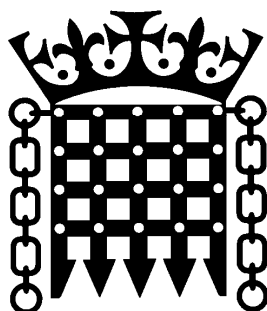


The Railway Passenger Companies

Research Paper 97/72

30 May 1997



This Research Paper lists the names and addresses of the train operating companies and the companies who acquired their franchises, and gives some background detail about the franchise award. It is designed to accompany Library Research Paper 97/71, *The Privatised Railway*, which describes the legal framework.

Fiona Poole
Business & Transport Section

House of Commons Library

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

Contents

	Page
A Background	5
B The Train Operating Companies	
Anglia Railways	7
Cardiff Railway	9
Central trains	11
Chiltern	14
Connex South Central	16
Connex South Eastern	18
CrossCountry Trains	20
Gatwick Express	22
Great Eastern	24
Great North Eastern	26
Great Western	28
Island Rail	30
LTS Rail	32
Merseyrail Electrics	34
Midland Main Line	36
North London Railways	38
North West Regional Railways	40
Regional Railways North East	42
ScotRail	45
South Wales and West	48
South West Trains	50
Thames Trains	52
Thameslink	54
West Anglia Great Northern	56
West Coast Trains	58
C The Franchisees of the Passenger Rail Operations	60
D Selected Bibliography	64

Abbreviations

ATOC	Association of Train Operating Companies
BR	British Rail
CRUCC	Central Rail Users' Consultative Committee
DMU	Diesel Multiple Unit
EPS	European Passenger Services Ltd
EU	European Union
GNER	Great North Eastern Railway
GWH	Great Western Holdings
HSE	Health and Safety Executive
HST	High Speed Train
ITT	Invitation to Tender
LRPC	London Regional Passengers' Committee
MBO	Management Buyout
MMC	Monopolies and Mergers Commission
MML	Midland Main Line
NEG	National Express Group
NWRR	North West Regional Railways
OFT	Office of Fair Trading
OPRAF	Office of Passenger Rail Franchising
ORR	Office of the Rail Regulator
PQD	Pre-qualification document
PSR	Passenger Service Requirement
PTA	Passenger Transport Authority
PTE	Passenger Transport Executive
ROSCO	Rolling Stock Leasing Company
RSC	Railway Safety Case
RUCC	Rail Users' Consultative Committee
TOC	Train Operating Company
TOU	Train Operating Unit

A Background

The passenger railway network was restructured after April 1994 so that domestic passenger train services could be offered to the private sector to run on a franchised basis. British Rail reorganised its passenger services into 25 different train operating units (TOUs). These TOUs were gradually incorporated as subsidiaries of British Rail and run as separate "shadow" businesses within British Rail. The objective was to provide financial and operational information and experience of how the business would operate under the new arrangements and to give potential franchisees financial and management information to assist them in tendering for the franchises. Each of the 25 train operating companies (TOCs) was then offered for sale as a separate franchise. The successful bidder acquired the TOC outright for a fixed number of years. The first franchises, South West Trains and Great Western were awarded on 19 and 20 December 1995 and the first privatised services started operating on Sunday 4 February 1996. The last franchise to be agreed was ScotRail which started operating in private hands on 1 April 1997.

A **franchise** is the right to run specified services within a specified area for a specified period of time, in return for the right to charge fares and, where appropriate, to receive support from the Franchising Director. Franchisees earn revenue primarily from fares and from subsidy. Government subsidy is payable via the Franchising Director to franchisees in respect of socially necessary services that might not otherwise be provided. The companies generally lease stations from Railtrack and earn rental income by sub-letting parts of them, for example to retailers. Franchisees' main costs are the track access charges they pay to Railtrack, the costs of leasing stations and rolling stock and of employing staff. Franchisees may do light maintenance work on rolling stock themselves or contract it out to private sector companies. Heavy maintenance is normally procured for them by the rolling stock leasing companies according to the contracts between them.

The responsibilities and obligations are specified in a franchise agreement between the Franchising Director and the train operator. Each franchise is negotiated individually with the Franchising Director and details of all the franchising agreements are available to the public via the Franchising Director's Register which can be seen at the OPRAF office. Where stock investment or extensive refurbishment is involved, OPRAF has been willing to extend the length of the franchise beyond the standard seven year term. Franchisees have to co-operate in certain central arrangements such as those necessary to provide through ticketing

Research Paper 97/72

and revenue settlement between train operators. Service standards are monitored by the Franchising Director throughout the duration of the franchise.

All the franchises for the passenger train operating companies have been sold for periods of between seven and fifteen years. Except for Gatwick Express, all the train operating companies have made heavy losses in the past few years. Purchasers pay a nominal sum up-front and then receive subsidies from the Government although the level of support falls over the life of the franchise.

The **Passenger Service Requirement** sets out the minimum service levels for train services and is produced by the Franchising Director. Each PSR is specific to the franchise. The draft PSR is for consultation only and appears at about the same time as the pre-qualifying bids are invited. The final PSR is the one on which the prospective franchisees base their bids. The PSRs are not the same as the timetable but provides the guaranteed minimum safeguard. Where a service is not commercially attractive, the PSR is likely to provide for broadly the existing level of service but where the service is commercially attractive, the PSR is likely to be below the existing level to give the operator the opportunity to develop new and varied services within an assured framework.

Operators must submit to the Franchising Director details of their proposed timetable. The Franchising Director will ensure these are compliant with the PSR and will monitor the actual services run. The PSR is included as part of the franchise agreement. If operators do not deliver the proper timetable, the Franchising Director may impose penalties or, as a last resort, terminate the franchise agreement.

Some of the franchises involve a **Passenger Transport Executive**. PTEs are responsible for securing the provision of such public passenger transport services as they consider necessary to meet the transport requirements in its area. Where rail services are provided under a franchise agreement, the PTE in that area will specify the services it wants and it will then be a party to the franchise agreement and will also be responsible for providing the financial support for those services.

B The Train Operating Companies

This section gives details of the individual passenger train operating companies including their addresses and telephone numbers.

Anglia Railways

Anglia Railways Train Services Ltd Managing Director: Andy Cooper
15-25 Artillery Lane, London E1 7HA
0171 465 9000

Anglia Railways operates InterCity passenger rail services between London Liverpool Street and Ipswich, Norwich and Harwich International Port; and local rail services between Norwich and Cromer, Sheringham, Great Yarmouth and Lowestoft, between Ipswich and Bury St Edmunds, Cambridge, Peterborough, Felixstowe and Lowestoft and between Peterborough and Harwich International Port.

Passenger revenue for the year to 31 March 1996 was £38 million and the company employed 731 people. The company was vested on 23 July 1995; the final PSR was published on 10 July 1996; and the ITT was issued 26 June 1996. GB Railways was announced as the preferred bidder on 25 November 1996 and confirmed on 6 December 1996. The franchise commenced on 5 February 1997.

Franchisee: **GB Railways Ltd** Director: Michael Schabas
28 Grand Avenue, London N10 3BB
0181 442 0777

GB Railways was formed specifically to pursue the opportunities afforded by rail privatisation.

Research Paper 97/72

The franchise has been let for a seven year and three month term. GB Railways is committed to investing in modern rolling stock, enhancing services and to maintaining the current train miles for the first five years on the London Liverpool Street - Norwich service and local routes. By September 2000 GB Railways will introduce a half-hourly weekday service on the London Liverpool Street - Norwich route which will have the effect of doubling the frequency of off-peak services. GB Railways will also reduce the journey times and lease a fleet of modern, air-conditioned trains for use on this route.

Other service and operational enhancements include:

- investing £2 million in station improvements including improvements for bicycle users and mobility impaired passengers;
- introducing a rail-air coach link between Colchester and Stansted Airport on a trial basis within six months of the start of the franchise;
- introducing a daily through train service between London Liverpool Street and the East Anglian coast serving Cromer, Great Yarmouth, or Lowestoft;
- making improvements in the punctuality standards of trains. For example the Passenger's Charter punctuality standard for London Liverpool Street to Norwich services will rise by one per cent to 91% with effect from October 1998 and to 92% with effect from October 2000.

GB Railways will receive support from the Franchising Director, in current prices, of £35.9 million in the financial year 1997/98 declining to £6.3 million in 2003/4. This represents an average of £18.3 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £40.9 million including an administered profit of £3.3 million.¹

¹ OPRAF news release 6.12.96

Cardiff Railway

Cardiff Railway Co. Ltd
10th Floor, Brunel House
2 Fitzalan Road
Cardiff CF2 1SA
01222 499811

Managing Director: Tom Clift

Cardiff Railway operates passenger rail services over 86 routes principally between Cardiff and the valleys to the north and Barry and Penarth to the south. Whilst the company is the sole provider of passenger train services in its area, it faces significant off rail competition from private car and bus travel. The majority of its rolling stock is between eight and ten years old.

Passenger revenue in 1994/95 was £5.7 million and the company employed 315 staff on 6 January 1996. The ITT was issued on 27 March 1996 and the final PSR was published on 26 June 1996. Prism was announced as the preferred bidder on 23 August 1996 and the official announcement was made 17 September 1996. The franchise commenced on 13 October 1996.

Franchisee: **Prism Rail Plc** Director: Godfrey Burley
32 Ludgate Hill
London EC4M 7DR
0171 213 9650

The Franchising Director awarded Prism a seven and a half year franchise. Prism is committed to operate at least the current annual number of train miles for the whole of the length of the franchise. In addition, it promises to:

- run six new through services each weekday and Saturday from Pontypridd; three each to Manchester and Portsmouth Harbour;
- improve significantly the Passenger's Charter, including raising the punctuality target from 90% to 92% and the reliability target from 99% to 99.5%;

Research Paper 97/72

- make station improvements including passenger information systems, waiting shelters and personal security features;
- re-staff two stations for an experimental period of 12 months;
- procure an experimental bus link between Cardiff International Airport and Cardiff Central for a period of one year, and examine the feasibility of a new train service to the airport.

