



RESEARCH PAPER 99/80
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Railway Organisations

The Research Paper provides reference information about the rail industry. Part I lists the names and addresses of the train operating companies and gives some background detail about the franchise award. Part II lists other organisations involved in the industry. It updates Research Paper 97/72 *The Railway Passenger Companies*.

Fiona Poole and Andrew Dyer

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Summary of main points

The Research Paper provides reference information about the rail industry, particularly the train operating companies. Part I briefly describes the legislation and how the passenger services are organised. It lists the names and addresses of the train operating companies and gives some background detail about the franchise awards. Part II lists other organisations involved in the industry with their addresses and telephone numbers.

There are 25 different train operating companies. The responsibilities and obligations of each company are specified in a franchise agreement between the Franchising Director and the train operator. Each franchise is negotiated individually and details of all the agreements are available to the public via a Register, available at the office of the shadow Strategic Rail Authority.

The franchises were sold for periods of between seven and fifteen years. The majority were for seven years and will expire in 2003-4. Purchasers paid a nominal sum up-front for the franchise and then receive subsidies from the government, with the level of support falling over the life of the franchise. Support is paid through the Franchising Director and the Passenger Transport Executives. In 1997-98 it amounted to £1790 million and by the year 2003-04 it is expected to be £650 million. Negotiations over the next round are now beginning and longer franchises may be offered to encourage investment by the train operating companies.

Passenger numbers have increased 20% since privatisation but so have the number of complaints. Cancellations, short running and using the wrong rolling stock are areas that cause most concern. Passengers who wish to complain about a service should contact the train operator in the first instance. If they continue to be dissatisfied, they should contact the relevant rail users' consultative committee listed on page 51 of this paper.

The government was concerned at the performance of the passenger train companies and the ability of OPRAF to monitor compliance with the arrangements set out in the franchise arrangements. In July 1999 it published the *Railways Bill 1998-99* to strengthen the enforcement powers available to OPRAF and the Rail Regulator. The Bill established the Strategic Rail Authority and abolished the Office of the Director of Passenger Rail Franchising and the British Railways Board. It gives statutory backing to the "shadow" SRA set up by the deputy Prime Minister in April 1999. Details of the Bill are given in Library Research Paper 99/72 *Railways Bill*.

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I Train Operating Companies

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. These were then offered for sale as separate franchises. The successful bidder acquired the train operating company (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 for 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. 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 of each TOC 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 a Register, available at the office of the shadow Strategic Rail Authority. Service standards are monitored by the Franchising Director throughout the duration of the franchise. Franchisees have to co-operate in certain central arrangements such as those necessary to provide through ticketing and revenue settlement between train operators.

The Passenger Service Requirement (PSR) sets out the minimum service levels for a train service. Each PSR is specific to the franchise. The PSR is not the same as the timetable but provides the guaranteed minimum safeguard. Where a service is not commercially attractive, the PSR provides for the previously existing level of service but where it is commercially attractive, the PSR is usually set 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. If operators do not deliver the proper timetable, the Franchising Director may impose penalties or, as a last resort, terminate the franchise agreement.

The 25 franchises were sold for periods of between seven and fifteen years. The majority were for seven years and will expire in 2003-4. Where stock investment or extensive refurbishment was involved, OPRAF was willing to extend the length of the franchise beyond the standard seven year term.

The following list is taken from the latest OPRAF quarterly bulletin to be published. Some of the TOCs have recently changed their name. Details are given in section C of this paper.

The Train Operating Companies and their Franchisees

Franchise	Franchisee	Franchisee Length	Franchise Commenced
Anglia Railways	GB Railways Limited (subsidiary of GB Railways Group Plc).	7 yrs 3 mth	05/01/97
Cardiff Railway Company	Prism Rail PLC.	7 yrs 6 mth	13/10/96
Central Trains	National Express Group PLC.	7 yrs 1 mth	02/03/97
Chiltern Railway	M40 Trains Limited (John Laing plc).	7 yrs	21/07/96
Connex South Central	Connex Rail Limited (subsidiary of Vivendi SA).	7 yrs	26/05/96
Connex South Eastern	Connex Rail Limited (subsidiary of Vivendi SA).	15 yrs	13/10/96
CrossCountry	Virgin Rail Group Limited.	15 yrs	05/01/97
Gatwick Express	National Express Group PLC.	15 yrs	28/04/96
Great Eastern Railway	FirstGroup plc.	7 yrs 3 mth	05/01/97
Great North Eastern Railway	GNER Holdings Limited (subsidiary of Sea Containers Ltd.)	7 yrs	28/04/96
Great Western Trains	Great Western Holdings Limited (subsidiary of FirstGroup plc).	10 yrs	04/02/96
Island Line	Stagecoach Holdings plc.	5 yrs	13/10/96
LTS Rail	Prism Rail PLC.	15 yrs	26/05/96
Merseyrail Electrics	MTL Rail Limited (subsidiary of MTL Services PLC).	7 yrs 2 mth	19/01/97
Midland Mainline	National Express Group PLC.	10 yrs	28/04/96
North Western Trains	Great Western Holdings Limited (subsidiary of FirstGroup plc).	7 yrs 1 mth	02/03/97
Northern Spirit	MTL Rail Limited (subsidiary of MTL Services PLC).	7 yrs 1 mth	02/03/97
ScotRail	National Express Group PLC.	7 yrs	31/03/97
Silverlink	National Express Group PLC.	7 yrs 6 mth	02/03/97
South West Trains	Stagecoach Holdings plc.	7 yrs	04/02/96
Thames Trains	Victory Railways Holdings Limited (subsidiary of The Go-Ahead Group Plc).	7 yrs 6mth	13/10/96
Thameslink Rail	GOVIA Limited (Go-Ahead Group and Via G.T.I. SA).	7 yrs 1 mth	02/03/97
Wales & West	Prism Rail PLC.	7 yrs 6mth	13/10/96
West Anglia Great Northern	Prism Rail PLC.	7 yrs 3 mth	05/01/97
West Coast Trains	Virgin Rail Group Limited.	15 yrs	09/03/97

