

**Consent to certain actions for the purposes of the Interim Order made by the Competition and Markets Authority (CMA) on 1 July 2016**

**Completed acquisition by Arriva Rail North Limited (Arriva) of the Northern Rail Franchise**

We refer to your emails of July 2016 requesting that the CMA consents to derogations to the Interim Order of 1 July 2016 (the '**Interim Order**'), as listed below. The terms defined in the Interim Order have the same meaning in this letter.

Under the Interim Order, save for written consent by the CMA, provision was made that Arriva will hold separate the Northern Franchise Business from any Arriva Business and refrain from taking any action which might prejudice the Reference or impede the taking of any remedial action following such a Reference.

After due consideration based on the information received from Arriva and in the particular circumstances of this case, Arriva may carry out the following actions, in respect of the specific paragraphs:

**Derogation from paragraph 5(c) of the Interim Order: Integration of the information technology of the Northern Franchise Business or the Arriva Business**

By email dated 8 July 2016, Arriva requested permission to use a portion of its Group's [redacted] licenses for ARNL. Arriva Group's contract for these licences ('**Group Contract**') was entered into before both the Interim Order and the preceding Initial Enforcement Order. The use of these licences would update ARNL's existing [redacted] infrastructure, and aid in delivering certain obligations arising under the Franchise Agreement and Franchise Documents related to [redacted].

ARNL already has access to a relatively small set of [redacted] licences, and although it would be possible to upgrade ARNL's existing contract (ie not use the Group Contract), it would be [redacted]. The level of actual integration of [redacted] resulting from the use of Arriva Group's licences would be minimal, as this [redacted] is common, and would be relatively easy to undo / replace in the future if needed. Therefore, this action would not impede the taking of any remedial action in this case, if required.

Arriva is, accordingly, permitted to use its Group's [redacted] licenses for ARNL.

## **Derogation from paragraph 5(g)(ii) of the Interim Order: Changes in nature, description, range and/or quality of services provided by Northern Rail Franchise/Arriva**

By emails dated 8 and 13 July 2016, Arriva requested permission to make a number of changes to its bus timetables with regard to the following:

- Arriva North East bus services [X];
- Arriva Yorkshire bus services [X]; and
- Arriva Yorkshire Tiger bus services [X].

Service [X] is a minor change in timetabling which does not affect frequencies, made in order to even out the gaps between certain services (core peak times contra-flow). Arriva has provided information which illustrates that the change is intended to improve punctuality and transparency for customers.

Services [X] is a minor change in services, relating to low demand for the relevant services (<4 customers on average) and a [X] for these services.

Services [X] have one additional service being added and the removal of a section of two services in order to make better use of the vehicles on another commercial route. The removed sections of the route have low demand and do not overlap with the Northern Franchise flows.

The proposed changes to Services [X] are minor changes to the timetables which do not affect frequencies. Arriva has provided information which illustrates that the change is intended to improve punctuality and transparency for customers.

Services [X] have removed a timing point because it was causing instances of early running as it was not a suitable location for buses to sit and wait off-time for any sizeable duration. Arriva has provided information which illustrates that the change is intended to improve punctuality for customers.

The proposed changes to Services [X] are minor changes to the timetables which do not affect frequencies. The proposal also includes the removal of a timing point at [X] which was a difficult location for buses to sit and wait due to being on a busy intersection. Arriva has provided information which illustrates that the change is intended to improve punctuality and transparency for customers.

Arriva is, accordingly, permitted to make the proposed changes to the timetables for Arriva North East bus services [X], Arriva Yorkshire bus services [X], and Arriva Yorkshire Tiger bus services [X].

The CMA's consent to the aforementioned actions does not, under any circumstances, permit Arriva from taking any other action prohibited under the Interim Order.