For Cardiff Railway, Prism will receive support, in current prices, of £19.9 million in the first full financial year (1997/98), declining to £13.3 million in 2003/4. The level of support represents an average of £16.3 million per annum in current prices over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £22.2 million, including an administered profit of £0.7 million.²

² OPRAF news release 17.9.96

Central Trains

Central Trains Ltd Managing Director: Mark Causebrook
PO Box 4323
Stanier House
10 Holliday Street
Birmingham B1 1TH
0121 643 4444

Central Trains operates a variety of passenger services covering central England and extending into Wales and East Anglia. Inter-urban services extend from Birmingham to Nottingham, Cardiff, Aberystwyth, Shrewsbury, Liverpool and Cambridge, and from Nottingham to Birmingham, Cardiff, Sheffield, Liverpool and Norwich. It also operates services supported by, and to the specification of, the West Midlands PTE (Centro). In addition Central Trains provides services to Nottinghamshire County Council and Leicestershire County Council. Much of the route mileage over which Central Trains operates is also used by one or other passenger train operators. In addition some services run for all or part of their services on the West Coast Main Line and are likely to be affected by the proposed modernisation of that route.

Passenger revenue to 31 March 1995 was £60 million and at 27 April 1996 it employed 2,639 staff. It was vested in November 1995. The franchise was awarded to National Express on 17 February 1997 and the private service commenced on 2 March 1997.

Franchisee: **National Express Group Plc**
 Group Corporate Development Director: Alan Kelsey
 Worthy Park House
 Abbots Worthy
 Winchester SO21 1AN
 01962 888888

The Central Trains passenger rail franchise was awarded to the National Express Group Plc (NEG) by the Franchising Director in conjunction with the West Midlands Passenger Transport Authority and the West Midlands Passenger Transport Executive (Centro). Centro is a signatory to the franchise agreement. The franchise has been let for a seven year and one

Research Paper 97/72

month term. NEG is committed to operate at least the current number of train miles for the life of the franchise and to provide a range of service enhancements. The most noticeable enhancement is an entirely new service which will run between Wolverhampton and Walsall, seven days a week, with a service frequency of up to 40 minutes on weekdays. NEG will also provide a new hourly service between Rugeley and Stafford on weekdays and Saturdays.

In addition, it is committed to provide an extra 232,000 train miles per year in evening and Sunday services. These will include:

- new Sunday local services between Wolverhampton, Birmingham and Coventry; and Birmingham and Hednesford;
- additional Sunday services between Birmingham and Stratford-upon-Avon;
- additional evening services on weekdays and Saturdays between Birmingham and Stourbridge Junction; Birmingham and Longbridge;
- new evening services on weekdays and Saturdays between Walsall and Hednesford.

Other enhancements include:

- £1.25 million expenditure during the first three years on improving security and accessibility at stations;
- extended staffing at PTE stations including Duddeston and Stourbridge Town;
- a new bus link between Sandwell and Dudley station and Dudley town centre on weekdays and Saturdays for a minimum period of 2 years;
- a free-phone taxi ordering service; initially to operate under a 12 month pilot scheme from Stamford, Hinckley and Kidderminster stations;
- an improved Passenger's Charter; the reliability standard will be raised from 99% to 99.5% and the punctuality standard will be raised from 90% to at least 91% - both by 30 September 1997.

Research Paper 97/72

National Express will receive from the Franchising Director and the Passenger Transport Executive support, in current prices, £187.5 million in the first full financial year declining to £132.6 million in 2003/4. The average payment per annum over the life of the franchise is £152.9 million in current prices. The revised claim from British Rail for the year 1996/97, stated on a comparable basis, was £198.1 million including £7.6 million administered profit and a PTE element of £60 million.³

Centro are currently responsible for some 23% of the costs of running the Central network. It has decided to maintain control of fares and ticketing and retain revenue risk while providing for revenue sharing with NEG on income above a defined threshold. Subject to that arrangement, NEG will pass all revenue received on PTE services to Centro. Centro have, with OPRAF's agreement, put in place a detailed service quality incentive regime on their part of the network to ensure that the franchisee maintains the quality of stations and services, in the absence of direct revenue incentives. A ticketless travel incentive regime will also be put in place to ensure that NEG will collect fares where revenue belongs to Centro.

³ OPRAF news release 17.2.97

Research Paper 97/72

Chiltern

Chiltern Railways Co Ltd Director: Adrian Shooter
Western House
14 Rickfords Hill
Aylesbury
Buckinghamshire HP20 2RX
01296 332 100

The company principally operates services between Marylebone and High Wycombe, Banbury and Birmingham Snow Hill and between Marylebone and Aylesbury. In December 1995 Chiltern was awarded a Chartermark for excellence in the provision of public services. Major investment in upgrading signalling and stations and in new rolling stock was completed in 1992. Its primary source of passenger revenue is provided by routes serving the commuter towns in the M40 corridor. As at 24 September 1995, Chiltern's rolling stock consisted of a modern fleet of diesel multiple units, all of which were under five years old and equipped with driver only operation.

Passenger revenue for 1994/95 was £22 million and the company employs around 360 staff. The company was vested on 30 April 1995; the final PSR was published on 22 January 1996; and the ITT was issued on 30 January 1996. M40 Trains was announced as the successful bidder on 25 June 1996 and the new service commenced on 22 July 1996.

Franchisee: **M40 Trains Ltd** Managing Director: Adrian Shooter
 Western House
 14 Rickfords Hill
 Aylesbury
 Buckinghamshire HP 20 2RX
 01296 332 100

The Chiltern passenger rail franchise was awarded to M40 Trains Ltd, a management buy out group with backing from 3i and John Laing, for a seven year term. M40 Trains is committed to operate at least the current number of train services each year throughout the life of the franchise. In addition, it was committed to ordering 12 new 100 mph diesel multiple unit vehicles (DMUs) within one month of the franchise commencement for deployment on new

Marylebone-Birmingham express services. Together with committed infrastructure improvements, it is anticipated that these services will achieve a Marylebone-Birmingham journey time of less than two hours.

Other service and operational enhancements include:

- additional, accelerated, services between Aylesbury and Marylebone via Amersham in both the peaks;
- through services between Aylesbury and Marylebone via Amersham on Sundays;
- additional services between Marylebone and Birmingham on Sundays;
- investment of £1 million in station improvements, including 300 additional car parking spaces, with CCTV at entrances to the expanded car parks and the installation at Marylebone of automatic ticket barriers;
- feasibility studies for the redevelopment of High Wycombe station and for infrastructure improvements at Haddenham & Thame Parkway station;
- improvements to its Passenger's Charter.

M40 Trains will receive from the Franchising Director support, in current prices, of £16.5 million in the first year declining to £2.9 million in 2003. This represents an average of £8.9 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £18.6 million including an administered profit of £2.1 million.⁴

⁴ OPRAF news release 25.6. 96

Research Paper 97/72

Connex South Central

Connex South Central Ltd
Stephenson House
2 Cherry Orchard Road
Croydon CR9 6JB
0181 667 2500

Managing Director: Geoff Harrison-Mee

Connex South Central was formerly known as Network SouthCentral and comprised a mix of suburban and mainline routes to the south of London, with its principal markets comprising South London, Surrey and East and West Sussex. It also serves parts of Hampshire, Dorset and Kent. Connex South Central has a diversified passenger base with significant ticket sales to each of the commuter, business and leisure markets; the area it serves has a number of commercial centres and popular tourist attractions, and it has the opportunity to grow its business using existing off-peak capacity. It benefits from operational flexibility, due to its access to three London termini, and a diversified fleet mix. It also benefits from a wide range of journey opportunities through interfaces with other transport operators, including London Underground, airlines at Gatwick Airport and ferry services.

Passenger revenue for 1994/95 was £157.3 million and it employs some 3,095 staff. It was vested on 1 April 1995; the final PSR was issued on 14 September 1995; and the ITT was issued on 26 September 1995. The franchise was awarded to Connex rail on 12 April 1996 and the new service commenced on 26 May 1996.

Franchisee: **Connex Rail Ltd** Vice Chairman: Antoine Hurel
2nd Floor
176 Blackfriars Road
London SE1 8ET
0171 620 4566

A seven year franchise to operate Network SouthCentral was awarded to London & South Coast Ltd (now known as Connex Rail), a wholly owned subsidiary of the French based CGEA Group. The CGEA Group is one of Europe's foremost private rail operators and the second largest private sector passenger transport operator, with expertise in integrating and managing all forms of public transport. Connex Rail plans to attract more passengers by maintaining the present levels of services, by introducing new and increased services in

selected areas and improving punctuality. In addition, during the first three years, it has said it will invest £10 million to improve stations and trains. Passengers can now look forward to:

- new off peak and Sunday services for South London;
- upgraded, faster services between London and Brighton;
- significantly improved Passenger's Charter punctuality standards;
- station improvements, including better security, lighting and information systems.

Connex Rail will receive from the Franchising Director support (in current prices) of £85.3 million in the first year declining to £34.6 million in 2002/3. This represents an average of £51.4 million per annum (in current prices) over the life of the franchise. The provisional claim from British Rail for 1996/97 (subject to review) was £106.28 million, including an administered profit of £13.25 million.⁵

⁵ OPRAF news release 12.4.96

Research Paper 97/72

Connex South Eastern

Connex South Eastern Ltd
Friars Bridge Court
41-45 Blackfriars Road
London SE1 8NZ
0171 620 5555

Managing Director: Richard Fearn

Connex South Eastern operates a largely self contained network of intensive suburban and inter-urban passenger rail services together with a limited number of rural services together with a limited number of rural services in south east England, Kent and parts of Sussex. It has six main London destinations serving the City and West End and its suburban network is bounded by Sevenoaks and Gillingham in Kent. South Eastern which serves primarily the London commuter and leisure market, has a suburban rolling stock fleet of 674 Networker vehicles in two and four formations. The fleet for its other services consists of approximately 712 electric vehicles ranging in age from 22 to 39 years. It may be affected by a number of transport proposals currently under consideration including the building of the Channel Tunnel Rail Link and the Thameslink 2000 proposal.

Passenger revenue in 1995/96 was £233 million and it employs 3,906 staff. It was vested on 23 July 1995; the ITT was issued on 19 December 1995; and the final PSR was published on 9 February 1996. Connex was confirmed as the preferred bidder on 7 August 1996 and the official announcement was on 21 August 1996. The service commenced on 13 October 1996.