Source: OPRAF Bulletin on performance of passenger rail network, December 1998-March 1999

Purchasers pay a nominal sum up-front for the franchise and then receive subsidies from the government, with the level of support falling over the life of the franchise. Support is paid through the Franchising Director and the Passenger Transport Executives (PTEs). In 1997-98 it amounted to £1790 million and by the year 2003-04 it is expected to be £650 million.

Net contractual payments to franchise operators, 1997-98 to 2003-04

£ million, 1997-98 prices

		1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Anglia Railways	OPRAF	36	26	22	16	13	9	6
Cardiff Railways	OPRAF	20	18	17	16	15	14	14
Central Trains	OPRAF	133	123	109	103	100	97	96
	PTE	40	35	30	27	26	25	23
Chiltern Railway	OPRAF	14	13	10	7	5	3	0
Connex South Central	OPRAF	75	55	47	43	38	36	5
Connex South Eastern	OPRAF	116	85	61	49	40	33	28
Gatwick Express	OPRAF	-6	-8	-10	-11	-12	-12	-13
Great Eastern	OPRAF	29	14	8	3	0	-5	-10
Great North Eastern Railway	OPRAF	55	36	17	6	2	0	--
Great Western Trains	OPRAF	59	54	48	41	34	27	18
Island Line	OPRAF	2	2	2	2	1	--	--
LTS Rail	OPRAF	26	25	23	22	21	19	18
Merseyrail Electrics	OPRAF	7	7	6	6	5	6	5
	PTE	60	53	48	45	43	42	42
Midland Mainline	OPRAF	8	2	1	-1	-3	-4	-6
North Western Trains	OPRAF	98	90	82	75	72	69	68
	PTE	86	78	71	65	62	59	57
Regional Railways North East	OPRAF	140	123	110	102	97	94	93
	PTE	79	69	61	57	54	51	50
Scotrail Railways	OPRAF	129	121	114	107	100	95	94
	PTE	113	105	97	88	80	74	70
Silverlink	OPRAF	49	36	30	26	23	20	17
South West Trains	OPRAF	64	61	56	51	45	36	--
Thames Trains	OPRAF	34	25	17	14	8	4	0
Thameslink Rail	OPRAF	3	-7	-16	-23	-23	-27	-28
Virgin Cross Country	OPRAF	116	98	82	74	68	51	41
Virgin West Coast	OPRAF	77	68	56	54	52	-4	-53
Wales & West Railway	OPRAF	73	62	57	51	48	44	39
West Anglia Great Northern	OPRAF	55	35	25	13	4	-15	-26
OPRAF Total		1,412	1,163	973	847	754	589	408
PTE Total		378	340	306	282	264	251	242
Total		1,790	1,503	1,279	1,129	1,017	840	650

Notes: Payments to the Franchising Director appear as negative amounts.

Excludes incentive regime payments

Source: OPRAF Annual Report 1997-98

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 their area. Where rail services are provided under a franchise agreement, the PTE in that area will specify the services it wants and will be a party to the franchise agreement. It will also be responsible for providing the financial support for those services.

Some franchises have changed hands since the original award. FirstGroup plc, a minority shareholder in Great Western Holdings Ltd acquired the remaining shares in 1998, and so took over the Great Western and North Western franchises. The Go-Ahead Group plc, the majority shareholder in Victory Railway Holdings, the franchisee for Thames Trains, bought out the remaining shares from the management in June 1998. In October 1998 the Franchising Director approved the acquisition by Stagecoach Holdings of a 49% stake in the Virgin rail Group. In March 1999 the John Laing Group increased its shareholding in M40 Trains, the holder of the Chiltern franchise, to 84%. In all cases the Franchising Director negotiated a package of benefits for passengers.

Sections 55 and 56 of the *Railways Act 1993* set out the enforcement procedures available to the Rail Regulator and the Franchise Director to ensure compliance with relevant conditions or requirements of licences, franchises or closure restrictions and, in the case of the Rail Regulator, with access agreements. Section 55 imposes a duty on the Franchising Director to act to prevent or rectify any breach or likely breach of the franchise agreement by the franchisee or franchise operator. The franchise agreement provides for a special call-in meeting where operating performance in any four week period falls below pre-set thresholds. These thresholds are set such that an operator with a typical pattern of performance would expect to be called in once every one or two years. The Franchising Director may deem three call-ins in any three year period a breach of the franchise agreement. This happened to Great Western in February 1998 and to Chiltern in summer 1998. Particularly poor operational performance can lead straight to a breach. These can also occur when an operator does not meet its franchise commitments. All breaches are listed in the OPRAF annual report. Some breaches are trivial and have no effect on passengers, but some have a significant adverse effect and in these cases the Franchising Director secures a passenger dividend. Enforcement action may be taken in the case of intractable disputes. No enforcement orders have yet been issued for train performance although a draft order was prepared for South West Trains in spring 1997. In addition to Great Western, Chiltern and South West Trains, First North Western seriously breached its franchise agreement, in August 1998.

