

Thameslink / Great Northern Franchise

Stakeholder Briefing Document

Strategic Rail Authority

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1. Introduction

The existing Thameslink and Great Northern franchises expire in April 2006 and the Strategic Rail Authority, in conjunction with DfT Rail, will be awarding a combined Thameslink/Great Northern franchise between now and that date. Five bidders have been shortlisted:

- DSB/EWS;
- First Group;
- MTR/Laing;
- National Express; and
- Stagecoach.

An Invitation to Tender (ITT) has been issued to each of these bidders describing the Thameslink/Great Northern franchise proposition and how the bidding process will work. This Stakeholder Briefing Document summarises the base case specification, priced options requested from bidders, intended procurement timetable and provides other information useful to stakeholders. It is anticipated that the successful bidder will be named by January 2006, and that it will work closely with the incumbent Thameslink and Great Northern franchise holders (as appropriate) in the handover period.

2. The Railways Act 2005

The Railways Act 2005 received Royal Assent on 7 April 2005. Amongst other things, the 2005 Act provides for the abolition of the Strategic Rail Authority and for its franchising functions to pass to the Secretary of State for Transport. This abolition and transfer will only take effect on the order of the Secretary of State.

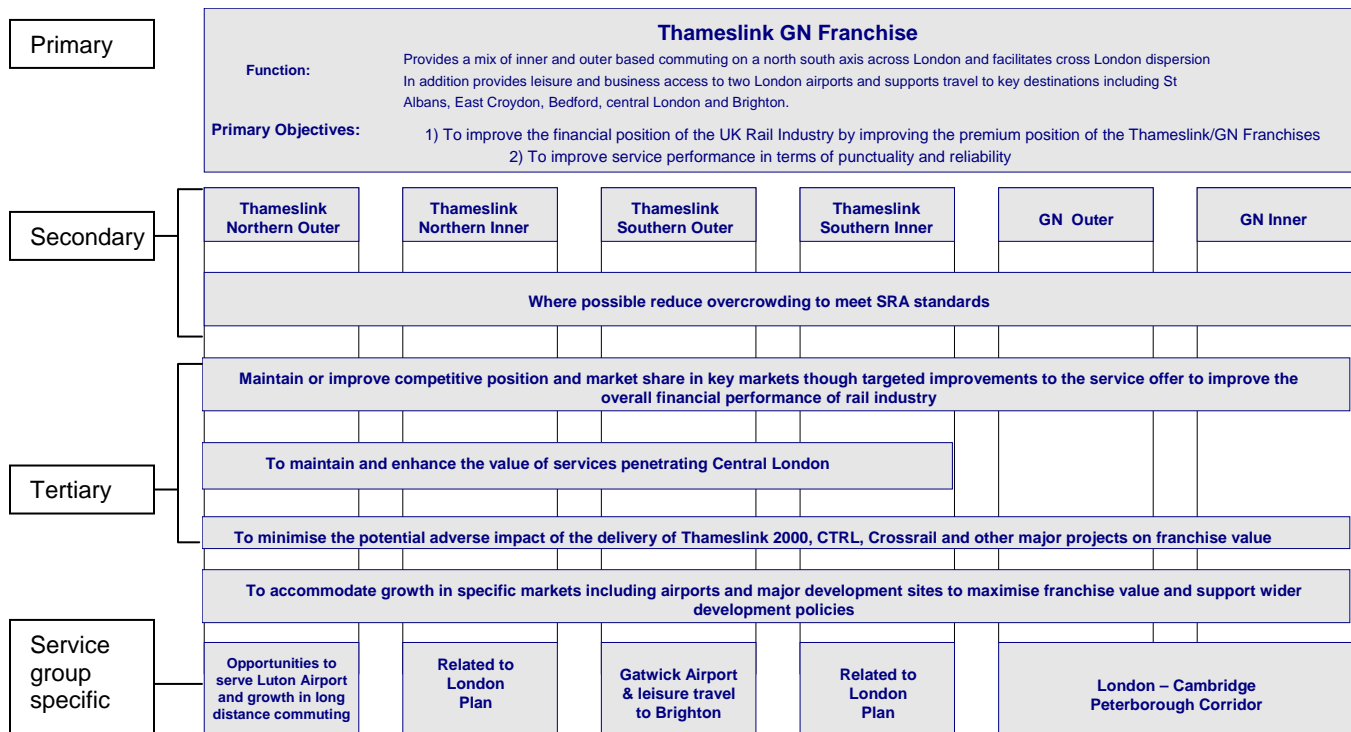
That order is anticipated during the course of the summer of 2005. In the meantime, the SRA and the Department for Transport (DfT Rail) are taking steps to ensure a smooth transition. It is likely that bidders will be required to submit their bids to DfT Rail.