Franchisee: **Connex Rail Ltd** Vice Chairman: Antoine Hurel
2nd floor
176 Blackfriars Road
London SE1 8ET
0171 620 4566

The passenger rail franchise was awarded to Connex Rail Ltd for a fifteen year term. Formerly known as London & South Coast Limited, Connex is a wholly owned subsidiary of CGEA, the French-based international transport group. The CGEA Group is one of Europe's largest private sector passenger transport operators, with expertise in integrating and managing all forms of transport.

Connex is committed to operate at least the current number of train miles for the first three years of the franchise with a number of service enhancements in the inner and outer suburban areas. In addition Connex has promised to replace the entire South Eastern Mark I slam door fleet with new trains. New air-conditioned rolling stock, providing improved levels of passenger comfort, will begin to be introduced within three years of the start of the franchise to replace the existing Class 411 rolling stock. In addition, Connex will provide new rolling stock for the replacement of Class 421 and 423 rolling stock by April 2006.

Other service and operational enhancements include:

- a £25m investment programme which includes improvements to stations, passenger security arrangements, new ticketing systems and car park facilities;
- Passenger's Charter punctuality target improvements from 88% to 89.5% for Kent Link services by 2001 and from 83% to 85% for Kent Coast services by 1999. Reliability on Kent Link services will be increased from 98% to 99% by 1999;
- increased services at the weekend between London and Dartford via Sidcup and via Plumstead and on Sunday between Victoria and Orpington;
- some weekend services will stop additionally at Nunhead, Crofton Park, Beckenham Hill, and Ravensbourne;
- new Sunday services to Deptford.

Connex will receive from the Franchising Director support, in current prices, of £125.4 million in the first year reversing to a premium payment from Connex to OPRAF of £2.8 million in 2011. This represents an average of £35.7m per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £139.08 million including an administered profit of £18.3 million.⁶

⁶ OPRAF news release 21.8.96

Research Paper 97/72

CrossCountry Trains

CrossCountry Trains Ltd.
Meridian
85 Smallbrook Queensway
Birmingham B5 4HA
0121 654 7028

Managing Director: Chris Tibbits

CrossCountry operates passenger rail services which are branded as InterCity or Express and which link a number of cities and other destinations in England, Scotland and Wales. The hub of CrossCountry's route network is Birmingham, with frequent services operating to Manchester, Sheffield, Reading and Bristol. Some trains extend to Glasgow, Edinburgh and Aberdeen in the North, and to Brighton, Bournemouth, Swansea and Penzance in the South and West. Within its route network, CrossCountry operates a number of long distance through trains, including services from Glasgow to Bournemouth, a distance of over 470 miles, and from Dundee to Penzance, a distance of over 700 miles.

CrossCountry's route network serves over 100 stations. It offers the opportunity to travel directly between a number of regional centres without the necessity of changing trains, or stations, in London. Almost all of the rail network used by CrossCountry is also used by one or more passenger train operators.

Passenger revenue to 31 March 1996 was £108 million. As at 31 March 1996, the company employed 842 staff. It was vested in December 1995; the ITT was issued on 20 September 1996; and the final PSR was issued on 27 September 1996. Virgin Group was announced as the preferred bidder on 13 November 1996 and the formal announcement was on 29 November. The franchise commenced on 5 January 1997.

Franchisee: **Virgin Rail Group Ltd**
120 Campden Hill Road
London W8 7AR
0171 919 8500

Contact: Dominic Ryan/Brian Barratt

Research Paper 97/72

The CrossCountry passenger rail franchise was awarded to the Virgin Rail Group Ltd for a 15 year term. Virgin has committed to operate at least the current number of train miles until May 1998, and then to increase the number of train miles by 14% between May 1998 and May 2002. For the remainder of the franchise, Virgin has committed to operating train miles at least equivalent to the summer 1996 and winter 1996/97 timetables.

From May 2000, Virgin will begin to replace the existing loco-hauled rolling stock with a brand new flexible fleet of 128 high speed Diesel Multiple Unit vehicles. The current High Speed Train rolling stock will be replaced by 24 high-quality seven car DMU trains by May 2004. In the meantime, both the loco-hauled and HST coaches will be refurbished. All HST rolling stock will be branded with the Virgin logo, name and livery, as will all the new rolling stock. Other key service and operational enhancements include:

- introduction of a dedicated low cost telephone central reservations and sales facility by May 1997;
- improvements to passenger information at 100 stations served by CrossCountry;
- an experimental bus link between at least one university campus and a nominated station served by CrossCountry to commence in October 1997.

Virgin has also committed to several key marketing initiatives including:

- a fixed price pre-booked taxi supplement for selected stations;
- a flat fare for students to encourage local travel in the evenings;
- a discounted ticket for groups of two or more travelling together between pairs of stations up to 150 miles apart served by CrossCountry, which will be offered on an experimental basis.

Virgin will receive from the Franchising Director support, in current prices, of £112.9 million in the first full financial year, reversing to a premium payment from Virgin to OPRAF of £10.0 million in 2011/12. This represents an average of £36.4 million per annum over the life of the franchise. The provisional claim from British Rail for year 1996/97 was £127.2 million including an administered profit of £8.35 million.⁷

⁷ OPRAF news release 29.11.96

Research Paper 97/72

Gatwick Express

Gatwick Express Railway Co Ltd Managing Director: F. W. Mackintosh
52 Grosvenor Gardens
London SW1W 0AU
0171 973 5000

Gatwick Express operates a frequent, non-stop, passenger rail service on the electrified 27 mile route between London Victoria and Gatwick Airport stations. With its relatively simple operational structure, Gatwick Express is the only rail operator currently offering a non-stop daytime service at 15 minute intervals between central London and Gatwick Airport and has over 80% of the passenger rail traffic on this route. Most of Gatwick Express' customers are air travellers and prospects are therefore sensitive to Gatwick Airport volume changes. It faces competition from Connex South Central and Thameslink.

Passenger revenue for 1994/95 was £27.2 million and the company employs some 311 staff. It was vested 1 April 1994; the final PSR was published on 14 September 1995; and the ITT was issued on 26 September 1995. National Express was announced as the successful bidder on 3 April 1996 and the new service started on 28 April 1996.

Franchisee: **National Express Group Plc**
Group Corporate Development Director: Alan Kelsey
Worthy Park House
Abbots Worthy
Winchester SO21 1AN
01962 888888

The Gatwick Express passenger rail franchise was awarded to National Express (NEG), the bus and coach operating group. NEG plans to introduce a completely new fleet of rolling stock by 1999. To enable this, the franchise has been let for 15 years subject to the new rolling stock being procured and agreement reached with Railtrack on extending track access rights. If these terms are not met within the first 18 months of the franchise it will revert to the standard seven year term with National Express committed to refurbishing the existing train fleet. NEG promises to provide at least the present level of service for the duration of the franchise, and has pledged the following service enhancements and improvements:

Research Paper 97/72

- additional early, late and night services to be introduced in 1997. This includes additional services to ensure a 15-minute frequency from 5 am to midnight, and an hourly service throughout the night for a trial period of a year;
- an improved Passenger's Charter;
- enhanced customer service with more onboard staff.

NEG plan to introduce on-board check-in facilities for airline passengers in Club Class and to spend £100,000 per year on staff training with a view to making the level of service comparable to that provided by the airlines. Special attention will be paid to the needs of overseas visitors.

As part of the deal, National Express will pay to the Franchising Director a premium (in current prices) of £4.6 million in the first year increasing to £22.6 million in 2010/11. This represents an average of £13.5 million (in current prices) over the life of the franchise. A provisional budgeted profit of £3.9 million was forecast for Gatwick Express by British Rail for 1996/97.⁸

⁸ OPRAF news release 3.4.96

Research Paper 97/72

Great Eastern

Great Eastern Railway Ltd
Hamilton House
3 Appold Street
London EC2A 2AA
0171 928 5151

Managing Director: Bob Breakwell

Great Eastern Railway principally operates passenger rail services between London Liverpool Street and Gidea Park, Shenfield, Southend Victoria, Southminster, Braintree, Clacton-on-Sea and Ipswich. There are local services to Upminster, Sudbury, Walton-on-Naze and Harwich. There are three principal service flows from London Liverpool Street within the Great Eastern Railway rail network: the inner suburban service to Shenfield; the Southend Victoria line and the main line service which serves Chelmsford and Colchester.

Passenger revenue to 31 March 1996 was £120 million. As at 31 March 1996, the company employed 1,423 staff. It was vested in November 1995; the ITT was issued on 24 July 1996; and the PSR was finalised on 8 October 1996. FirstBus was announced as the preferred bidder on 21 November 1996 and confirmed on 4 December 1996. The franchise commenced on 5 January 1997.

Franchisee: **FirstBus Plc** Head of Investor Relations: Frances Gibson-Smith
32A Weymouth Street
London W1N 3FA
0171 291 0504

The franchise for the services operated by Great Eastern Railway was awarded to FirstBus plc for a seven years and three months term. FirstBus is committed to operate at least the current number of train miles for the first three years of the franchise and to introduce a number of service enhancements across the franchise area in 1998. In addition, FirstBus has committed to over £9 million investment to improve station facilities, including upgraded lighting and security systems, better travel information, more customer help points, improved car parking and bicycle facilities and easier access for those with disabilities and special needs.

Other service and operational enhancements include:

- a Great Eastern Express brand including new hourly through services between London and Harwich and London and Walton;
- more peak hour services between Ipswich and London;
- increased services throughout the week to and from Liverpool Street and all stations to Gidea Park;
- new bus-train links including an experimental bus service between Maldon and Hatfield Peverel Station via Heybridge with through ticketing facilities;
- a significantly improved Passenger's Charter; the punctuality target will be raised by 2% to 90% by 1999.