Passenger numbers may have increased 20% since privatisation but so have the number of complaints. Cancellations, short running and using the wrong rolling stock are areas that cause most concern. There are various different ways of measuring performance.¹ OPRAF publishes detailed performance information on reliability and punctuality in

¹ More detail is given in Library Research Paper 99/72 *Railways Bill*

quarterly bulletins and its annual report. The latest annual report says that reliability (the measure of whether scheduled trains run) was generally well maintained with performance well above 1995-96 levels, but that punctuality had slipped back further during the year.² In February 1999 it introduced a grading table which rated operators according to overall Passenger's Charter performance. To attain an A grade, an operator has to achieve 95% punctuality and 99.5% reliability. In the three grading tables so far published, Island Rail was the only operator to achieve the A grade overall, although a number managed to achieve it on individual routes. It is however questionable how useful it is to compare the Isle of Wight trains with an intercity service such as Great North Eastern. Furthermore the grade takes no account of the state of the rolling stock so Island Rail can attain an A grade using old London underground trains, often in poor condition. OPRAF is looking for a new performance measure to be introduced in 1999-2000.

The performance grades as they appear in OPRAF's 1998-99 annual report appendix 2 are given overleaf.

² OPRAF Annual Report 1998-99 p 10

Performance Grades by Operator at 31 March 1999

Train Operator	Punctuality average year ending March 1999	Punctuality Grade	Reliability average year ending March 1999	Reliability Grade	Average no of charter trains per 4 week period	Overall grade at 12 Dec 1998
Category A						
Island Line	95.0	A	99.6	A	1,685	A
Category B						
ScotRail	95.7	A	99.4	B	43,872	B
Merseyrail Electrics	95.3	A	99.1	B	13,401	B
Central (excluding Centro)	92.7	B	99.5	A	10,710	B
Anglia Railways	91.7	B	99.3	B	5,512	B
WAGN	90.7	B	99.0	B	18,541	B
Midland Mainline	90.3	B	99.8	A	1,447	C
Category C						
LTS Rail	93.6	B	98.6	C	6,569	C
Northern Spirit	93.3	B	98.8	C	32,159	C
Wales and West	91.6	B	98.8	C	13,469	C
Connex South Central	89.6	C	99.0	B	32,692	C
Great Eastern	89.5	C	99.6	A	15,635	B
Thameslink	89.5	C	98.6	C	5,508	C
Gatwick Express	89.3	C	99.6	A	4,316	B
South West Trains	89.2	C	99.3	B	31,462	C
Great North Eastern Railway	88.8	C	99.2	B	2,400	C
Chiltern Railways	87.8	C	99.6	A	4,844	C
Great Western Trains	86.0	C	98.9	C	3,607	D
Connex South Eastern	85.1	C	98.8	C	31,808	D
Category D						
North Western Trains	90.7	B	98.4	D	35,519	D
West Coast Trains	84.3	D	99.3	B	3,358	C
Thames Trains	83.8	D	98.6	C	15,454	D
Category E						
Silverlink	90.1	B	97.9	E	10,532	E
Cardiff Railway	86.1	C	97.7	E	7,044	D
CrossCountry	79.7	E	99.2	B	2,291	D

Note: The grade standards are as follows:

Grade	% Punctuality	% Reliability
A	95 to 100	99.5 to 100
B	90 to 94.9	99 to 99.4
C	85 to 89.9	98.5 to 98.9
D	80 to 84.9	98 to 98.4
E	79.9 or less	97.9 or less

Passenger complaints are reported by the Central Rail Users Committee and the Rail Regulator. The former publishes details of complaints received by its regional committees and in the past year, recorded an increase of 27% in the number of complaints received by its committee network. The Rail Regulator publishes complaints received by the TOCs themselves and found an 8% rise in the number of complaints with long distance operators attracting more than commuter services. The two Virgin companies, West Coast Trains and CrossCountry attracted the most.

The following table shows the number of written complaints per 100,000 journeys received by the train operators.³

Train Company	Written complaints per 100,000 journeys	Written complaints on pre-printed forms per 100,000 journeys
Anglia Railways	323	258
Cardiff Railways	31	14
Central Trains	92	57
Chiltern Railways	81	47
Connex South Central	21	10
Connex South Eastern	19	7
First Great Eastern Railways (1)	45	39
First Great Western	399	186
First North Western Trains	97	50
Gatwick Express	18	10
Great North Eastern Railway	579	244
Island Line	10	1
LTS Rail	26	17
Merseyrail Electrics	17	6
Mildland MainLine	261	156
Northern Spirit	48	24
ScotRail Railways	34	16
Silverlink Train Services	54	39
South West Trains	31	17
Thames Trains	37	15
Thameslink Rail	34	10
Virgin CrossCountry	890	501
Virgin West Coast	730	462
Wales and West Passenger Trains	183	79
West Anglia Great Northern	32	18

Note: 1 First Great Eastern's complaints totals include Delay Repay claims not included in last year's report.