3. The objectives that should be delivered by the franchise

This franchise is expected to deliver the following objectives:

- To meet affordability targets that have been set;
- To achieve an improvement in performance;
- To merge the Thameslink and GN franchises;
- To provide service continuity in advance of and during the Thameslink 2000 Programme and other key industry, infrastructure and service planning changes;
- To reduce current and predicted peak hour overcrowding, and improve operational reliability through resource provision and path allocation on Midland Mainline, Brighton Main Line and East Coast Main Line; and
- To identify a sustainable and operationally robust rolling stock and depot strategy.

The objectives for each service group are defined in the diagram below:



4. Franchise Duration

The franchise term is to be for up to nine years. At the end of the fourth year the franchise will automatically continue for the next two years providing stated levels of performance have been achieved. After the end of year six, DfT will have discretion over whether to continue for all or part of the final three years. The flexibility in years seven to nine has been introduced in reaction to the uncertainty surrounding the timing and extent of the impact of Thameslink 2000 Programme on the Thameslink/GN franchise.

5. Thameslink and Great Northern

The current Thameslink franchise has as its principal routes those from Bedford to Brighton, via Luton, St. Albans, central London, East Croydon and Gatwick, and from London to Wimbledon and Sutton. The current Great Northern franchise operates out of King's Cross and Moorgate (GN), running a combination of stopping and fast services to Hertford, Stevenage, Cambridge, King's Lynn and Peterborough.

The new franchise will combine the two franchise elements into one, principally as a means to provide as effective a transfer as possible to the full Thameslink 2000 Programme train service specification.

6. Relationship with other SRA work

a) Route Utilisation Strategies (RUS)

The plans that have been developed for the specification of the new franchise are fully consistent with the Midland Main Line (published) and Brighton Main Line Route Utilisation Strategies (awaiting approval from the Secretary of State). Both these strategies have been widely consulted, the Midland Main Line RUS proposing more significant changes to the Thameslink train service.

b) Inter City East Coast franchise

The detail of this franchise specification takes into account the franchise recently awarded to GNER for the operation of the Inter City East Coast franchise.

c) The Thameslink 2000 Programme

The Thameslink 2000 Programme is designed to provide a significant amount of additional capacity through central London. The infrastructure changes will allow a maximum of 24 trains per hour to travel through central London – instead of the maximum today of 15 north of Farringdon, of which only nine travel across London in the peak hour.

Many trains will be formed of 12 carriages – rather than 8 which is the maximum feasible length for most services today. A link has also been constructed to allow current GN trains to travel through to destinations on the Southern Region, via Thameslink, as part of the CTRL works.

Associated with the Thameslink 2000 Programme is the opening of St Pancras Midland Road to passengers, replacing King's Cross Thameslink.

The Thameslink 2000 Programme will be the subject of a further public inquiry in the second half of 2005, and much planning work has been put in place for construction, assuming that the outcome of the public inquiry is favourable.

The holder of the new franchise will be expected to deliver timetables and robust passenger management plans for the periods of disruption to the train service.

7. The plans for the new franchise

The letting of a franchise involves the disbursement of public funds, and the SRA has the duty to make optimum use of the financing mechanisms it has available. In terms of specifying a franchise, this will involve bidders being required to submit plans against a series of base timetables: these are usually the current timetables, but, as appropriate, include any committed changes to the infrastructure.