FirstBus will receive from the Franchising Director support, in current prices, of £29 million in the first full financial year reversing to a premium payment to OPRAF of £9.5 million in 2004. This represents average support of £5.6 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £40.6 million including an administered profit of £8.5 million.⁹

⁹ OPRAF news release 4.12.96

Research Paper 97/72

Great North Eastern

Great North Eastern Railway Ltd
Main Headquarters
Station Rise
York YO1 1HT
01904 653022

Managing Director: Christopher Garnett

InterCity East Coast operates passenger rail services between London, parts of the East Midlands and parts of East Anglia, Yorkshire, the north east of England and Scotland. It provides a fast, frequent, high quality service, offering direct centre to centre access between London and other major cities. Covering a network of 920 route miles, ICEC has a balanced mix of leisure and non-leisure travellers, with a large catchment area which includes commercial centres and tourist destinations. Substantial investment has been made over the last 10 to 15 years to acquire modern rolling stock and to electrify routes from London to Leeds and to Edinburgh and Glasgow. One of ICEC's key strengths is the provision of services by High Speed Trains and a modern fleet of 1C225 trains. The fleet is maintained at 3 principal depots.

Passenger revenue for 1994/95 was £205.9 million. The company employs some 2,900 staff. It was vested on 1 April 1995; the final PSR was published on 14 September 1995; and ITTs were issued on 26 September 1995. The franchise was awarded to GNER on 29 March 1996 and the new service commenced on 28 April 1996.

Franchisee: **GNER Ltd**
Sea Containers House
20 Upper Ground
London SE1 9PF
0171 805 5830

Chief Executive: Christopher Garnett

The passenger rail franchise to operate the InterCity East Coast services between London and Scotland was awarded for seven years to Great Northern Rail Co Ltd (later Great North Eastern), a subsidiary of Sea Containers Ltd. It is anticipated that, by the end of the franchise term, GNER will be transformed from a heavily subsidised company to a private one no longer dependent on financial support from the taxpayer. In addition to running the current

Research Paper 97/72

train mileage, for at least the next two years and guaranteeing high frequencies to key destinations for the franchise term, GNR has committed to invest over £17 million on additional service enhancements and improvements which include:

- refurbishing and improving the performance of rolling stock;
- station improvements, including passenger security measures, improved access for passengers and passenger lounges;
- upgraded facilities for business class travellers;
- an improved Passenger's Charter.

GNER will receive support of £64.6 million in support in the first year declining to zero in 2002/03. This represents an average of £21.2 million at current prices over the life of the franchise. The provisional claim from BR for 1996/97 was £76.25 million including an administered profit of £19.36 million.¹⁰

¹⁰ OPRAF news release 29.3.96

Research Paper 97/72

Great Western

Great Western Trains Co. Ltd Managing Director: Richard George
Milford House
1 Milford Street
Swindon SN1 1DW
01793 499 4000

Great Western Trains operates passenger rail services principally between London Paddington and South Wales, Avon, the West of England and the Cotswolds. Great Western's key strengths include access to a fast corridor into London and a balanced mix of leisure and non-leisure passengers. Journeys to and from London represent the largest element of Great Western's passenger revenue.

Total revenue in 1995/96 was budgeted to be some £227 million and the company employs 2,900 staff. It was vested on 18 December 1994; the final PSR was published on 16 May 1995; and ITTs were issued on 17 May 1995. Great Western Holdings was announced as the successful bidder on 20 December 1995 and the new service started on 4 February 1996.

Franchisee: **Great Western Holdings Ltd** Chief Executive: Brian Scott
Milford House
1 Milford Street
Swindon SN1 1DW
01793 499 4000

The Great Western franchise was won by Great Western Holdings Ltd. Great Western management and employees own 51% of the voting shares. They are backed by bus operator FirstBus, venture capitalist 3i and mezzanine capital funds were provided by Intermediate Capital Group (ICG) and The Royal Bank of Scotland.

In addition to planning to run at least the current number of services and reducing journey times, Great Western Holdings Ltd is committed to the following service enhancements and improvements:

- refurbished rolling stock;
- co-ordinated links with local bus operators;
- an improved Passenger's Charter.

The franchise will run for 10 years subject to the operator reaching an agreement with the Franchising Director on an improvement and investment plan within two years. This will provide additionally:

- increased service frequencies including running half-hourly services to Bristol Temple Meads and Cardiff throughout the day;
- investment to produce a more flexible rolling stock fleet;
- OPRAF grant saving of at least a further £3 million from the year 2000 compared with the seven years franchise period.

Should agreement not be reached, the franchise will run for the standard seven years.

For the standard seven year term, the Franchising Director will provide support of £53.2 million in the first year, falling to £38.2 million in 2002/3. This is an average subsidy requirement of £44.8 million compared with support to BR of £61.8 million in 1995/96 (including a budgeted profit of £14.5 million) - all figures in current prices.¹¹

InterCity East Coast see Great North Eastern railway

InterCity West Coast see West Coast Trains

¹¹ OPRAF news release 20.12.95

Research Paper 97/72

Island Line

Island Line Ltd Managing Director: Alan Cracknell
Sandown Railway Station
Sandown
Isle of Wight PO36 9BW
01983 408 585

The Island Line operates an 8.5 mile long railway on the Isle of Wight. It links Shanklin on the south east side of the island with Ryde Esplanade and Ryde Pierhead. Connections with the mainland rail network are provided via ferry links to Portsmouth. Exceptionally the line will be franchised on a vertically integrated basis. Railtrack has leased the entire railway infrastructure for 25 years from 1 April 1994 to Island Rail who will operate the railway and have certain responsibilities for the maintenance of the infrastructure. Because of the special nature of the Island Line business, its sale was structured differently from other franchises. Bidders were asked to submit tenders for a 5 year period although they were encouraged to apply for a longer term of up to 15 years.

Passenger revenue for the year to 31 March 1996 was £727,000 and it employed 44 staff. It was vested in November 1995; the ITT was issued on 26 June 1996; and the final PSR was published on 23 July 1996. Stagecoach was confirmed as the preferred bidder on 9 September 1996 and the official announcement was 20 September 1996. The franchise commenced on 13 October 1996.

Franchisee: **Stagecoach Holdings Plc** Executive Director: Brian Cox
Lewes Enterprise Centre
Malling Street
Lewes
Sussex BN7 2RB
01273 480248

The franchise to operate the eight and a half mile passenger railway on the Isle of Wight was awarded to Stagecoach Holdings Plc for a five year term. Stagecoach has committed to:

Research Paper 97/72

- operate at least the current number of train miles throughout the length of the franchise;
- improve Passengers' Charter targets by raising the punctuality of train services from 93% to 95% and their reliability from 98.5% to 99% within a year of the start of the franchise;
- introduce a local residents' travel scheme;
- test other discounted fares;
- introduce enhanced public transport information at each station.

Stagecoach will receive from the Franchising Director support, in current prices, of £2.01 million in the first year declining to £1.751 million in the last year of the franchise. This represents an average of £1.860 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £2.56 million including an administered profit of £0.14 million.¹²

¹² OPRAF news release 20.9.96

Research Paper 97/72

LTS Rail

LTS Rail Ltd Managing Director: Ken Bird
Central House
Clifftown Road
Southend-on-Sea SS1 1AB
01702 357 889

LTS Rail operates passenger rail services on compact and predominantly self-contained routes to the east of London. It provides a frequent service for London commuters on its routes in the morning and evening peak periods and a regular off-peak service to its dedicated London terminal at Fenchurch Street. Approximately 75% of revenue is derived from the sale of season tickets. It also has the opportunity to benefit from a major modernisation programme of signalling equipment and related infrastructure which is nearing completion.

Total revenue in 1995/96 was some £54 million. The company employs approximately 750 staff. It was vested on 18 December 1994; the final PSR was issued on 16 May 1995 and ITTs were issued on 17 May. The award of the original franchise was won by Enterprise Rail Ltd. on 20 December 1995. This was a management and employee buyout team, backed by 3i and Gresham Trust. However the agreement was suspended on 3 February, the day before Enterprise Rail was due to take over, pending an investigation into apparent ticketing irregularities.

The Franchising Director announced on 8 February 1996 that it would be re-tendered to previously shortlisted bidders. New ITTs were issued on 26 February and the new successful bidder, Prism Rail, was announced on 26 April 1996. The new service commenced on 26 May 1996.

Franchisee: **Prism Rail Plc** Director: Godfrey Burley
 32 Ludgate Hill
 London EC4M 7DR
 0171 213 9650

Research Paper 97/72

Prism Rail was a company formed specifically to pursue the opportunities afforded by rail privatisation. Its directors and founder investors had all previously worked in senior positions within the bus industry. The franchise was let for fifteen years subject to the procurement of new rolling stock, otherwise it will revert to a seven year term. In addition to running the current train mileage in the first year and at least 95% for the next three years, Prism is to invest, at current prices, at least £14m on station improvements over the franchise term.

It has also committed to the following service enhancements:

- new rolling stock to replace the existing class 310 and class 312 trains, with the new equipment delivered by November 1999, subject to finalisation of procurement arrangements. The class 302s are expected to be replaced by class 317 sliding door trains (acquired from WAGN) within the next twelve months;
- a new station at West Ham to provide a new interchange with London Underground's District Line, the new Jubilee Line Extension and North London Railways' services, by December 1999 subject to finalisation of construction costs;
- higher Passenger's Charter standards for train reliability, rising from 88% to 90% from April 1997 and increasing to 92% from April 1998, and higher standards for punctuality, rising from 98% to 98.5% from April 1997 and increasing to 99% in April 1998.

Prism will receive from the Franchising Director support, in current prices, of £29.5 million in the first year declining to £11.2 million in 2010/11. This represents an average of £18.4 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £34.6 million including an administered profit of £3.2 million.¹³

¹³ OPRAF news release 9.5.96

Research Paper 97/72

Merseyrail Electrics

Merseyrail Electrics Ltd
Rail House
Lord Nelson Street
Liverpool L11JF
0151 702 2071

Managing Director: Richard Parkins

Merseyrail Electrics operates passenger rail services between Liverpool and Southport, Ormskirk, Kirkby, Hunts Cross, New Brighton, West Kirby, Chester and Ellesmere Port. The central part of the route network on the services operate is underground with four underground stations serving central Liverpool, a tunnel under the River Mersey and a further underground station in Birkenhead. Over 780 train services are operated on weekdays. The greater part of the services (approximately 85 per cent of train miles) are supported by, and operate to the specification of, Merseyside Passenger Transport Executive ("Merseytravel"). Under an arrangement with Merseytravel, inter-modal tickets are sold at stations and, together with Merseytravel concessionary passes, are accepted on bus, ferry and train services within the Merseytravel area. Merseyrail Electrics is the sole provider of passenger train services between stations on the rail network used by it.