³ Rail Regulator *Rail Complaints*, Bulletin number 3 1998-99

B. Government Review

In May 1997 the government began a review of railway regulation. On 20 July 1998 the deputy Prime Minister published his conclusions in the white paper, *A new deal for transport: better for everyone*.⁴ More detail was given in the government's response to the House of Commons transport committee's report on a proposed strategic rail authority, published at the same time.⁵ The government was concerned at the performance of the passenger train companies and the ability of OPRAF to monitor compliance with the arrangements set out in the franchise arrangements. At the time of privatisation performance targets were set at undemanding levels to ensure bids were received for franchises. As a result the fines OPRAF can levy have little financial impact on the train operators: the performance bonuses they can earn can easily cancel out a poor service penalty. Furthermore train companies can escape fines if they agree not to repeat an offence. South West Trains faced a fine of £1 million in 1997 for cancelling large numbers of trains, but avoided the penalty by reinstating a proper service in the following months. Fines have only been used once under the present legislation, when the train operators' telephone inquiry service failed to meet its targets.

Poor performance lead ministers to call the train operators and Railtrack to a special meeting in November 1998 to look at possible rapid solutions. This resulted in the industry's ten point plan that included:

- A new punctuality taskforce
- Recruitment and training of 800 new drivers
- A new collaborative approach to timetable planning
- Pooling of technical information and expertise
- Better information when delays occur
- Improved dialogue with passengers and research into their concerns
- Concentration of resources where the majority of delays occur.
- Improved signalling and track reliability
- Contingency planning to aid recovery from major disruption
- Planning for infrastructure to meet sustainable growth

Ministers subsequently called a national rail summit on 25 February 1999 to assess progress and consider longer term issues. The deputy Prime Minister stressed his desire to end the blame culture and to raise both service quality and investment. The agreement was summarised in a PQ as follows:

⁴ DETR *A new deal for transport: better for everyone*, July 1998 Cm 3950

⁵ Environment, Transport and Regional Affairs Committee *The government's response to the committee's report on the proposed rail authority and rail regulation*, July 1998 Cm 4024

At the Summit, the Government:

- announced they were prepared to renegotiate existing franchises and specified the criteria against which applications would be judged;
- introduced Sir Alastair Morton as the new chairman of the British Railways Board and head of the shadow Strategic Rail Authority;
- launched the consultation exercise which will lead later in the year to the shadow SRA's strategic plan for the railway;
- announced a National Passengers Survey and on ways of measuring more accurately train operators' performance;
- promised legislation to regulate the rolling stock leasing companies if they do not voluntarily restrict their market power.

The passenger train operators jointly promised that:

- on average, train services will be more punctual next year than they are now;
- by 2002, half the current rolling stock fleet will have been replaced or refurbished;
- by April next year, all stations in Great Britain will have passenger information systems;
- an additional £39m will be spent on measures to improve the security of passengers.
- The industry has given a commitment to work to deliver real improvements which are measurable year on year. There will be a second Summit in spring next year to review progress and maintain the momentum which was created on 25 February.⁶

Many of the TOCs argue that their franchise period is too short, so there is no incentive to invest in new or improved rolling stock. The government has said it would be prepared to extend franchises if it were in the public interest.⁷ In his speech at the 1998 Labour Party Conference John Prescott said:

The biggest single problem with the privatised railway lies in the franchise agreements. We cannot wait for the next round of franchising to secure commitments from the private sector to provide better performance, more investment and greater responsiveness to passengers' needs.

That is why I am opening the books for renegotiations of the Franchise Agreements. I will look for proposals that would commit train operators to higher standards of punctuality and reliability, leading to a progressive improvement in services to passengers. I will want to secure extra investment, for example in high-quality rolling stock; promote integrated transport; give passengers a greater voice in the level and standard of services; and provide value for the taxpayer.

⁶ PQ HC Deb 3 March 1999 c 739-40W

⁷ DETR *A new deal for transport: better for everyone*, July 1998 Cm 3950 para 4.20

The Franchising Director and I are ready to do business on this basis. I do not rule out extension of some existing franchises where that would provide clear benefits for passengers and the public purse.⁸

Mr Prescott has made clear that the performance of existing franchises will be a key criterion for future franchise awards.

Sir Alastair Morton, the chairman of the shadow Strategic Rail Authority, gave his initial views in a speech on 30 June 1999:

I want to see the franchises for inter-urban and London TOCs, and perhaps a few of the rest renegotiated, extended or re-let so as to be securely lodged in the hands of franchisees who are determined to flourish without subsidies, or with very limited subsidies paid under circumscribed performance conditions; and who will stand up for their rights as customers and invest in improving their services.

It seems to me there are several conditions precedent to such a happy state of affairs in the future and I will work to get them recognised and agreed. They are:

- Franchises must be longer, to permit capture of returns on investment;
- The Treasury must not see their emergence from subsidy as a continuing source of "tax" revenue;
- Owners with credible management must agree to perform and invest to meet the demanding objectives of a "bigger and better network".

I do not doubt that if those three strategic conditions are satisfied the next round of franchises can be valuable to their owners. There may not be as many of them and their geography may change somewhat – or not.

This story will run for the next couple of years. We will not advance on all fronts from day one and we will start by listening to their proposals. Over the period there will be winners and losers, but right now I would suggest non-performers will be non-starters for the process.⁹

In July 1999 the government published the *Railways Bill 1998-99* to strengthen the enforcement powers available to OPRAF and the Rail Regulator. The Bill establishes the Strategic Rail Authority and abolishes the Office of the Director of Passenger Rail Franchising and the British Railways Board. It gives statutory backing to the "shadow" SRA set up by the deputy Prime Minister in April 1999. Clause 19 of the Bill will strengthen the enforcement procedures and clause 20 will allow the Strategic Rail Authority more flexibility in imposing penalties.¹⁰

⁸ DETR press notice, 30 September 1998 "Prescott announces sweeping measures on the railways"

⁹ Speech at Chartered Institute of Transport conference on *Priorities for a Strategic Rail Authority*, 30 June 1999

¹⁰ More detail of the Bill is given in Library Research Paper 99/72 *Railways Bill*

C. Train operating companies

This section lists the individual passenger train operating companies alphabetically, gives their addresses and telephone number and some information about the franchise agreement. The information has been obtained from the OPRAF annual report and quarterly bulletins. In some cases the TOC has provided further information.