In order to deliver maximum value for the franchise, in terms of financial and operational performance, in the Invitation to Tender document, there will be a number of options which the SRA requires bidders to price accordingly. The final franchise agreement will encompass some or all of the options – or there may be an agreement to review those options subsequently, should circumstances alter.

7.1 Train Service Specification

a) April – December 2006

The base service proposition is broadly the same level of service as today, with any committed changes to the infrastructure or agreements with other franchise holders.

On the Midland and Brighton Main Lines, the base service proposition will be the timetable operated in June 2004. On the Great Northern part of the route, the base timetable will be that which is to be run from December 2005, from when the timetable changes agreed with GNER for the new Inter City East Coast franchise will take effect.

b) December 2006 onwards

i) Bedford – London

The SRA has worked very closely with Network Rail and others to develop a timetable based on the Midland Main Line RUS. This specifically targets improving peak hour capacity into London, and on improving the poor performance often experienced on the line. All trains in the core proposition timetable, in the peak hours, are to be operated by 8-car trains. For the first time, there will be a clockface timetable for Thameslink on the Midland Main Line during the peak hours, with three patterns of five trains in the highest

peak hour. Bidders will be expected to make appropriate arrangements with other train operators and leasing companies for the amount of rolling stock that will be necessary.

On the inner services, the curtailment of two of the four slower services from Luton to St Albans, as proposed in the Midland Main Line Route Utilisation Strategy, is confirmed.

ii) London – Brighton

The train service for Thameslink south of London to Brighton is intended to remain as it is today within the core service proposition.

iii) Blackfriars – Wimbledon – Sutton (the Wimbledon Loop)

The train service has been strengthened on the Wimbledon Loop, so that all Thameslink peak hour trains would be operated by 8-car trains, rather than some 4-car trains which currently operate in the peak.

iv) Great Northern services out of King's Cross and Moorgate (GN)

The core service proposition does not make any changes to today's timetable, apart from minor timing changes necessitated by the conclusion of the franchise agreement with GNER for the Inter City East Coast franchise.

7.2 Other key components of the specification

a) Performance

The SRA is expecting the new franchise holder to deliver a significant improvement in performance, through effective management of staff and train resources, and close liaison with Network Rail. A performance trajectory for the duration of the franchise has been set with which the franchise holder is expected to comply.

b) Fares/Ticketing

Bidders have been told that the assumption on fares should be, for the base and core service proposition, consistent with current arrangements. This means that ticket prices

will rise according to RPI +1%, the standard across the industry. Compensation arrangements for poor running will remain the same as today.

c) Rolling stock

The SRA does not specify the amount or type of rolling stock which bidders should use. They will make their own assessments on the amount from the timetable specification and the capability of the infrastructure, and will then be expected to make appropriate arrangements with rolling stock leasing companies or other train operators.

d) Service Quality

If the successful bidder chooses to keep the current rolling stock, it will be expected to continue with the arrangements already underway with regard to refurbishment of that rolling stock.

e) Other Operators

Other operators are not expected to alter their service patterns as a result of the award of the new Thameslink franchise, except where that would have been agreed through a franchise agreement with the SRA. Timetable negotiations on the precise timing of different operators' services will take place in accordance with the standard industry procedures, in advance of the December timetable change date.

7.3 Options which bidders are required to price

a) Brighton Main Line

If the Brighton Main Line Route Utilisation Strategy is implemented (Secretary of State approval is required), there will be changes to Thameslink's service south of Gatwick. Instead of two semi-fast and two slow trains, there will be four semi-fast trains south of Gatwick. In the southbound direction, the current overtaking of a Thameslink train at Haywards Heath will be abandoned, aiding journey time and performance.

b) Transfer of operations from King's Cross Thameslink to St Pancras Midland Road

