certain targeted infrastructure upgrades. This ignores the wider need for more West Coast modernisation which still exists after some of the planned work was 'de-scoped' ten years ago, in order to bring the cost of the project to below the sensitive £10 billion mark.

The extent of renewals which are still needed are more of a problem for Network Rail than the operators, but Virgin has entered the infrastructure arena by suggesting upgrades in propitious places, such as the recently-quadrupled Trent Valley, to allow 135mph (217km/h) running.

This would undoubtedly help to shave journey times and would be no problem for the Pendolinos, which were after all designed for 225km/h running, but there is no obvious way to go faster than 200km/h without introducing in-cab signalling. The idea of in-cab signalling evokes the shade of the failed PUG2 programme of the 1990s which, it has been said, threatened to take the cost of upgrading the West Coast to £30 billion.

So Virgin's West Coast offer is a complex set of ideas – more radical than First in some ways (replacing the Voyagers and taking line speeds beyond 125mph, plus new shorter Pendolinos) and also apparently offering more investment on such areas as stations.

Virgin says its total investment would be almost £800 million, as opposed to £350 million from First, but it is not clear just what is included in those totals.



FOR THE first time since the railways were privatised, here we set out the details of the competing bids for the Intercity West Coast franchise, as provided by FirstGroup and Virgin Trains. This is a 'first' for Railnews as well, because such a detailed comparison has never been possible before, simply because the details of losing franchise bids are rarely if ever made public. As we go to press, First is still the official winner of the competition, and says it is preparing to take over on 9 December. But the start of legal proceedings by Virgin has cast this particular competition in a new light. We are making no comment about the merits of either bid, but give the details here so that they may be compared.



## West Coast as FirstGroup sees it

FIRSTGROUP is in new territory on the West Coast Main Line. More by chance than anything else First's intercity experience has been limited to diesel trains, and inheriting a fleet of electric tilting units – currently perhaps the most glamorous in Britain – is quite a challenge for any operator.

First is also replacing a well-known brand which appears to have many loyal followers, to judge by the volume of support for the online petition which calls for First to stay elsewhere.

The key points of First's bid to the DfT include more trains, but unlike Virgin, which aims essentially to replace the Voyagers, First wants to augment the existing fleet with 11 new six-car electric units for the Birmingham-Glasgow route.

These would allow Voyagers to be cascaded to other West Coast routes, and indeed more will be needed for future services to such places as Shrewsbury. There are naturally no details available yet, but the managing director of First's Rail Division Vernon Barker told Railnews that discussions with possible manufacturers had to take place so that the bid could be assembled in sufficient detail for the DfT. More, as they say, follows.

Other key points of the First bid include the intriguing introduction of an intermediate class, which would use some of the First Class accommodation on the Pendolinos. Although 'First, Second and Third' was fast falling out of favour in Britain a century ago, the idea has already been resurrected, evidently with success, by Eurostar. First's new class (Club Class?) would probably, as on Eurostar, offer a complimentary at-seat service, but one which is simpler than the menu in true First.

The headlines about the FirstGroup bid have, perhaps inevitably, concentrated on its higher bid. This is achievable, says Vernon Barker, because First is convinced that there are greater opportunities for growth, particularly along the notorious M6 corridor, than Virgin has so far achieved or indeed envisages. The strategy includes more sophisticated yield management ("Virgin's is ten years old") although, as we see on the opposite page, Virgin is also planning an upgrade in this area.

Fares have long been a point of contention on the West Coast, particularly as the price of open singles and returns appeared to be spiralling upwards almost without limit. First is promising to put the brakes on this trend to some extent, by reducing the price of Standard Anytime tickets by an average of 15 per cent within two years of launching the franchise.

Will Advance tickets suffer, and will seekers of discounted fares literally pay the price? Vernon Barker's answer to this is no, because First believes its superior system of yield management will compensate by selling seats more efficiently, and improve the present average train occupancy of 35 per cent through the day.