1. Anglia Railways

Anglia Railways Train Services Ltd Managing Director: Tim Clarke
St. Clare House, Princess Street, Ipswich IP1 1LY
01473 693919

Franchisee: GB Railways Ltd Chairman: Jeremy Long
15-25 Artillery Lane. London E1 7HA
0171 4659002

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

Anglia Railways operates intercity passenger rail services between London Liverpool Street and Ipswich, Norwich, the East Coast, 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.

In the year to 31 March 1996 passenger revenue was £38 million and the company employed 731 people. GB Railways was awarded the franchise for seven year and three month and it commenced on 5 January 1997. GB Railways received support from the Franchising Director of £35.9 million in the financial year 1997/98, which will decline to £6.3 million in 2003/4.¹¹

The company promised to invest in modern rolling stock, enhance services and to maintain the existing train miles for the first five years on the London Liverpool Street - Norwich service and local routes. Train mileage on the main line is currently up by sixty percent on pre-franchise levels. The company has ordered eight, three car, diesel trains, two of which are already in service. The new trains will run a Turbostar service, which is a commercial innovation, not a franchise commitment. These trains fully comply with the *Disability Discrimination Act 1995*. The leasing company will also maintain them and, in a novel

¹¹ OPRAF news release 6 December 1996

arrangement, will not receive payment for any time the trains are not in service due to poor maintenance. Other franchise commitments that have been met include raising the Passenger's Charter punctuality level 1% to 91% and introducing a daily through service between London and the East Anglia coast.

Negotiations are currently taking place between OPRAF and Anglia Railways regarding other franchise commitments. Anglia wishes to:

- remove the commitment to increase the Passenger's Charter punctuality standard to 92% in October 2000;
- allow a derogation of the commitment to invest £2 million in station improvements to 31 March 2000 (£1.3 million of the work has been completed).
- allow the journey time of the planned half-hourly service between London and Norwich to be extended from 95 minutes to 100;

In return for these measures the following have been offered as compensation:

- The half-hourly service between London and Norwich was introduced in June 1999 instead of September 2000, the introduction of an hourly service between Ipswich and Felixstowe, until at least May 2000; An increase in the London/East Anglia Coast service from 2 services (1 each way) a day to 8;
- To decrease the threshold number of train cancellations that will result in a call in;
- To increase the compensation level resulting from a breach of the punctuality trigger from 5% to 10%.

A number of commercial initiatives have been introduced including promoting bicycle use and introducing a Commuter Club. All of the Anglia Railways trains have been converted to allow space for bicycles to travel on the trains and greater cycle parking has been introduced at stations. These measures have led to Anglia Railways being awarded the Cycle Mark three years running from BikeRail. The Commuter Club includes benefits such as discounts for daily commuters, reserved seats and the purchase of season tickets by direct debit.

2. C2C

(formerly known as LTS Rail)

C2C (LTS Rail Ltd)

Managing Director: Ken Bird

Central House, Clifftown Road, Southend-on-Sea SS1 1AB

01702 357 889

Franchisee: Prism Rail Plc

Director: Giles Fearnley

32 Ludgate Hill, London EC4M 7DR

0171 213 9650

Prism Rail was formed specifically to pursue the opportunities offered by rail privatisation. Its directors and founder investors had all previously worked in senior positions within the bus industry.

C2C provides a frequent service for commuters from south east Essex as well as an off-peak service to its dedicated London terminal at Fenchurch Street. Approximately 75% of revenue is derived from the sale of season tickets. It benefited from a major modernisation programme of signalling equipment and related infrastructure prior to privatisation.

Total revenue in 1995/96 was £54 million and the company employed approximately 750 staff. 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. The agreement was suspended on 3 February, the day before Enterprise Rail was due to take over, pending an investigation into apparent ticketing irregularities. It was re-tendered to previously shortlisted bidders. The new successful bidder, Prism Rail, was announced on 26 April 1996 and the new service commenced on 26 May 1996. The franchise was let for fifteen years subject to the procurement of new rolling stock, otherwise it would revert to a seven year term. Prism received £29.5 million in the first year, which will decline to £11.2 million in 2010/11.¹²

C2C were due to replace their 302 class rolling stock with trains provided by WAGN. However WAGN was only able to deliver 68 of the desired 100 vehicles. As it was unable to meet a franchise commitment, the following enhancements were accepted as compensation:

- by March 2002 the entire fleet will consist of sliding door trains, and will increase by at least 12 vehicles;
- £1.95 million should be spent on station improvements by March 2000 (including £200,000 a year from original franchise agreement);
- Passenger's Charter improvements to raise punctuality levels and tighter thresholds for cancellations and overcrowding.

