



Department
for Transport

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From the Secretary of State
The Rt. Hon. Patrick McLoughlin

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26 FEB 2015

Dear Philip,

Northern and TransPennine Express Franchises – Invitations to Tender (ITT)

Thank you for your note of 26 February 2015. This is to confirm that I am formally directing you as Accounting Officer to proceed with approving the release of the Invitations to Tender for the Northern and TPE franchises including the specifications contained therein, subject to HMT approval.

I have noted your concerns about the value for money of including a requirement to replace all Pacers on the Northern franchise and mandate that bidders include 120 new build vehicles as part of their submissions. However, I believe there are wider issues to consider which I accept fall outside the remit of the Accounting Officer but that I consider are material.

In particular, as you mention yourself, the use of Pacers has a negative impact on the reputation of rail services in the Northern area. I do not consider that the continued use of these uncomfortable and low quality vehicles is compatible with our vision for economic growth and prosperity in the north. I think that a more comprehensive approach is needed to transforming rail in the north, and that the withdrawal of the Pacers by 2020 is a vital part of this.

I also believe that it is right for us to require bidders to introduce new build diesel vehicles. The railways need a long term solution that will secure the continued provision of services on lines that are never likely to be electrified. I note that the latest forecasts predict a shortfall in diesel vehicles in the coming decades.

I also believe that there is a prospect that the benefits can be further improved, and costs reduced, through the competitive process of franchise award. This will strengthen value for money and reduce the financial pressures to which you refer.

In light of these factors I believe that there are strong grounds for issuing you with a Direction to proceed with issuing the ITTs, subject to the Treasury's approval.

I note that you will forward our exchange of letters to the Comptroller and Auditor General and the Treasury Officer of Accounts.

Yours sincerely,

A handwritten signature in black ink that reads "Patrick McLoughlin". The signature is written in a cursive style with a large initial 'P' and a long horizontal stroke at the end.

THE RT. HON. PATRICK McLOUGHLIN