

COMPLETED ACQUISITION BY ARRIVA RAIL NORTH LIMITED OF THE NORTHERN RAIL FRANCHISE

Variation Order made by the Competition and Markets Authority pursuant to section 81(5)(b) of the Enterprise Act 2002 (the Act)

Whereas:

- (a) on 20 May 2016, the Competition and Markets Authority (**CMA**), in the exercise of its duty under section 22(1) of the Act, referred the completed acquisition by Arriva Rail North Limited (**ARN**), a wholly-owned subsidiary of Arriva plc (**Arriva**), of the Northern Rail Franchise (the **Northern Franchise**) for further investigation and report by a Group of CMA Panel Members (Inquiry Group, (**the Reference**));
- (b) on 1 July 2016 the CMA made an Interim Order pursuant to section 81(2) of the Act in relation to the completed acquisition by ARN of the Northern Franchise (**the Interim Order**);
- (c) the Interim Order remains in force;
- (d) on 9 September 2016, the CMA published its Provisional Findings Report in relation to the completed acquisition by ARN of the Northern Franchise provisionally concluding in exercise of its duty under section 35 of the Act that:
 - (a) the award of the Northern Franchise to ARN has created a relevant merger situation;
 - (b) the creation of that situation has not resulted in or may not be expected to result in a substantial lessening of competition (SLC) for the award of rail franchises;
 - (c) the creation of that situation has not resulted in or may not be expected to result in an SLC in relation to transport networks;
 - (d) the creation of that situation has resulted in or may be expected to result in an SLC on the following overlapping rail flows:
 - (i) Leeds to Sheffield;

- (ii) Wakefield to Sheffield;
 - (iii) Chester to Manchester; and
 - (iv) Chester to Stockport.
- (e) The creation of that situation has resulted in or may be expected to result in an SLC on the following overlapping bus and rail flows on the routes:
- (i) routes 3, X3/X3A and X4 in the Redcar area;
 - (ii) routes 83 and 84 in the Huddersfield area;
 - (iii) routes X14, X15 and X18 in the Ashington area; and
 - (iv) route 12 in the Darlington area.
- (e) the Reference has not been finally determined in accordance with section 79(1) of the Act;
- (f) on 30 August 2016, Arriva requested that Schedule 1 of the Interim Order be updated to include additional overlaps in the list of Specified Routes that were not included in the Interim Order, to remove certain overlaps and to clarify certain references in Schedule 1 of the Interim Order;
- (g) the CMA considers that, based on the evidence it has received in its assessment of the transaction to date, it is appropriate to vary the Interim Order pursuant to section 81(5)(b) of the Act;

Now for the purpose of varying the Interim Order and having considered the representations made by the Parties in relation to varying the Interim Order pursuant to section 81(9) of the Act, the CMA makes the following Order pursuant to section 81(5)(b) of the Act.

With effect from the date hereof:

Schedule 1 to the Interim Order shall be replaced by Schedule 1 to this Order.

The definition of '**Specified Routes and Transport Networks**' in the Interim Order is replaced by the following definition:

"Specified Routes and Transport Networks" means each entire bus service route or rail overlap flows (together '**Specified Routes**') or transport network services ('**Transport Networks**') by Arriva, ARN or the Northern Franchise Operator as stated in Schedule 1 of this Order which may be amended from time to time by the CMA.'

For the avoidance of doubt, the Interim Order remains otherwise unchanged and in force.

Phil Evans

Inquiry Chair

6 October 2016

Schedule 1: Specified Routes and Transport Networks subject to the Interim Order of 1 July 2016

Rail-on-rail overlaps

	Origin/ Destination	Destination/ Origin
1	Leeds	Sheffield
2	Wakefield	Sheffield
3	York	Wakefield
4	Bradford	Halifax
5	Chester	Manchester Airport
6	Chester	Stockport
7	Chester	Manchester
8	Earlestown	Manchester
9	Newton-le-Willows	Manchester
10	Manchester	Wilmslow
11	Manchester	Stoke-on-Trent

Bus-on-Rail Overlaps

Arriva North East:

3, X3/X3A, X4, 5, 12, 28/28B, 29/29A, 63, 64/64A, 81/81A, 85/X85/685, X12, X14, X15, X18, X66.

Arriva North West:

6, 7, 15, 33, 76, 79, 130, 352, 541, 80A.

Arriva Yorkshire:

103, 110, 145/148/149, 147/157, 167/168, 186/187, 188, 189, 202/203, 404, 415, 496.

Yorkshire Tiger:

83, 84, 262, 315, 536, 737, 747, X58.

Transport Networks

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