¹² OPRAF news release 9 May 1996

3. Cardiff Railway

Cardiff Railway Co. Ltd (also known as Valley Lines) Managing Director: Tom Clift
1st Floor, Brunel House, Cardiff CF24 0EB
01222 449944

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

Chief Executive: Godfrey Burley

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. Prism was announced as the preferred bidder on 23 August 1996 and the franchise commenced on 13 October 1996. It was awarded a seven and a half year franchise and received support of £19.9 million in the first full financial year (1997/98), which will decline to £13.3 million in 2003/4.¹³

Prism is committed to operate at least the current annual number of train miles for the whole length of the franchise. In addition, it has delivered on its commitments to:

- run six new through services each weekday and Saturday from Pontypridd to Manchester and Portsmouth, run jointly with Wales and West;
- improve significantly the Passenger's Charter, including raising the punctuality target from 90% to 92% and the reliability target from 99% to 99.5%;
- make station improvements including passenger information systems, waiting shelters and personal security features. CCTV has been introduced at 7 stations;
- re-staff two stations for an experimental period of 12 months. Radyr and Ystradmynach were re-staffed and remain staffed, beyond the franchise commitment time.

¹³ OPRAF news release 17 September 1996

4. Central Trains

Central Trains Ltd
 102 New Street, PO Box 4323, Birmingham B2 4JB
 0121 654 1198

Managing Director: Nick Brown

Franchisee: National Express Group Plc
 Chief Executive(Rail Division): Richard Brown
 Worthy Park House, Abbots Worthy, Winchester SO21 1AN
 01962 888888

Central Trains operates a variety of passenger services covering central England and extending into Wales and East Anglia. It also operates services supported by, and to the specification of, the West Midlands Passenger Transport Executive (Centro). In addition it 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 journey on the West Coast Main Line and are likely to be affected by the modernisation of that route.

Passenger revenue to 31 March 1995 was £60 million and at 27 April 1996 it employed 2,639 staff. The franchise for a seven year and one month term was awarded, in conjunction with Centro, to National Express and the service commenced on 2 March 1997. National Express received from the Franchising Director and Centro £187.5 million in its first full financial year declining to £132.6 million in 2003/4.¹⁴ Centro is responsible for some 23% of the costs of running the Central network. It has maintained control of fares and ticketing and retained revenue risk while providing for revenue sharing with National Express on income above a defined threshold. A detailed service quality incentive regime has been set up to ensure that the franchisee maintains the quality of stations and services, in the absence of direct revenue incentives. A ticketless travel incentive regime has been put in place to ensure that fares are collected where revenue belongs to Centro.

National Express is committed to provide a range of service enhancements. The most noticeable is a new service that runs between Wolverhampton and Walsall, seven days a week. It has also provided an extra 232,000 train miles per year in evening and Sunday services; invested £1.25 million improving security and accessibility at stations; and introduced an additional 220 hours of staffing at stations; refurbished the class 156 trains; and improved Passenger's Charter commitments. It has also introduced bus/rail through ticketing for areas in the West Midlands and ordered 76 new vehicles.

¹⁴ OPRAF news release 17 February 1997

5. Chiltern

Chiltern Railways Co Ltd
Western House, 14 Rickfords Hill, Aylesbury, Buckinghamshire HP20 2RX
01296 332 108

Director: Adrian Shooter

Franchisee: M40 Trains Ltd
Western House, 14 Rickfords Hill, Aylesbury, Buckinghamshire HP 20 2RX
01296 332 108

Managing Director: Adrian Shooter

The company principally operates services between Marylebone and High Wycombe, Banbury and Birmingham Snow Hill and between Marylebone and Aylesbury. Passenger revenue is primarily provided by routes serving the commuter towns in the M40 corridor. At the time of privatisation, Chiltern's rolling stock consisted of a modern fleet of DMUs, 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 employed around 360 staff. The Chiltern franchise was awarded for a seven year term to M40 Trains Ltd, a management buy out group with backing from 3i and John Laing, and the new service commenced on 21 July 1996. M40 Trains received support of £16.5 million in the first year declining to £2.9 million in 2003.¹⁵

M40 Trains has ordered 20 new 100 mph DMUs for deployment on new Marylebone-Birmingham express services (only 12 were required under the franchise agreement). Other service and operational enhancements include additional services and £1 million invested in station improvements.

In August 1998 Chiltern was judged to be in breach of its franchise when it cancelled more than 1% of trains in each of four, four-week periods (the notice was dated 23 September 1998). As a result, the Franchise Director secured £2.5 million worth of passenger benefits, including:

- Passenger Charter compensation up to 100% for 1 hour delays, 50% for ½ hour delays;
- new public address systems and passenger help points at all stations by July 1999;
- additional security at stations.

In March 1999 the Franchise Director agreed to allow the John Laing Group to increase its shareholding in M40 Trains to 84% in return for a further £1.5 million package of passenger benefits, including new punctuality fines; and various integrated transport measures such as more bus/rail through ticketing and improved station facilities.

¹⁵ OPRAF news release 25 June 1996

6. Connex South Central

Connex South Central Ltd Managing Director: Geoff Harrison-Mee
 Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8PG
 0171 620 5419

Franchisee: Connex Ltd Vice Chairman: Antoine Hurel
 Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8PJ
 0171 620 5419

Connex South Central (formerly Network South Central) comprises a mix of suburban and mainline routes to the south of London. It also serves parts of Hampshire, Dorset and Kent. It 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 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 then employed some 3,095 staff. A seven year franchise was awarded to London & South Coast Ltd (now known as Connex), 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. The new service commenced on 26 May 1996. Connex received support of £85.3 million in the first year declining to £34.6 million in 2002/3.¹⁶

In April 1998 Connex applied to take up an option in their franchise, which allowed them to apply for an extension of the franchise from seven years to fifteen. Connex offered to invest £350 million on new trains, refurbish existing rolling stock and electrify some sections of track. The Franchising Director refused to agree to the extension stating that it offered insufficient value for money compared with the probable market value of the franchise if it were offered by competitive tender.¹⁷ The Franchising Director noted that since the offer to replace the old trains was made the Railway Inspectorate had decided that all slam-door trains should be replaced by 2003 anyway, and that the electrification of the track was viable so would probably happen regardless. Connex South Central's poor performance record did not help its case. Connex South Central was one of five companies ordered to reduce overcrowding on rush hour trains. It also had major difficulties in the summer of 1997 when a dispute with the train drivers about overtime resulted in thousands of trains being cancelled.

