

Virgin offers old rival GNER a second chance on East Coast

A deal that could see GNER retain a stake in the East Coast Main Line will boost the chances of its long-term rival, Virgin, winning the prestigious franchise, a leading figure at Sir Richard Branson's company is claiming.

Branson announced last December that Virgin had teamed up with the transport group Stagecoach to launch a joint bid to run train services on the East Coast network from London to north-east England and Scotland, after GNER was forced to hand the franchise back when it ran into serious financial problems.

Now Virgin-Stagecoach has unveiled plans for GNER to take a 10 per cent stake in the franchise if the joint bid is successful.

Will Whitehorn, a senior director at Virgin and a driving force behind the company's entry into the passenger rail business in the mid 1990s, told *Rail Professional* that GNER's knowledge of running the East Coast franchise had prompted the deal.

'When you've been running a railway for 11 years it would be a shame not to make use of that expertise,' he said.

Whitehorn said GNER's management team led by Jonathan Metcalfe had the 'know-how of running the railway.' Describing the East Coast network as 'one of the most important railways in Europe', he added: 'Our own experience of running the West Coast Main Line during the period of its modernisation will be vital on a route that will also need upgrading to cope with anticipated growth.'

'We believe we now have the



If Virgin wins the Franchise, it will have to decide whether to keep the East Coast trains a familiar blue, or paint them red...



right mix of talent to put in another very strong bid.'

Virgin made an unsuccessful bid for the East Coast in 2005, losing out to GNER, which secured a 10-year deal in return for agreeing to pay the Government £1.3bn in premium payments.

Insiders said GNER's bid was at least £300m more than its nearest rival.

However, the operator's

revenue projections proved wildly optimistic after it was hit by a decline in travel in the wake of the London bombings in July 2005, and a big rise in the cost of electricity to power its train fleet.

It was further undermined by a financial crisis at its parent company Sea Containers. Attempts to renegotiate the franchise with the Department for Transport failed and the company

Timeline

GNER's potential 10 per cent stake in a Virgin-Stagecoach East Coast franchise heralds a turnaround in the previously hostile relationship between Sir Richard Branson's company and the Sea Containers-owned train operator.

In 2001 Virgin looked to be on the brink of snatching the East Coast network from GNER, with a proposal to bring in 220mph trains on an upgraded route with 120 miles of new track.

'I think we have come up with a radical approach, and the enormous investment, that is needed for the East Coast, because capacity is almost at an end,' Branson said at the time. However, plans to re-let the flagship franchise were dropped after a furious row between the Strategic Rail Authority and Railtrack over funding.

has been running the network on a management contract since the end of last year.

The tie-up with Virgin-Stagecoach could see a continuation of the GNER brand. A spokesman for York-based GNER said: 'We have spent 11 years building a very good railway. The GNER brand is well known and well regarded.'

He added that, since handing back the franchise, GNER has carried record numbers of passengers and has seen an increase in revenues.

The other shortlisted bidders for the franchise are National Express, Arriva and FirstGroup.

The deadline for bids is 6 June, with a winner expected to be named in the autumn. The new franchise could be operating by the end of the year.

TRAVEL PERKS ROW THREATENS EUROTUNNEL RESTRUCTURING

A group of angry shareholders in Eurotunnel are threatening to torpedo the debt-ridden company's planned restructuring programme in a bitter row over travel perks.

The Anglo-French tunnel operator must win approval later this month from at least 60 per cent of its 650,000 shareholders for a deal that will see its £6.2bn debt mountain cut to £2.8bn.

But 4,000 foundation shareholders are threatening court action to prevent the restructuring taking place, after learning that a concession allowing them unlimited travel on Eurotunnel trains for just £1 a journey has been scrapped.

Eurotunnel says it has been forced to withdraw the concession because of a ruling by the AMF, France's equivalent of the UK's Financial Services Authority, that all shareholders must enjoy the

same rights. In future, all Eurotunnel shareholders will get a 30 per cent discount on just three return crossings.

The disgruntled group of original shareholders have set up an action group, Etag, to fight the ruling. A statement on the group's website said: 'At the 11th hour, Eurotunnel has disclosed, in an underhand way, that it intends abolishing the foundation shareholders' travel rights. These rights are contractual arrangements that are legally protected.

'All attempts to persuade Eurotunnel that it cannot ignore UK law, and that it needs to take this mainly British group seriously, have failed. The gloves are now off.'

Etag said it was confident of obtaining a high court injunction preventing the creation of a new French-registered holding company set up to absorb

Eurotunnel. A Eurotunnel spokesman denied the company had broken a promise to protect the concession.

'The important thing is that the restructuring plan will secure the future of the company and offers shareholders a fantastic deal,' he said. Asked whether the legal action planned by the rebel shareholders could force Eurotunnel into bankruptcy, he added: 'These are 4,000 shareholders out of a total of 650,000.'

