

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

1. We refer to your emails of August 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.
2. 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.
3. 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(d) of the Interim Order: Separation of supplier list, negotiations, and joint agreements between Northern Franchise Business and Arriva

4. By email dated 24 August 2016, Arriva requested permission to select [X] (an employee of ARNL) onto the project board overseeing the replacement of the National Reservation System (NRS) with an improved system. This is an industry-wide initiative being led by ATOC, with each operating group permitted a single individual on this board to represent their interests when designing the new NRS. [X] would therefore be representing the whole of Arriva Group.
5. This role would require certain ongoing communications with the other Arriva TOCs to understand the key requirements of each as regards the improved system, and ensure that these are considered when designing the new NRS.
6. The different Arriva TOCs (including ARNL) would share certain limited information between them on [X]. Any data shared with [X] representing the

whole Arriva Group would primarily relate to [REDACTED]. Arriva stated that it would not expect any commercially sensitive information or other information of ARNL as described in paragraph 5(f) of the Order to be shared during this process.

7. As an industry-wide initiative, a degree of collaboration between the individual franchises is required regardless of specific ownership. Having an ARNL employee ensures direct representation, and is consistent with the objectives of the Franchise given that in depth knowledge of the new NRS is important in terms of delivering certain committed obligations in accordance with the Franchise Agreement (such as obligations listed in 67.1-4). Furthermore, this action would not result in any structural changes or binding obligations on either ARNL or Arriva, and therefore, this action would not impede the taking of any remedial action in this case, if required.
8. Arriva is, accordingly, permitted to select [REDACTED] as the Arriva representative on the NRS replacement project based on the aforementioned information sharing limitations, in particular as regards commercially sensitive information or other information as referred to in paragraph 5(f) of the Order.

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

9. By email dated 12 August 2016, Arriva requested permission to make a number of changes to its bus timetable with regard to its [REDACTED] service, which would have the effect of halving the frequency on part of the route ([REDACTED]) on Mondays to Fridays.
10. Arriva stated that the reason for this change was to [REDACTED], and provided evidence that [REDACTED]. Arriva stated that the change would [REDACTED].
11. Based on the CMA's preliminary analysis, the [REDACTED] bus service has [REDACTED] overlapping flows with the Northern Franchise. [REDACTED] of these flows may be filtered out for prioritisation purposes and, therefore, may not be subject to a detailed competitive assessment. The one remaining flow ([REDACTED]) is outside the geographic area affected by Arriva's proposed changes, and so would remain unchanged.
12. Arriva is, accordingly, permitted to make the proposed changes to the timetables for [REDACTED].
13. By email dated 12 August 2016, Arriva requested permission to make changes to its [REDACTED] services. These service changes have the effect of increasing the stops on the services. This will broadly increase the services.

14. Arriva is, accordingly, permitted to make the proposed changes to the timetables for [REDACTED].

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

15. By email dated 19 August 2016, Arriva requested permission to implement new bus fares in certain areas in West Yorkshire and Selby. The average effect of this is a [REDACTED]% price increase, but will not be uniform with some prices increasing, some decreasing, and many remaining unchanged.
16. Arriva stated that the change was based on [REDACTED]. Arriva further stated that [REDACTED].
17. The scale of these price changes appears consistent with the decision being made in the ordinary course of business.
18. Arriva is, accordingly, permitted to make the proposed price changes to its Arriva Yorkshire services.

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

19. By email dated 23 August 2016, Arriva requested permission to implement fare increases in respect of certain fares (which excludes daily and weekly tickets) on its Yorkshire Tiger bus services.
20. Arriva stated that [REDACTED]. Arriva also states that [REDACTED], and provided evidence consistent with this view which [REDACTED].
21. The price changes would affect all of the services across Yorkshire Tiger, and is a [REDACTED]% increase on average. This includes some which overlap with the Northern Franchise.
22. Arriva is, accordingly, permitted to make the proposed price changes to its Yorkshire Tiger services, given that the reasons for those changes are not merger specific.
23. The CMA's consent to the aforementioned actions does not, under any circumstances, permit Arriva to take any other action prohibited under the Interim Order. The CMA reserves the right to reassess those actions in case the factual circumstances change and/or following the CMA's review of the acquisition.