¹⁶ OPRAF news release 12 April 1996

¹⁷ OPRAF news release 17 July 1998

7. Connex South Eastern

Connex South Eastern Ltd Managing Director: Geoff Harrison-Mee
Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8NZ
0171 620 5419

Franchisee: Connex Ltd Vice Chairman: Antoine Hurel
Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8PJ
0171 620 5419

Connex South Eastern primarily serves the London commuter and leisure market. It operates a largely self contained network of intensive suburban and inter-urban passenger rail 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. It may be affected by a number of transport proposals currently under consideration including the building of the Channel Tunnel rail link and Thameslink 2000.

Passenger revenue in 1995/96 was £233 million and it employed 3,906 staff. The passenger rail franchise was awarded to Connex Ltd for a fifteen year term and commenced on 13 October 1996. Connex received £125.4 million in the first year reversing to a premium payment from Connex to OPRAF of £2.8 million in 2011.¹⁸

Connex promised a number of service enhancements in the inner and outer suburban areas. In addition Connex promised to replace the entire South Eastern Mark I slam door fleet with new trains. 45 four car units and 10 three car units, both air-conditioned, are being introduced to replace the existing Class 411 rolling stock. In addition, Connex will provide new rolling stock to replace the Class 421 and 423 rolling stock by April 2006. This date may change due to John Prescott's announcement that he hopes to see all slam door rolling stock replaced as soon as possible.

Other service and operational enhancements include a £25 million investment programme, to include improvements to stations, passenger security arrangements, new ticketing systems and car park facilities. This investment is ongoing and includes £4 million already spent on station security measures. It is also improving its Passenger's Charter targets.

¹⁸ OPRAF news release 21 August 1996

8. CrossCountry Trains

CrossCountry Trains Ltd. Managing Director: Chris Greene
 Meridian, 85 Smallbrook, Queensway, Birmingham B5 4HA
 0121 654 7028

Franchisee: Virgin Rail Group Ltd Chief Executive: Chris Greene
 West Wing Offices, Euston Station, London NW1 2HS
 0171 904 3228

CrossCountry operates long distance services, linking a number of destinations in England, Scotland and Wales. The hub of the network is Birmingham, with frequent services operating to Manchester, Sheffield, Reading and Bristol. It 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 the entire rail network used by CrossCountry is also used by another passenger train operator.

Passenger revenue to 31 March 1996 was £108 million and the company employed 842 staff. The CrossCountry passenger rail franchise was awarded to the Virgin Rail Group for a 15 year term, commencing on 5 January 1997. Virgin received £112.9 million in the first full financial year, reversing to a premium payment from Virgin to OPRAF of £10 million in 2011/12.¹⁹

From December 2000, Virgin will begin to replace the existing rolling stock with a new fleet of 216 tilting diesel electric multiple unit vehicles (DEMUs) and 136 non-tilting DEMU trains. This should be completed by May 2004. Other key service and operational enhancements include the introduction of a dedicated low cost telephone central reservations and sales facility set up in May 1997; improvements to passenger information at 100 stations served by CrossCountry; and a joint investment with West Coast Trains in a new £300,000 computer system.

In return for allowing Stagecoach to acquire a 49% stake in Virgin Rail in October 1998, the Franchise Director negotiated the following commitments:

- a customer consultation every 3 months (the first took place in January 1999);
- bus/rail through ticketing in 30 towns and cities, and at least five new dedicated bus links;
- improved Passenger's Charter compensation levels;
- 16 new vehicles on either a Virgin or a Stagecoach franchise.

¹⁹ OPRAF news release 29 November 1996

9. First Great Eastern

First Great Eastern Railway Ltd (formerly Great Eastern)
Managing Director: Bob Breakwell
35 Artillery Lane, London E1 7LP
0171 904 3303

Franchisee: FirstGroup Plc (formally FirstBus) Rail director: Richard George
32a Weymouth Street, London W1N 3FA
0171 291 0504

First Great Eastern Railway principally operates commuter services between London Liverpool Street and Ilford, Romford, Southend, Colchester, Clacton and Ipswich and local services to Upminster, Sudbury, Walton-on-Naze, Harwich, Braintree and Southminster.

Passenger revenue to 31 March 1996 was £120 million and the company employed 1,423 staff. The franchise was awarded to FirstGroup plc for a seven year and three months term, starting on 5 January 1997. It received £29 million in the first full financial year reversing to a premium payment to OPRAF of £9.5 million in 2004.²⁰

FirstGroup is committed to operate at least the current number of train miles for the first three years of the franchise. In addition, it promised £9 million investment, over the length of the franchise, 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. 21 stations have been refurbished to date.

Other service and operational enhancements delivered include the refurbishment of the class 321 vehicles, more peak hour services between Ipswich and London and new bus-train links, including an experimental bus service between Maldon and Hatfield Peverel station via Heybridge with through ticketing facilities.