• Eurotunnel posted a nine per cent drop in first-quarter revenues last month, but said revenues from its shuttle business rose 10 per cent.

Total revenues were £118.5m compared to £129m for the same period the previous year, reflecting the dropping of the minimum usage charge imposed on rail companies using the tunnel.

Roscosp anger at ORR over train leasing row

Britain's three main rolling stock leasing companies (Roscos) have hit out at the Office of Rail Regulation ahead of the likely decision to refer them to the Competition Commission.

An investigation into the charges made for leasing old carriages was carried out last year by the ORR, after the Government complained that the Roscos were making excessive profits. The ORR concluded last November that there was a case to answer but launched a three month consultation before making a final decision.

Responses published on the ORR website last month show just how divided the rail industry is about train leasing, with the Roscos – Angel Trains, Porterbrook and HSBC Rail – scathing in their criticism of the ORR.

In a biting response, Angel Trains questioned the need for the involvement of the Competition Commission and added: 'If... ORR decides to proceed to a reference Angel Trains will expect to see ORR's full reasons for its decision. A decision with consequences of this magnitude requires the fullest possible written explanation.'

In its response, Porterbrook accused the ORR of having no credible evidence to prove that the Roscos were making excess profits.

'Profitability calculations carried out by the Department for Transport, which have been accepted without detailed scrutiny by the ORR, are so seriously flawed as to have no evidentiary value,' it said.

However, the largest rail union, the RMT, said it would welcome an investigation by the Competition Commission.

The ORR was due to announce its decision as *Rail Professional* went to press.

June's Rail Professional will contain full coverage of the outcome.

Euston development partner is named

Network Rail has selected the London-based property developer British Land as its preferred partner to develop Euston station.

The deal, thought to be worth about £1bn, is part of Network Rail's 10-year, £4bn investment programme to modernise hundreds of stations across the country.

Network Rail deputy chief executive Iain Coucher described the partnership with British Land as a 'once-in-a-generation opportunity to transform a landmark station'.

Euston, which occupies a 15 acre site, has remained largely untouched since the late 1960s. Over 55m passengers a year use the station and the number is predicted to rise significantly in the next decade.

'The proposals we are drawing



up with British Land will increase capacity on the concourse and reduce congestion,' a Network Rail spokesman told *Rail Professional*.

British Land's role will be to develop retail, office and residential sites, with Network Rail taking a share of the income. 'We are not attempting to be a property developer in the way that Railtrack did,' added the spokesman. 'Our expertise is in railway engineering.'

Network Rail said revenue from the development of the site could be used to fund future expansion, including new platforms.

Timeline

The last major redevelopment of Euston station in the 1960s caused a public outcry, when the famous Euston Arch was demolished.

A new station building – considered by many to be the ugliest station in London – opened in 1968 to coincide with the electrification of the West Coast Main Line. Today's Euston includes Network Rail's headquarters building, in Melton Street. The only reminders of the old station building are two Portland stone entrance lodges and a war memorial on Euston Road.

The redevelopment of Euston and a similar project at London Victoria is not expected to begin before 2012. 'There will be plenty of building work taking place in the run-up to the Olympics without us adding to it,' the Network Rail spokesman said.

PEOPLE ROUND-UP

CARILLION DIRECTOR IS TO CHAIR ENGINEERING BODY

Peter Samuel, 56, has been elected chairman of the Civil Engineering Contractors Association (CECA) North East region.

Samuel, regional director for Carillion Regional Civil Engineering in the North, has over 30 years' experience of management and technical roles. He was vice chairman of CECA for two years.

Samuel said: 'These are exciting times for CECA and it's an honour to be a part of an organisation that aims to highlight and promote the positive contribution of civil engineering contractors.'

HUXLEY JOINS THE CLUB

TT Club, the specialist transport insurance provider, appointed Andrew Huxley as regional sales director – a new position – which sees him taking responsibility for developing business within Europe, the Middle East and Africa.

Huxley has 24 years experience with major broking houses in London and abroad.

FTA ANNOUNCES NEW PRESIDENT

Following a year as vice president, Andy Haines, head of logistics at Tate & Lyle Sugars Europe, is the new president of the Freight Transport Association.

Haines, who joined Tate & Lyle in 1979, has always worked on supply chains. His association with FTA began in the early 1990s in north-west England. He is 49 years old.

Five new members have also joined the board, including Eddie Fitzsimons from Freightliner.

THOMPSON REPRESENTS RAIL ON PENSIONS FORUM

Meagan Thompson, the corporate governance counsel at Railpen Investments, has been appointed to the board of directors of the UK Social Investment Forum, a network for socially responsible investment.