New services are also on First's agenda, many of them in line with Virgin's, although First has not mentioned Stirling as a new destination. Blackpool should see a daily through train to and from London in December 2013, but the others – Telford/Shrewsbury, Bolton – will have to wait until perhaps 2016, when the new fleet of electric units should be available.

Finally, what will the operation be called? First West Coast is perhaps a little obvious, and there has been some speculation that the brand will be 'Horizon'. Vernon Barker told Railnews: "That's trying to lift the curtain on our marketing plans, and we are not revealing those yet."

### Proposition West Coast: the Virgin version

#### NEW SERVICES

Direct services to Telford/Shrewsbury/Blackpool/Bolton, a year earlier than First. Double frequency to Preston and improvements for North Wales/Nuneaton/Milton Keynes. Faster journey times between Euston and Glasgow. Also new services to Stirling, Motherwell, Hartford and Liverpool South Parkway, plus improvements to Gobowen/Chirk/Ruabon/Wrexham, Milton Keynes/Rugby/Stafford to the North West, and more calls at Tamworth/Lichfield.

#### TRAINS

Voyagers replaced with 21x 6-car 'Baby Pendolinos'. These would be hauled by purpose-built diesel locomotives on non-electrified sections, such as to Holyhead and Shrewsbury.

#### ON BOARD SERVICES

Replace current WiFi with a new system 'capable of growing with passenger needs', as enhancing the current system is not feasible. Complete On Board refresh. Enhanced at-seat complimentary service in First Class and a new at-seat service for Standard Class. On Board service investment £109 million.

#### TRACK

Infrastructure upgrades, including enhancements to allow Pendolinos to reach a top speed of 135mph (217km/h). Investment £125 million.

#### STATIONS

Ticket gates and station improvement projects. More car parking and ticket machines, and introduction of smartcards. CCTV and information points would be installed. Investment £99 million.

#### PASSENGER SERVICES

New Centralised Booking Engine. Loyalty scheme. Investment £39 million.

### Premium profiles (values adjusted for inflation, etc.) Figures in brackets are subsidies

Year ending	£ millions	Virgin
	FirstGroup	
Mar 2013	(11)	(4)
Mar 2014	28	(15)
Mar 2015	120	81
Mar 2016	216	251
Mar 2017	347	432
Mar 2018	452	520
Mar 2019	578	606
Mar 2020	698	690
Mar 2021	835	727
Mar 2022	985	835
Mar 2023	1,143	1,002
Mar 2024	1,301	1,048
Mar 2025	1,498	1,154
Mar 2026	1,690	1,257
	FirstGroup total £9,880bn	Virgin total £8,584bn
	Difference £1,296bn	

### Proposition West Coast: the FirstGroup version

#### NEW SERVICES

Direct services to Telford/Shrewsbury/Blackpool/Bolton (Blackpool by December 2013, others by 2016). Improved journey time of 15 minutes for trains between London and Glasgow. Doubled frequency of Milton to Preston services and more capacity for Chester and North Wales. More calls at Nuneaton and Milton Keynes. Improvement to current PPM (85.9 per cent) to more than 90 per cent in 2017/18

#### TRAINS

Addition of 11 new 6-car 125mph (200km/h) electric multiple units for Birmingham-Scotland route. Major refurbishment of Pendolino and Voyager interiors with new seats throughout and improved luggage space.

#### ON BOARD SERVICES

Enhanced catering in both existing classes. Shops to be retained and improved. New intermediate class between First and Standard, using First Class accommodation. Smart ticketing. Free upgraded high speed WiFi and enhanced mobile phone coverage. Improved information systems including new customer mobile apps.

#### TRACK

No specific plans mentioned.

#### STATIONS

Ticket gates at managed stations and station improvement projects. Improvements to accessibility, security and passenger information. Investment £20 million.

#### PASSENGER SERVICES

New booking system, to include more effective yield management.