Passenger revenue to 31 March 1995 was £19 million. As at 31 March 1996, the company employed 1,207 staff. It was vested in December 1995; the ITTs were issued on 20 September 1996; and the PSR was finalised on 11 November 1996. MTL was announced as the preferred bidder on 11 December 1996 and confirmed on 20 December 1996. The franchise commenced on 19 January 1997.

Franchisee: **MTL Trust Holdings Ltd** Chairman and Managing Director, Peter Coombes
Head Office
Edge Lane
Liverpool L7 9LL
0151 254 1254

The Merseyrail Electrics passenger rail franchise was awarded by the Franchising Director, in partnership with Merseyside Passenger Transport Executive, to MTL Trust Holdings Ltd for a term of approximately seven years and two months. MTL has committed to comply

fully with the Passenger Service Requirement set by the PTE for the October 1997 timetable. This will result in an improvement to the current level of service. They have also committed themselves to the Merseyside PTE's Passengers' Charter and accepted a performance incentive regime based on its demanding targets for punctuality and reliability. MTL has committed approximately £6.8 million (in current prices) to a programme of security enhancements on the Merseyrail Electrics network, including:

- extension of CCTV surveillance to all stations on the network over the first three years of the franchise;
- initiatives to provide an on train customer care presence on all trains by April 2000;
- creation, during 1997, of a security force designed to respond quickly to vandalism, fare evasion and other security incidents as they arise;
- a trial of concealed CCTV surveillance equipment on trains, commencing in 1997;
- enhancements to station lighting;
- help points at every station for emergency response and train information.

In addition MTL will be incentivised to provide an improved standard of station and train presentation and maintenance. They have also committed to a regime which is intended to reduce ticketless travel.

MTL will receive, from the Franchising Director and Merseyside PTE, support in current prices of £80.7 million in the first year, declining to £60.8 million in 2003/4. This represents an average of £67.6 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97, stated on a comparable basis, was £84.13 million including an administered profit of £2.67 million.¹⁴

Merseytravel are responsible for some 99% of the costs of running the Merseyrail Electrics network and they have decided that they wish to retain revenue risk. MTL will pay over all revenue received to the PTE and OPRAF. Passenger revenue for the year ended March 1996 was £18.7 million. OPRAF will also be retaining revenue risk on the services it specifies. Merseyside PTE have, with OPRAF's agreement, put in place a detailed service quality incentive regime across the entire Merseyrail Electrics network to ensure that MTL has the incentive to pay attention to quality of delivery in the absence of direct revenue incentives.

¹⁴ OPRAF news release 20.12.96

Research Paper 97/72

Midland Main Line

Midland Main Line Ltd Managing Director: Nick Brown
Midland House
Nelson Street
Derby DE1 28A
01332 262 000

Midland Mail Line provides InterCity passenger rail services on a simple and relatively self-contained network principally between South Yorkshire, the East Midlands and London St. Pancras. A large proportion of MML's passenger revenue is derived from customers whose outward journey is from South Yorkshire or the East Midlands to London St. Pancras, a complication for a franchisee as St. Pancras is to be subject to considerable building work to make it an international terminus. It serves a diverse customer base, with a significant proportion of business travellers. MML's other strengths include its fast, frequent, high quality service and its fleet of High Speed Trains.

Passenger revenue for 1994/95 was £58.5 million. A further £23.8 million of revenue came from its two train maintenance depots in Derby and Leeds. MML employs around 1,100 staff. It was vested on 1 April 1995; the final PSR was issued on 14 September 1995; and the ITTs were issued on 26 September 1995. The franchise was awarded to National Express on 22 April 1996 and the new service commenced on 28 April 1996.

Franchisee: **National Express Group Plc**
Group Corporate Development Director: Alan Kelsey
Worthy Park House
Abbots Worthy
Winchester SO21 1ANN
01962 888888

This passenger rail franchise was awarded to the National Express Group (NEG) for a period of ten years subject to the delivery of substantial service enhancements and the provision of additional rolling stock. Otherwise it reverts to a standard seven year term. By the fourth year, support payments will cease, and NEG will start making increasing premium payments to the Franchising Director. NEG plans broadly to maintain the present level of services for

the first three years to 1999. In addition, it has committed, in the ten year deal, to introducing:

- a new weekday half-hourly stopping service between London (St Pancras) and Loughborough, with alternate services to Nottingham and Derby;
- improved fast services from St Pancras to Sheffield, Leicester, Derby and Nottingham;
- additional rolling stock to provide the extra services.

NEG will also undertake:

- to pursue the development of an East Midlands Parkway station north of Loughborough;
- refurbishment of the existing High Speed Train rolling stock;
- a programme of station improvements, including extra security measures and upgraded passenger lounges.

NEG will receive from the Franchising Director support of £16.5 million in the first year reversing to a premium payment of £10 million in 2006. This represents an average payment to the Franchising Director of £1 million a year over the life of the franchise. £17.13 million was budgeted for support to British Rail for operating the service in 1996/97, including an administered profit of £7 million.¹⁵

On 30 July 1996 the acquisition was referred by the then President of the Board of Trade, on the advice of the OFT, to the MMC under the *Fair Trading Act 1973*. There was concern over the fact that NEG operated coach services to some of the destinations served by MML. The MMC concluded that the merger could be against the public interest and the President of the Board of Trade therefore required of NEG certain undertakings in respect of coach fares and level of services. On 22 May 1997 the present President of the Board of Trade, Margaret Beckett, referred it to the MMC again, in conjunction with NEG's purchase of ScotRail.

¹⁵ OPRAF news release 22.4.96

Research Paper 97/72

Network SouthCentral see Connex South Central

North London Railways

North London Railway Ltd Managing Director: Charles Belcher
Melton House
65-67 Clarendon Road
Watford WD1 1DP
01923 207 413

North London Railways operates a number of suburban passenger rail services. The principal service is from London Euston via Milton Keynes to Northampton, with an hourly extension to Birmingham via Rugby and Coventry. There are local services from London Euston to Watford and from Richmond to North Woolwich (the "North London Line"). It also operates a number of branch line services: Watford to St Albans Abbey; Watford to Croxley Green; Gospel Oak to Barking; and Bletchley to Bedford. Additionally there is a service from Willesden Junction to Clapham Junction via Kensington Olympia (the "West London Line").

Passenger revenue to 31 March 1995 was £55 million. As at 27 April 1996, the company employed 1,144 staff. It was vested in December 1995. The franchise was awarded to National Express on 7 February 1997 and the service commenced on 2 March 1997.

Franchisee: **National Express Group plc**
Group corporate development director: Alan Kelsey
Worthy Park House
Abbots Worthy
Winchester SO21 1AN
01962 888888

The passenger rail franchise was awarded to National Express Group Plc for a 7½ year term. As part of the deal, NEG has committed to introducing new services, and expanding existing services on North London Railways. In addition to their Passenger Service Requirement, NEG has guaranteed that they will run at least the current number of train miles for the entire length of the franchise. A key element of the franchise sale will see NEG replacing all the

Research Paper 97/72

Mark 1 slam door rolling stock, currently operated by NLR on the Bedford-Bletchley and Gospel Oak-Barking lines, with new or refurbished stock within two years. NEG's commitments include:

- a new service between Watford and Gatwick, further developing services on the West London Line;
- additional morning and evening services to and from London, Milton Keynes, Northampton and Birmingham;
- re-introducing a twenty-minute off-peak frequency on the Watford local services on weekdays;
- over £2 million investment in station facilities, station security and rolling stock reliability;
- an improved Passenger's Charter, which includes a rise in punctuality standards on the London Orbital services by 1% from 87% to 88% from September 1997.

In addition, NEG are committed to studies examining the viability of further development opportunities for North London Railways. These include, new stations on the West London Line and Northampton Lines and the possibility of re-introducing services between Milton Keynes and Oxford. NEG will also be considering the potential for development of Willesden Junction station.

As with Midland Main Line, NEG will be looking at a wide variety of customer initiatives, including help-points, information systems and new ticket types such as reduced tickets for families and groups.

NEG will receive from the Franchising Director support in current prices, of £48.6 million in the first full year declining to £16.9 million in 2003/4. This represents an average of £26.98 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £54.97 million including an administered profit of £4.87 million.¹⁶

¹⁶ OPRAF news release 7.2.97

Research Paper 97/72

North West Regional Railways

North West Regional Railways Ltd
Rail House
Store Street
Manchester M60 1DQ
0161 228 2141

Managing Director: Peter Strachan

North West Regional Railways operates local and regional passenger rail services in north western England and north Wales. In addition to inter urban services between some of the larger towns and cities in the region, North West Regional Railways provides urban services around Manchester and Liverpool Lime Street and rural services in north Wales, Lancashire and Cumbria. The furthest points reached by its network are Carlisle in the north, Holyhead in the west, Birmingham International in the south and Sheffield in the east. Services are supported by, and operate to the specification of, the Merseyside PTE (Merseytravel) in Merseyside and the West Yorkshire PTE in West Yorkshire.

Passenger revenue to 31 March 1995 was £44 million. As at 27 April 1996 the company employed 2,910 staff. It was vested in December 1995; the ITTs were issued on 20 December 1996; and the PSR was finalised in January 1997. Great Western Holdings was announced as the preferred bidder on 30 January 1997 and confirmed on 5 February 1997. The service commenced on 2 March 1997.

Franchisee: **Great Western Holdings Ltd**
Milford House
1 Milford Street
Swindon SN1 1DW
01793 4994000

Chief Executive: Brian Scott

The North West Regional Railways franchise was awarded by the Franchising Director, in conjunction with Greater Manchester Passenger Transport Executive, Merseyside Passenger Transport Executive (MPTE) and West Yorkshire Passenger Transport Executive, to Great Western Holdings Limited. The management and employees of Great Western Trains own 51% of the voting shares of Great Western Holdings Limited. FirstBus and 3i each own 24.5%.

Research Paper 97/72

The franchise has been let for a 7 year 1 month term. GWH has committed to introduce 70 new diesel multiple unit (DMU) vehicles, capable of 90-100 mph, by 31 March 2000. Key features of the new rolling stock will include high quality interiors, wheelchair accessible toilets and baby changing facilities.