Railpen manages the Railways Pension Scheme.

GARNETT JOINS TFL BOARD

Ex-GNER chief executive Christopher Garnett is to join the board at Transport for London.

Garnett, who lives in Putney, stepped down from the East Coast franchise-holder last August, following an unsuccessful legal challenge to open access operators on its routes.

He is also a member of the Board of the Olympic Delivery Authority and so brings a wealth of experience of managing large and complex organisations in the transport field to his TfL position.

Joining him on the board is Dr Rana Roy FCILT, an international consulting economist based in central London. He has researched, published and advised extensively

on the reform of transport taxation, pricing and investment and is currently acting as chief technical adviser in economics to the Rail Safety and Standards Board research programme on sustainable development.

Two advisors to the board have also been appointed. Peter Anderson is the managing director of finance at Canary Wharf Group, while Shiria Khatun is a councillor in the East India and Lansbury ward of Tower Hamlets.

Mayor of London Ken Livingstone said: 'It is vital that the board and its advisors reflect a wide range of knowledge and experience and I am delighted in these appointments.'

BRITS JOIN EUROPEAN FREIGHT LOBBY

The European Association for the liberalisation of rail freight (ERFA) has elected a new board. Luca Ronzoni, of Nord Cargo, remains president, with Martin Henke, of VDV, becoming VP.

Tony Berkeley, of Britain's Rail Freight Group, has become a director, as has Freightliner's Konstantin Skorik and EWS's Graham Smith.

The other directors are Bernhard Kunz, Jeroen Le Jeune, Denis Paillat, Markus Vaerst and Martin Vosta.

Monika Heimig, secretary general of ERFA said: 'The great interest from many other market players in joining ERFA is a strong sign that they believe in the future of the independent and private rail freight operators.'

NEW NEG MARKETING DIRECTOR ANNOUNCED

The National Express Group has taken on Frazer Smith as its group sales and marketing director.

Smith joins the company from Capital One, the financial services company, where he was senior vice president of diversified businesses.

He career has been varied, with companies such as Royal Bank of Scotland, United Biscuits, Reckitt & Colman,



Frazer Smith

McKinsey and Sony on his CV.

Group chief executive Richard Bowker said: 'I'm delighted we have attracted such a high calibre individual to join the senior team at National Express Group.'

'Frazer brings skills and experience that will be invaluable in transforming National Express Group into a leading retailer of travel and transport services.'

Lawton to power European sales

John Lawton, 48, has been appointed European marketing director of industrial battery manufacturer Enersys Motive Power.



Lawton, who has been with the company for 18 years, said: 'It's a very exciting time for the industry. We're moving towards ever quicker and smarter solutions which will assist industry to make significant energy cost savings and reduce power consumption.'

Dawson takes over sales at Midland Mainline

Midland Mainline has appointed Rachel Dawson as sales and marketing director.

Dawson, 39, was previously working at Travelodge, the budget hotel chain, where she was head of marketing. Before that she spent six years at EasyJet.

She will be responsible for sales, marketing, communications and revenue management, heading up a team of 16 staff at the company's HQ in Derby.

'As current holder of the Passenger Operator of the Year

Rachel Dawson



Award, we certainly have a lot to shout about,' said Dawson. 'And a continued focus on promoting Midland Mainline will put us in a great position to support our parent company, National Express Group, in its bid to win the new East Midlands franchise.'

RAILWAYMAN SAYS GOODBYE AFTER 49 YEARS ON JOB

CNER has said a fond farewell to one of its longest-serving members of staff.

Len Abram, 64, is retiring after 49 years' service on the railway in north-east England – much of it at Darlington station.

Friends, colleagues and passengers burst into a spontaneous round of applause as Abram waved off his final train departure at Darlington station.

'I'm touched by the reaction of staff and passengers to my own departure,' said the railwayman. 'I've made many friends here over the years and I'll miss them all.'

He started his railway career as a message lad on Darlington station in 1957 – in the days of steam.



Abram sees off his last train.

LYONS JOINS INTERFLEET

Rail technology consultancy Interfleet has appointed Adrian Lyons CBE, the former director general of The Railway Forum, as strategic advisor. Prior to heading up the Railway Forum, Lyons held several high profile logistics roles in the MOD.

Managing director David Rollin said: 'Interfleet is delighted that Adrian has come onboard as strategic advisor. His remit is to help develop our business consulting offering, while auditing where we are now.'



Adrian Lyons

Ian Mylroi

Meanwhile, Ian Mylroi has returned to Interfleet as a member of the Business Consulting team at its Derby office. Mylroi worked for Interfleet in London, but left to take on the role of engineering director at ScotRail.

FORMER SRA CHIEF EXECUTIVE GOES TO MVA

MVA Consultancy is to take on ex-Strategic Rail Authority chief executive Nick Newton as director of rail strategy and development.

