

BRIEFING CONCERNING GLASGOW TRAINS PROPOSAL

In February 2004 Renaissance Trains was briefed by stakeholders, who were concerned that there was a lack of direct services between Glasgow the North West, and East Midlands. The then existing services were perceived to be 'Edinburgh centric'.

As a result Renaissance Trains entered into a negotiation with Network Rail to gain a track access agreement based on a mutually agreed (section 18) timetable for the operation of such services.

A confidentiality agreement was signed with Network Rail in January 2005 and AEA were engaged to assist in identifying a service proposal that would allow the operation of two trains daily between Glasgow / Liverpool /and Nottingham which would be achieved by running a combined train to Preston where the train would be divided to run to Liverpool and Nottingham (via Manchester). On Saturdays and Sundays it was proposed that the Liverpool portion run to Blackpool.

Discussion has been held with a number of potential partners with one engaging their own consultants to assess the like income stream and overall business plan that would be likely to reflect the proposed timetable over a 10-year period. We are now in detailed discussions with a TOC / FOC owning group who will be providing the necessary financial backing within the framework of a Shareholders Agreement that will reflect a joint venture between the parties, i.e. the investing company and Renaissance Trains. The investing company would also provide various safety-technical, rolling stock, engineering, human and other physical resources.

Business Case analysis suggests that a financial return can be earned provided that some support payments are available to cover start-up costs, which would be recovered in later years of the operation. These start up costs will either be self-financed, provided through our venture capitalist or be secured through grant funding from the stakeholders who wish to see this rail service commence operation.

While our original proposals were being developed a separate service specification from stakeholders suggested that the Nottingham service should be operated via Leeds and the Settle and Carlisle route. We have also now completed a detailed evaluation of the business case for this specification and have determined that this offers a more favourable return.

We have long recognised that the main constraint has been the lack of paths between Glasgow and Carlisle, which is essentially a mixed traffic two-track railway where 100 mph timings were difficult to plan alongside 125 mph passenger and 60 mph freight trains.

However, the outlook for providing competitive paths is now better given the future conversion of cross country services from 125 mph to 100 mph timings allowing other 100 mph trains to be more easily 'flighted' into the plan.

The next action is for Renaissance Trains to investigate potential paths with Network Rail in the context of the revised franchise specifications when these are available,

and the income that the trains who be likely to attract from growth by the provision of through services, dedicated ticket sales and the inter-availability allocation. A forecast of operating costs would also be made to enable a revised business plan to be developed for consideration by the investing partner.

Throughout this process stakeholders will be closely engaged to assess support for the proposed services and the likely economic and social benefits.

Renaissance Trains Limited
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