GWH will operate at least the current number of train miles for the full length of the franchise and also plan a number of enhancements, in particular to local services. These include additional services between Liverpool and Manchester and between Manchester and Wigan/Preston via Bolton, and the development of innovative, new long distance services including North Wales to London and Rochdale to London.

In addition, GWH has committed to invest £1.5m to refurbish existing trains and £5m on improving stations. It will also spend at least £1m in each year of the franchise on additional security measures including a central security control centre at a suitable location, probably Manchester, and CCTV at MPTE stations where it is not already provided. GWH will also improve the existing Passenger's Charter, including the raising of the punctuality target for the North Wales inter urban group from 90% to 91% by June 1998. GWH are committed to MPTE's Passengers' Charter for services within the MPTE area. Outside this area, a separate North West Regional Railway Passenger's Charter will apply with commitments in excess of the existing Passengers' Charter.

GWH will receive from the Franchising Director and the PTEs support, in current prices, of £184.9 million in the first full financial year declining to £125.5 million in the final year. This represents an average of £148.3 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £191.m including £6.8m administered profit and a PTE element of £16 million.¹⁷

MPTE are responsible for just under 10% of the costs of running the NWRR network and have decided to retain revenue risk. GWH will therefore pay all revenue received to the PTE. Greater Manchester PTE are responsible for approximately a third of the costs of running the NWRR network, whilst West Yorkshire PTE are responsible for approximately 1.5%. Both of these PTEs will be transferring revenue risk to the operator. All three PTEs have, with OPRAF's agreement, put in place a detailed service quality incentive regime for their areas of the NWRR network which will incentivise GWH to provide an improved standard of station and train presentation and maintenance.

¹⁷ OPRAF news release 5.2.97

Research Paper 97/72

Regional Railways North East

Regional Railways North East Ltd
Main Headquarters
Station Rise
York YO1 1HT
01904 653022

Managing Director: Bob Urie

Regional Railways North East operates passenger rail services in northern England. Its services extend from the Scottish border in the north to south of the Humber, and from the east coast of England to Manchester, Liverpool and Blackpool in the west. Regional Railways North East services are concentrated around Leeds, Manchester, Sheffield and Newcastle. The company provides a variety of passenger services to meet a range of journey purposes. Inter urban services operate between major cities such as Newcastle, Leeds, Manchester, Sheffield and Liverpool and serve largely leisure travellers. Rural services operate principally in Northumberland, North Yorkshire and Cumbria providing transport links between local communities as well as serving leisure travellers. Urban services are provided mainly in Tyne and Wear, Cleveland, Yorkshire, and Humberside, and are used principally for commuting and local travel. Some of these services are supported by, and operate to the specification of, one or more of the West Yorkshire, South Yorkshire, and Tyne and Wear PTEs.

Passenger revenue to 31 March 1995 was £61 million. As at 27 April 1996, the company employed 2,969 staff. It was vested in December 1995; ITTs were issued 20 December 1996; and the PSR was finalised on 3 February 1997. MTL was announced as the preferred bidder on 30 January 1997 and confirmed on 10 February 1997. The new service commenced on 2 March 1997.

Franchisee: **MTL Trust Holdings Ltd**

Chairman and Managing Director: Peter Coombes
Head Office
Edge Lane
Liverpool L7 9LL
0151 254 1254

The Regional Railways North East franchise was awarded to MTL Trust Holdings Ltd for a seven year and one month term. The decision was made in conjunction with the West Yorkshire, South Yorkshire, Tyne and Wear and Greater Manchester PTEs, who are also signatories to the Franchise Agreement. MTL has committed to operate at least the current number of train miles for the duration of the franchise with a number of service endorsements across the franchise, including some in each PTE area. In addition, MTL is committed to introducing 16 new 3-car electric multiple units by December 2000 to replace the Class 308 units that currently operate on the Leeds and Bradford to Ilkley and Skipton services.

Other services and operational enhancements include:

- 12 additional TransPennine Express services each day between Leeds and Manchester from Mondays to Saturdays from May 2000;
- seeking improved journey times and more punctual departures across the franchise;
- a package of rolling stock improvements including Business Class areas on some TransPennine Express services by April 1999;
- £500,000 per year additional expenditure on station improvements;
- improved station security, including CCTV and better lighting, at PTE stations;
- an improved Passenger's Charter, including an increase in the punctuality standard by 1% from 90% to 91% from March 1999, to be followed by a further 1% increase to 92% by March 2001;
- extension of the Passenger's Charter to West Yorkshire and South Yorkshire PTE areas.

MTL will receive from the Franchising Director and the Passenger Transport Executives support, in current prices, of £224.5 million in the first full financial year declining to £145.6 million in 2003/4. This represents an average of £173.4 million per annum over the life of the franchise. The revised claim from British Rail for the year 1996/97, stated on a comparable basis, was £223.2 million including £7.8 million administered profit and a PTE element of £75.4 million.¹⁸

¹⁸ OPRAF news release 10.2.97

Research Paper 97/72

The South Yorkshire and Tyne and Wear PTEs are currently responsible for some 11.4% of the costs of running the RRNE network and have decided that they wish to retain revenue risk. MTL will pay all revenue received on specified services to the relevant PTE. OPRAF and the West Yorkshire and Greater Manchester PTEs will be transferring revenue risk on the services they specify to MTL. The West Yorkshire, South Yorkshire, Tyne and Wear and Greater Manchester PTEs have, with OPRAF's agreement, put in place a detailed service quality incentive regime in their respective parts of the network to ensure that the franchisee has the incentive to pay attention to quality of stations and services, especially in the absence of direct revenue incentives. A ticketless travel incentive regime will also be put in place in South Yorkshire and Tyne and Wear to ensure that MTL has the incentive to collect fares where revenue risk has been retained by the PTEs.

Regional Railways, North West see North West Regional Railways

ScotRail

ScotRail Railways Ltd Managing Director: Alastair MacPherson
Caledonian Chambers
87 Union Street
Glasgow G1 3TA
0141 332 9811

ScotRail provides the majority of the passenger rail services in Scotland, together with Anglo-Scottish sleeper services and certain cross border services extending to Carlisle. It also provides certain through services between Stranraer and Newcastle and between Glasgow and Newcastle. Its range of services includes inter urban services between major Scottish cities; rural services in the north and west Highlands and in the south west of Scotland; and urban services, principally in and around Glasgow and Edinburgh. In and around Glasgow ScotRail operates passenger rail services for Strathclyde Passenger Transport Executive. Problems with Strathclyde PTE meant ScotRail's timetable dropped behind others first announced in December 1994.

ScotRail's passenger revenue for the year ended 31 March 1995 (excluding sleeper services) was £86 million. As at 30 March 1996, the company employed 3,977 staff. It was vested in December 1995; the final PSR was issued on 14 September 1995; pre-qualifying bids were first invited on 14 December 1994 and then again on 25 April 1996; the franchise was awarded to National Express on 25 February 1997 and the service commenced on 1 April 1997.

Franchisee: **National Express Group Plc** Chief Executive: Phil White
 Worthy Park House
 Abbots Worthy
 Winchester SO21 1AN
 01962 888888

The ScotRail passenger rail franchise which provides the majority of passenger rail services in Scotland, together with Anglo-Scottish sleeper services, was awarded to National Express Group Plc. The decision was made in conjunction with the Strathclyde PTE, who are also signatories to the Franchise Agreement.

Research Paper 97/72

The franchise has been let for a seven year term. NEG has committed to operate at least the current number of train miles for the duration of the franchise and to introduce a number of service enhancements. In addition, it is committed to introducing, by March 2000, 38 new 3-car electric multiple units for the Strathclyde PTE network and 9 new 3-car diesel multiple units for the Edinburgh-Falkirk-Glasgow route.

Other service and operational enhancements include:

- a 15 minute frequency Monday to Saturdays on the Edinburgh-Falkirk-Glasgow service from May 2000 with new rolling stock;
- £1 million worth of station investment to improve security, accessibility and station standards;
- enhanced standards on Anglo-Scottish sleeper services including refurbishment of rolling stock, single-berth standard class accommodation and high quality airline style reclining seat accommodation;
- doubling the off-peak frequency of service on the Fife Circle route for at least two years from 1998;
- an additional 80,000 train miles per annum to be operated during off-peak periods on Strathclyde PTE services;
- improved Passenger's Charter standards and application of the new Charter to SPTE services.

NEG is committed to retaining ScotRail's headquarters in Glasgow.

NEG will receive from the Franchising Director and the Strathclyde PTE support, at present day prices, of £280.1 million in 1997/98 declining to £202.5m in 2003/4. This represents an average of £237.5 million per annum over the life of the franchise. The revised claim from British Rail for the year 1996/97, stated on a comparable basis, was £292.3 million including

Research Paper 97/72

£11.2 million administered profit and a PTE element of £155.8 million before deduction of SPTE revenue of £41.3 million.¹⁹

The Strathclyde PTE will be responsible for meeting 54.5% of the total support. This takes account of the PTE's decision to retain revenue risk. ScotRail will pay to the PTE all revenue received on PTE services. After deduction of PTE revenue, Strathclyde PTE will be responsible for about 46% of total support in the first year. A detailed service quality incentive regime will apply to the PTE services to ensure that ScotRail has the incentive to pay attention to quality of stations and services, especially in the absence of direct revenue incentives. A ticketless travel incentive regime will also be put in place to ensure ScotRail has the incentive to collect fares where revenue risk has been retained by Strathclyde PTE.

The President of the Board of Trade, Margaret Beckett, announced on 22 May 1997 that the acquisition of this franchise is to be referred to the Monopolies and Mergers Commission, together with the acquisition by National Express of Midland Main Line.

South Eastern see Connex South Eastern

¹⁹ OPRAF news release 25.2.97

Research Paper 97/72

South Wales & West Railway

South Wales & West Railway Ltd
Western House
1 Holbrook Way
Swindon SN1 1BY
01793 526100

Managing Director: David Weir

South Wales & West operates over a route network of 1,569 miles. Inter urban services extend out from Cardiff and Bristol to Manchester, Birmingham, Portsmouth and the west of England, with less frequent services to Liverpool, Holyhead, Brighton and London Waterloo. As well as operating across a wide geographical area, South Wales and West also operates within various passenger markets such as interurban services largely for the leisure traveller, urban services largely for commuters and rural services. Much of the company's route mileage is also used by one or more other passenger train operators and is therefore dependent on allocation factors.