Newton has a history of leading policy development and implementation in complex commercial fields.

Chief executive Nigel Ash said: 'Nick has a fine commercial mind and will be invaluable to us, given his previous positions at the Strategic Rail Authority, Southeastern Trains, the Office of Passenger Rail Franchising and London Transport.'

NEW STAFF WILL WEED OUT VEGETATION PROBLEMS IN SOUTH OF ENGLAND

Thurlow Countryside Management, which manages invasive weeds, has taken on three new members of staff.

Mark Prout, 32, is to be south-west business manager, having previously worked as projects manager for the West Country Rivers Trust.

Sarah Wakefield, 26, is the new south-east business manager. A geography and environmental science graduate, she previously worked in the contaminated-land department of the Scott Wilson office in Kent.

Since joining TCM, Wakefield has set up a new Kent office.

New financial director Richard Freeman, 41, is a chartered accountant.

PRODUCTS AND SERVICES

APERIO

Much of the railway network is linked with the beauty of the countryside, rubbing shoulders with nature for hundreds of miles.

Maintenance of the railway in rural areas, therefore, requires care to safeguard the welfare of local wildlife. Badgers, for instance, are sometimes attracted to railway embankments to make their setts, which usually consist of a network of tunnels with multiple entrance holes. In some cases, they may require infilling to maintain the embankment, after careful environmental management to relocate any badgers still using the sett. Of course, wherever there are hidden problems underground, Ground Penetrating Radar (GPR) can usually help out. Survey specialist Aperio has been contracted to provide GPR for a Network Rail project in the West Country to stabilise embankments affected by badger excavations.

Pinhoe, on the London Waterloo-to-Exeter line, was one of the first sites to be tackled, as well as sites at Cowlsey Bridge, Cutnall Green and Munsley. The contracts were scheduled to take place between July and November, when the badgers are not breeding and it is still warm enough for younger and older badgers to move on.

Badgers were present at Pinhoe, so the first task was to resite them. Vegetation was taken down to ground level and the area was netted by the project contractor, Dean & Dyball. A one-way gate was then installed by the environmental consultant, ADAS, at the entrance to the sett allowing badgers to leave but not return. Engineering work could then begin.

● www.aperio.co.uk



ATKINS

Atkins officially opened its Vauxhall Training Centre on 23 March, when it held an open day at the new facility.

Music producer and rail enthusiast Pete Waterman was accompanied by Atkins CEO Keith Clarke in opening the new centre, which has four large purpose designed classrooms, all fitted with ceiling-mounted projectors.

Those who attended the open day were able to learn more about Atkins' wide range of course options, discuss training needs and bespoke programmes, have a guided tour of the site and take part in a Q&A session with a panel of experienced trainers.

Julie Hiron, training manager, said: 'The open day was a great chance to listen to our customers' needs and priorities, and to make sure all our clients knew about our wide course range. Our feedback from the day shows quality, location and course range are top priorities when choosing a training provider, all of which we count as our best strengths.'

The company's Network Rail training at Vauxhall is extensive and includes all core competencies, specialist courses and now track induction and core planner courses. London Underground training is also offered, as well as tailor made courses within the health and safety sector, including the Safety Passport programme.

Atkins CEO Keith Clarke says: 'Good training and sound technical skills are vital to safe working, but no less than empowering everybody to act responsibly and stop when in doubt. A safe culture is one when all are respected.'

● www.atkinsglobal.com



SCHEIDT & BACHMANN



Scheidt & Bachmann GmbH has recently installed its 1,000th ticket vending machine (TVM) on the national rail network – at Bridge of Allan station, for First ScotRail. To commemorate this landmark achievement, Scheidt & Bachmann and First ScotRail jointly organised a 1,000th TVM event at Bridge of Allan station, on 26 March 2007. Representatives from both companies were present to celebrate the occasion.

First ScotRail was Scheidt & Bachmann's first customer in the UK, purchasing 25 TVMs in 2003. Subsequently, the fleet size has grown to over 75 TVMs through funding from both First ScotRail and Transport Scotland. The installed fleet has been modified, as additional functionalities, such as chip and pin, have become available. By April 2007 First ScotRail will have 115 Scheidt & Bachmann TVMs across Scotland.

On 1 March 2007 Scheidt & Bachmann opened a northern service centre, employing three local engineers, to help provide the service requirements for the First ScotRail region.

Steve Montgomery, of First ScotRail, said: 'The provision of ticket vending machines at stations is proving very popular with customers who are able to make quick and convenient ticket purchases prior to travelling. We are committed to enhancing facilities at stations across Scotland and will continue to invest in raising the quality of service we are providing for the benefit of our customers.'

● www.scheidt-bachmann.com