Funding is not currently available for fitting out the station box. If, however, funding is made available during the term of the franchise, the new station box under St Pancras will be equipped for service. Once this is completed, King's Cross Thameslink will close, and bidders are being asked to price the change from one station to the other, in terms of station operation, rather than capital cost.

c) Great Northern services

An option is included within the ITT for an investigation into increasing the number of trains to serve the growth and housing developments on the London – Cambridge – Peterborough corridor, trains which may possibly be operated by diesel stock because of power supply limitations. To operate this increase in service, paths would have to be released across Welwyn Viaduct, and we are asking bidders to examine a proposal whereby two Letchworth starting trains in the morning peak hour (similarly in the evening) would run between King's Cross and Welwyn Garden City only. These two trains run slow between Letchworth and London, so are used less by outer commuters at Welwyn North, Knebworth, Stevenage, Hitchin or Letchworth.

d) Transport *for* London's aspirations (TfL)

TfL has a strategy for services in the Greater London area and the SRA has incorporated these aspirations in the ITT. Those aspirations include more frequent late-night and early-morning services.

e) Mandatory high return tender

Bidders are required to submit a bid which would deliver the lowest cost/high return base case. Bidders are required to comply with the franchise objectives set out above, but should focus on how the maximum return to government may be made.

The high return option should consider how the Thameslink Great Northern franchise could deliver a substantially enhanced premium to government, combined with significant non-financial benefits.

Bidders may choose to make changes to the base case train service specification, or to the unregulated fares regime or other contractual obligations.

7.4 Developments on the route which may precipitate changes during the franchise term

a) Cricklewood

This is a major development planned at Cricklewood/Brent Cross involving a new station on the main lines. Work is ongoing with the developers and Network Rail to demonstrate the business case for such a station – which may be dependent on the closure of the nearby existing Cricklewood station.

b) Elstow

This is a new station to serve the 5000 new houses planned at Elstow. The SRA has been in discussions with the developers and an outline business case was submitted in 2001. This is currently being revised as a result of the award of CIF funding for part of the project. The developers and their consultants are engaging with Network Rail on the proposal.

c) Chesterton, north of Cambridge

A new station is being developed by Cambridgeshire County Council to serve the North Cambridge development area, and to be served by Cambridge guided bus. It is likely to be served by regional and London-bound trains and act as a parkway station for Cambridge to solve some of the parking and accessibility issues associated with the current station.

d) Other stations

There are proposals for an increase in station passenger-handling capacity at Stevenage, Peterborough, Cambridge, Luton and St Albans, combined with major property schemes/town centre regeneration of great importance to the local authorities.

7.5 Bidders' propositions

It is expected that one or more bidders may submit their own alternative options for achieving the SRA's objectives, in addition to a fully compliant core bid. The SRA would welcome proposals that address aspects of the franchise that the SRA may not have considered as part of the base case specification or variants. Bidders are free to consider within their alternative tenders proposals for self-financing small infrastructure schemes, particularly at stations, that bidders believe would significantly improve performance, security and service quality.

8. Programme

The remaining stages of the process for appointing the franchisee – Bid Preparation; Bid Evaluation and Negotiation and Mobilisation – together with their indicative timings are summarised in the table below.

The SRA is seeking the mobilisation of the new Thameslink/GN franchise immediately following the execution of the Franchise Agreement, with the franchisee assuming responsibility for the operation of existing services with effect from Saturday 1 April 2006.

The SRA reserves the right to alter or terminate this process and timetable at its sole discretion. Bidders will be informed of any such changes.

Stage	Description	Party Responsible	Indicative Date
Bid Preparation	Preparation of bids	Bidders	1 June – 6 September 2005
	Submission of bids	Bidders	6 September 2005
Bid Evaluation & Negotiation of Bids	Evaluation of bids	Authority	7 September – 26 October 2005
	Clarification, negotiation and agreement to terms of the Franchise Agreement and related documentation. Secretary of State approval of Franchise Award	Authority and Bidder(s)	28 October - 21 December 2005
Mobilisation	Prepare for transfer of operations	Franchisee	22 December 2005 – 31 March 2006