Passenger revenue in 1994/95 was £40 million and the company employed 1,398 staff in January 1996. It was vested on 23 July 1995; ITTs were issued on 27 March 1996; and the final PSR was published on 26 June 1996. Prism was announced as preferred bidder on 23 August 1996 and the official announcement was on 17 September 1996. The franchise commenced on 13 October 1996.

Franchisee: **Prism Rail Plc** Director: Godfrey Burley
32 Ludgate Hill
London EC4M 7DR
0171 213 9650

A seven and a half year passenger rail franchise to operate the South Wales & West Railway services was awarded to Prism Rail, a company formed specifically to pursue the opportunities afforded by rail privatisation.

For South Wales & West, Prism has committed to operate at least the current annual number of train miles for the whole length of the franchise.

In addition, Prism is committed to:

- refurbish all of the 78 vehicle Class 158 train fleet;
- improve significantly the Passenger's Charter, including raising the punctuality target from 90% to 92% and the reliability target from 99% to 99.5%;
- station improvements including passenger information systems, waiting shelters and personal security features;
- re-staff seven stations for an experimental period of 12 months;
- continue to operate the service from Cardiff to London Waterloo, where passengers can connect with Eurostar services.

Prism will receive from the Franchising Director support, in current prices, of £70.9 million in the first full financial year (1997/98), declining to £38.1 million in 2003/4. The level of support represents an average of £53.9 million per annum in current prices over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £84.8 million, including an administered profit of £4.8 million.²⁰

²⁰

OPRAF news release 17.9.96

Research Paper 97/72

South West Trains

South West Trains Ltd Managing Director: Brian Cox
Rail Project Team, South West Trains
Wessex House
231-232 Blackfriars Road
London SE1 8NW
Tel enquiries: Mark Kenneth 0171 620 5370

South West Trains provides passenger rail services on routes to the south west of London, with its principal markets comprising south west London, Surrey, Hampshire and Dorset. It also serves parts of Berkshire, Devon, Somerset, East and West Sussex and Wiltshire. It provides a frequent peak service for London commuters to/from its terminal at Waterloo, as well as regular off-peak services.

Passenger revenue is £221 million. It was vested on 1 April 1995; the final PSR was published on 16 May 1995; and ITTs were issued on 17 May 1995. The franchise was awarded to Stagecoach on 19 December 1995 and the new service started on 4 February 1996.

Franchisee: **Stagecoach Holdings Plc** Executive Director: Brian Cox
Lewes Enterprise Centre
Malling Street
Lewes
Sussex BN7 2RB
01273 480248

The South West Trains franchise has been let for seven years and was won by Stagecoach Holdings Plc, the bus operating group. In addition to planning to maintain the present level of services, Stagecoach has committed to the following additional service enhancements and improvements:

- a substantially improved Passenger's Charter;
- a number of dedicated bus links to selected SWT stations;

Research Paper 97/72

- a programme of station improvements, including passenger security measures;
- improved customer information on stations.

Stagecoach will receive from the Franchising Director support (in current prices) of £54.7 million in the first year declining to £40.3 million in 2002/03, representing an average of £49.0 million over the life of the franchise. £83.4 million was budgeted for support to British Rail for operating the services in 1995/96, including a budgeted profit of £19.9 million.²¹

²¹ OPRAF press notice 19.12.95

Research Paper 97/72

Thames Trains

Thames Trains Ltd
Venture House
37-43 Blagrove Street
Reading
Berkshire RG1 1RY
01734 579 453

Managing Director: Roger McDonald

Thames operates passenger rail services principally between London Paddington and Oxford via Maidenhead and Reading with certain of these services extending to Stratford-upon-Avon and via Worcester to Hereford. It also operates between London Paddington and Bedwyn via Reading and Newbury. Branch line services include those connecting Slough with Windsor and Maidenhead with Marlow. The company also operates between Reading and Gatwick Airport via Guildford. Services on the line benefited from a modernisation programme completed in 1994, which included investment in new rolling stock and associated infrastructure.

Passenger revenue for the year ended 31 March 1995 was £46 million and the company employed about 1,000 staff. It was vested in December 1995; ITTs were issued on 30 April 1996; and the final PSR was published on 30 August 1996. Victory was confirmed as the preferred bidder on 9 September 1996 and the official announcement was on 19 September. The service commenced on 13 October 1996.

Franchisee: **Victory Railway Holdings Plc** Managing Director: Roger McDonald
Venture House
37-43 Blagrove Street
Reading
Berkshire RG1 1RY
01743 579453

The Thames Trains passenger rail franchise was awarded to Victory Railway Holdings Ltd a joint venture between The Go-Ahead Group PLC and the management of Thames Trains. The franchise has been let for a seven and a half year term. Victory is committed to operate at least the current number of train miles for the first two and a half years of the franchise

with a number of service enhancements designed to develop their off-peak and tourist markets. In addition, Victory has committed to spend £4m on various improvements to station information systems and station security. Specific service and operational enhancements include:

- increase of the weekday Oxford-Paddington service to half-hourly in 1998;
- additional services between Thatcham, Theale, Newbury and Paddington from 1999;
- improved services between Reading and Gatwick;
- additional Paddington to Maidenhead off-peak fast services from 1999;
- an intention to improve the journey times between Reading and Paddington following completion of the Heathrow Express work;
- an improved Passenger's Charter;
- improved provision for carrying luggage and bicycles.

Victory will receive from the Franchising Director support, in current prices, of £33.2 million in the first full financial year, 1997/98, declining to zero in the last year of the franchise. This represents an average of £15.6 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £43.8 million including an administered profit of £5.1 million.²²

²²

OPRAF news release 19.9.96

Research Paper 97/72

Thameslink

Thameslink Rail Ltd
Friars Bridge Court
41-45 Blackfairs Road
London SE1 8NZ
0171 620 5222

Managing Director: Euan Cameron

Thameslink operates passenger rail services between Bedford to the north of London and Brighton on the south coast, using a route through London via Kings Cross Thameslink, Farringdon, City Thameslink and Blackfriars. Services to and from the north also operate into Moorgate station during peak hours. Some trains from the north also serve Elephant & Castle and stations on the loop line to Wimbledon and Sutton. All of the Thameslink route network is also used by other operators with the exception of the route through London. Thameslink also serves two airports; Gatwick directly, and Luton via a connecting bus link. Thameslink will be affected by the construction of the Channel Tunnel Rail Link and Thameslink 2000 projects.

Passenger revenue to 31 March 1995 was £65 million. As at 31 March 1996, the company employed 516 staff. It was vested in November 1995. The franchise was awarded to GOVIA on 11 February 1997 and services commenced on 2 March 1997.

Franchisee: **GOVIA Ltd** Managing Director: Martin Ballinger
Cale Cross House
Pilgrim Street
Newcastle-upon-Tyne NE1 6SU
0191 232 3123

The Thameslink passenger rail franchise was awarded to GOVIA, a joint venture combining the GoAhead Group Plc and Via GTI, the French transport group for a seven year and one month term. GOVIA has committed to operate at least the current number of train miles for the length of the franchise and to a number of service enhancements. In addition, GOVIA has committed to investments in improved stations, enhanced passenger security and rolling stock refurbishment.

Service and operational enhancements include:

- additional weekday early morning airport services from Bedford-Gatwick Airport and Brighton-Gatwick Airport-Bedford;
- an additional hourly off-peak service from Bedford-Gatwick Airport;
- improved weekend services and a Saturday service on Bank Holidays other than Christmas;
- rolling stock interior upgrades;
- bus and rail service integration at Brighton, Luton and St Albans;
- an improved Passenger's Charter; punctuality standard up from 89% to 92% by 2003.

GOVIA will receive from the Franchising Director, support in current prices, of £2.5 million in the first full financial year reversing to a premium payment to OPRAF of £28.4 million in 2004. This represents an average premium of £17 million per annum in current prices over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £16.4 million including an administered profit of £5.3 million.²³

²³

OPRAF news release 11.2.97

Research Paper 97/72

West Anglia Great Northern Railway

West Anglia Great Northern Railway Ltd
Hertford House
1 Cranwood Street
London EC1V 9GT

Managing Director: David Burton

West Anglia Great Northern operates passenger rail services from Kings Cross, Moorgate and Liverpool Street to East Hertfordshire, Cambridgeshire, West Norfolk and North East London. A network of short distance services is operated from London to Welwyn Garden City, Hertford, Enfield, Broxbourne and Chingford. Longer distance services run to regional centres such as Cambridge, Stevenage, Peterborough, Harlow and Kings Lynn. The Cambridge Cruiser non-stop service operates every half hour between Kings Cross and Cambridge during off-peak hours whilst the Stansted Skytrain provides half-hourly fast services between Liverpool Street and Stansted Airport.

Passenger revenue to 31 March 1995 was £107 million. As at 31 March 1996, the company employed 1,585 staff. It was vested in December 1995; ITTs were issued on 6 August 1996; and the final PSR was issued on 25 October 1996. Prism was announced as the preferred bidder on 27 November 1996 and confirmed on 6 December 1996. The service commenced on 5 January 1997.

Franchisee: **Prism Rail Plc**
32 Ludgate Hill
London EC4M 7DR
0171 213 9650

Director: Godfrey Burley

The West Anglia Great Northern passenger rail franchise was awarded to Prism Rail Plc for a term of seven years and three months. Prism is committed to operate at least the current number of train miles for the first three years of the franchise and to operate the popular Cambridge Cruiser express service throughout the term of the franchise. It is committed to spend around £14 million improving station customer facilities, information systems and refurbishing rolling stock. A number of new Class 365 Networker Expresses are already scheduled for introduction on Great Northern Routes during early 1997, offering a faster and more comfortable ride than the existing trains on these routes. In addition, Prism has

committed to refurbish the other trains used on Great Northern long distance services to a similar standard of comfort as the Class 365 Networker Express and to put more comfortable seats into the class 313 trains used on the local services.

Other service and operational enhancements include:

- selected discounted fares and operation of five semi-fast services in each peak to run between London and Peterborough;
- building up Stansted SkyTrain services to match growing demand;
- improved Passenger's Charter punctuality and reliability targets - from April 1998 punctuality up from 91% to 93% and reliability from 98.5% to 99%;
- a dedicated travel centre at Kings Cross Station;
- introduction of at least two experimental bus links.

Prism will receive from the Franchising Director support, in current prices, of £52.9 million in the first full year reversing to a premium payment from Prism to OPRAF of £24.8 million in 2004. This represents an average support payment of £12.7 million per annum over the life of the franchise. The provisional claim from British Rail for the year 1996/97 was £71.1 million including an administered profit of £9.1 million.²⁴

²⁴

OPRAF news release 6.12.96

Research Paper 97/72

West Coast Trains

West Coast Trains Ltd
Stanier House
10 Holliday Street
Birmingham B1 1TG
0121 643 4444

Managing Director: Chris Tibbits

InterCity West Coast operates passenger rail services principally between London Euston and the West Midlands, north Wales, north west England and Scotland. The route is fully electrified except for the line between Crewe and Holyhead. Railtrack has indicated that it is in the process of developing a major programme of renewal of the core infrastructure of the route, much of which is nearing the end of its economical life. InterCity West Coast serves primarily the leisure and business markets. It competes between London and Motherwell and London and Glasgow with InterCity East Coast. It also competes on certain other routes with other TOCs such as CrossCountry Trains, Chiltern Railway and North London Railways.

Passenger revenue for the year ending 31 March 1995 was £216 million and at 27 April 1996 it employed 3,880 staff. It was vested on 28 April 1995. The franchise was awarded to Virgin on 19 February 1997 and the service commenced on 9 March 1997.

Franchisee: **Virgin Rail Group Ltd**
Contact: Dominic Ryan/Brian Barratt
120 Campden Hill Road
London W8 7AR
0171 919 8500

On 14 December 1994 when the Franchising Director issued the PQDs for the first eight rail franchises, he added that he was "minded" to invite tenders in 1995 for the InterCity West Coast franchise. However franchising this route was complicated by the concurrent modernisation of the West Coast Mail Line proposed by Railtrack. The franchise therefore differed from the other franchises that were being offered in that the track would be required to be comprehensively modernised during the life of the franchise. The Franchising Director therefore hoped to invite expressions of interest from potential bidders including proposals for

interaction with the modernisation programme, perhaps as part of a longer franchise. Lack of response meant the sale was deferred for a year. A PQD was eventually issued with the last batch of companies on 11 June 1996.

The 15 year passenger rail franchise for InterCity West Coast was awarded to Virgin Rail Group Ltd. A group of major investment institutions are backing Virgin in the acquisition of both CrossCountry and ICWC, including Bankers Trust, Texas Pacific Group, JP Morgan and Electra Fleming.

Virgin is committed to moving quickly to restore confidence in the service, by achieving 90% punctuality for most services within a year from takeover. Virgin are also committed to introducing, within the first year of the franchise, a series of customer service innovations, including a dedicated telesales centre; refurbishment of existing rolling stock; improved catering; and an innovative range of new products and ticket offers. In addition, Virgin is committed to a succession of year-on-year service improvements, delivering more frequent and faster trains. Journey times will be reduced progressively as Railtrack's £1.5 billion investment programme moves forward. Virgin is committed to invest in station improvements and a range of ways to facilitate access, including an integrated train - taxi facility, new coasts links to Heathrow Airport and better station car parks.

The centrepiece of Virgin's plan is a commitment to replace virtually the entire rolling stock fleet with a brand new fleet of 40 high speed 225km/h trains for delivery from 2001 onwards, with services operated at 200km/h starting in 2002. These will bring significant time savings and offer an attractive alternative to the M1/M6 motorways and domestic air services. The new train fleet will use active tilt technology which has been used in service across Europe over the last ten years.

Virgin intends to improve the services further beyond 2002, with reduced journey times and greater frequency. The further time savings will again apply to all the main routes. London-Glasgow journey times will be reduced below four hours and London-Manchester/Liverpool journey times below two hours. The number of services operated after 2002 will be increased as demand grows.

Virgin will receive from the Franchising Director, support in current prices, of £76.8 million in the first full financial year reversing to a premium payment to OPRAF of £220.3 million in 2011/12. This represents an average premium payment to OPRAF of £62 million per annum over the life of the franchise. The revised claim from British Rail for the year 1996/97 was £92.59 million including £19.12 million administered profit.²⁵

²⁵ OPRAF news release 19.2.97

Research Paper 97/72

C The Franchisees of the Passenger Rail Operations

This section brings together for convenience the names and addresses of the companies who have been awarded the passenger train franchises:

Connex Rail Ltd
176 Blackfriars Road (2nd Floor)
London SE1 8ET
0171 620 4566

Vice Chairman: Antoine Hurel

Franchises:

Connex South Central
Connex South Eastern

FirstBus Plc
32A Weymouth Street
London W1N 3FA
0171 291 0504

Head of Investor Relations: Frances Gibson-Smith

Franchises:

Great Eastern Railway

GB Railways Ltd
28 Grand Avenue
London N10 3BB
0181-442 0777

Director: Michael Schabas

Franchise:

Anglia

GNER Ltd
Sea Containers House
20 Upper Ground
London SE1 9PF
0171 805 5830

Chief Executive: Christopher Garnett

Franchise:

Great North Eastern Railway

Research Paper 97/72

GOVIA Ltd
Cale Cross House
Pilgrim Street
Newcastle-upon-Tyne NE1 6SU
0191 232 3123

Managing Director: Martin Ballinger

Franchise:

Thameslink Rail

Great Western Holdings Ltd
Milford House
1 Milford Street
Swindon SN1 1DW
01793 499 4000

Chief Executive: Brian Scott

Franchises:

Great Western Regional Railways
Great Western Trains

M40 Trains Ltd
Western House
14 Rickfords Hill
Aylesbury
Buckinghamshire HP 20 2RX
01296 332 100

Managing Director: Adrian Shooter

Franchise:

Chiltern Railways

MTL Trust Holdings Ltd
Head Office
Edge Lane
Liverpool L7 9LL
0151 254 1254

Chairman and Managing Director: Peter Coombes

Franchises:

Merseyrail Electrics
Regional Railways North East

Research Paper 97/72

National Express Group Plc

Worthy Park House
Abbots Worthy
Winchester SO21 1AN
01962 888888

Chief Executive: Phil White

Group Corporate Development Director: Alan Kelsey

Franchises:

Central Trains

Gatwick Express

Midland Main Line

North London Railways

ScotRail

Prism Rail Plc

32 Ludgate Hill
London EC4M 7DR
0171 213 9650

Director: Godfrey Burley

Franchises:

Cardiff Railway

LTS Rail

South Wales & West Railway

West Anglia Great Northern Railway

Stagecoach Holdings Plc

Lewes Enterprise Centre
Malling Street
Lewes
Sussex BN7 2RB
01273 480248

Executive Director: Brian Cox

Franchises:

South West Trains

Island Line

Research Paper 97/72

Victory Railway Holdings Plc

Venture House
37-43 Blagrove Street
Reading
Berkshire RG1 1RY
01743 579453

Managing Director: Roger McDonald

Franchise:

Thames Trains

Virgin Rail Group Ltd

120 Campden Hill Road
London W8 7AR
0171 919 8500

Contact: Dominic Ryan/Brian Barratt

Franchises:

Cross Country Trains

West Coast Trains

Research Paper 97/72

D Selected Bibliography

Debates in the House of Commons

1. Debate on through ticketing, HC Deb 18.1.95 cc 715-790
2. Debate on passenger services under rail privatisation, HC Deb 7.2.95 cc 201-253

Official papers and reports

3. Department of Transport *The Franchising of Passenger Rail Services - a consultation document*, October 1992
4. Office of the Rail Regulator *Ticket Retailing*, April 1995
5. OPRAF *Passenger Rail Industry Overview*, May 1995
6. OPRAF *Passenger Rail Franchising: Information for local authorities and rail user consultative committees*, February 1996
7. Office of Passenger Rail Franchising *Appraisal of support for passenger rail services: a consultation paper*, 1996
8. Office of the Rail Regulator *Accurate and impartial retailing: meeting the needs of passengers: a policy statement*, 1997
9. OPRAF *Annual Report*
10. Central Rail Users' Consultative Committee *Annual Report*

Pamphlet and periodical articles since 1994

11. *Local Transport Today* 23 May 1996 "New hands on the controls - but where will the private sector take the railways"
12. *Economist* 3.2.96 "Slow train to success"
13. *Modern Railways* May 1996 "ATOC"

Research Paper 97/72

14. *New Statesman and Society* "Reading between the lines" by Steve Norris
15. *Economist* 21.09.96 "Trainspotting"
16. *Oxford Review of Economic Policy* Spring 1997 "Competition in the rail industry"
17. Confederation of British Industry *Changing trains: a review of the new industry structure* March 1997
18. Tim Powell *The prospects for the franchised railway* Save Our Railways 1997

Research Paper 97/72

Transport

Recent Library Research Papers include:

97/45	Endangered Species; CITES, tigers and ivory	04.04.97
97/46	Green Taxes	07.04.97
97/47	The Commonwealth	29.04.97
97/48	Training and Enterprise Councils	07.05.97
97/49	General election results, 1 May 1997	09.05.97
97/50	The Burden of Taxation	09.05.97
97/51	NATO Enlargement	08.05.97
97/52	Parliamentary Pay and Allowances: The Current Rates	14.05.97
97/53	The Commons committee stage of 'constitutional' bills	20.05.97
97/54	The IGC: the story so far	14.05.97
97/55	The IGC: Bibliography	14.05.97
97/56	The Location of New Households	13.05.97
97/57	Algeria	14.05.97
97/58	Unemployment by Constituency - April 1997	14.05.97
97/59	Albania	14.05.97
97/60	Wales and Devolution	19.05.97
97/61	The Referendum (Scotland and Wales) Bill [Bill 1 of 1997-98]	20.05.97
97/62	Housing Benefit and Council Tax Benefit (General) Amendment Regulations 1997 [SI 1997/852]	15.05.97
97/63	<i>E. coli</i> Foodborne Disease	09.05.97
97/64	Aspects of Parliamentary Reform	21.05.97
97/65	Lead in Drinking Water	21.05.97