In return for allowing FirstGroup to take over Great Western Holdings in March 1998, and so acquiring the Great Eastern franchise, the Franchise Director negotiated the following commitments and enhancements:

- to replace all slam door trains with new rolling stock (this amounts to a commitment to replace 96 vehicles by 2002);
- to increase the availability of bus/rail through ticketing;
- to replace the old rolling stock on the Marks Tey to Sudbury line with modern trains, delivered in July 1998.

²⁰ OPRAF news release 4 December 1996

10. First Great Western

First Great Western (formally Great Western Trains)
 Managing Director: Richard George
 Milford House, 1 Milford Street, Swindon SN1 1HL
 01793 499 4000

Franchisee: FirstGroup
 32a Weymouth Street, London W1N 3FA
 0171 291 0504

Rail Director: Richard George

First Great Western Trains operates high speed services principally between London Paddington and South Wales, Avon, the West of England and the Cotswolds. Its 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 First Great Western's passenger revenue.

Total revenue in 1995/96 was some £227 million and at the time the company employed 2,900 staff. The franchise was won by Great Western Holdings Ltd and the new service started on 4 February 1996. Great Western management and employees owned 51% of the voting shares. They were backed by bus operator FirstBus (now known as FirstGroup), venture capitalist 3i and mezzanine capital funds were provided by Intermediate Capital Group (ICG) and The Royal Bank of Scotland. FirstGroup bought out the other share owners in March 1998 and assumed control of the company. For the standard seven year term, the Franchising Director provided support of £53.2 million in the first year, falling to £38.2 million in 2002/3.²¹ The franchise could be extended to 10 years, subject to an improved investment plan being agreed within two years. This option was taken up.

First Great Western was considered in breach of its franchise in February 1998 following a spate of cancellations. As a result, as well as instigating a recovery plan, First Great Western agreed to the following measures:

- an additional £0.5 million expenditure on rolling stock items in 1998/99;
- an additional £0.5 million expenditure on customer information systems in 1998/99 (a derogation has been agreed on this to allow it to be incorporated into a wider Railtrack programme.)

In return for agreeing to allow FirstGroup to take control of Great Western in March 1998 the Franchise Director negotiated the following extra commitments:

- 32 new diesel vehicles to be in service by 2002;
- an improved Passenger's Charter;
- the refurbishment of the HST and sleeper fleet.

²¹ OPRAF news release 20 December 1995

11. First North Western

First North Western Ltd (formerly known as North Western Trains and previously as North West Regional Railways) Managing Director: David Franks
1st Floor, Bridgewater House, 58 Whitworth, Manchester M7 6LT
0161 228 8774

Franchisee: FirstGroup Plc Rail Director: Richard George
32A Weymouth Street, London W1N 3FA
0171 291 0504

First North Western operates local and regional passenger rail services in north west England and north Wales. In addition to inter urban services between some of the larger towns and cities in the region, it 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. Most 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 and the company employed 2,910 staff. The franchise was awarded by the Franchising Director, in conjunction with Greater Manchester PTE, Merseyside PTE and West Yorkshire PTE, to Great Western Holdings Limited and the service commenced on 2 March 1997. Originally the management and employees of Great Western Trains owned 51% of the voting shares of Great Western Holdings Limited. FirstBus and 3i each owned 24.5%. In March 1998 FirstGroup bought the 74.5% of Great Western Holdings that it did not own. The franchise was let for a 7 year 1 month term. £184.9 million was received from the Franchising Director and the PTEs in the first full financial year, declining to £125.5 million in the final year.²²

Merseyside PTE is responsible for just under 10% of the costs of running the network and retains revenue risk. Greater Manchester PTE is responsible for approximately a third of the costs of running the network, whilst West Yorkshire PTE is responsible for approximately 1.5%. Both these PTEs have transferred 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 network which will incentivise the company to provide an improved standard of station and train presentation and maintenance.

An order has been placed for 70 new diesel multiple unit (DMU) vehicles, capable of 90-100 mph, to be in service by 31 March 2000. The company is committed to refurbishing all the

²² OPRAF news release 5 February 1997

class 150 and 142 trains (this should be done by December 1999); investing £5 million on improving stations; and £7 million on additional security measures.

In return for agreeing to allow FirstGroup to take control of Great Western Holdings, the Franchising Director negotiated the following improvements for First North Western:

- the new rolling stock ordered will be fitted with CCTV and forward facing cameras;
- £100,000 will be spent on improving disabled access;
- £1.2 million to be spent on further passenger benefits (it has yet to be agreed what these will be).

In August 1998 First North Western withdrew all services on the Oldham loop line for five days. This was done without prior consent and, along with prior poor performance (Manchester PTE considered legal action over the level of service), the company was judged by the Franchising Director to be in breach of its franchise and a notice was given on 29 October 1998. A recovery plan was agreed with the PTEs and FirstGroup, and compensation of two weeks free travel on the route was offered.

12. Gatwick Express

Gatwick Express Railway Co Ltd Managing Director: Peter Cotton
52 Grosvenor Gardens, London SW1W 0AU
0171 973 5000

Franchisee: National Express Group Plc
Chief executive of the Rail Division: Richard Brown
Worthy Park House, Abbots Worthy, Winchester SO21 1AN
01962 888888

Gatwick Express operates a frequent, non-stop, service on the electrified 27 mile route between London Victoria and Gatwick Airport. The service runs at 15 minute intervals 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 employed some 311 staff. The Gatwick Express franchise was awarded to National Express, the bus and coach operating group, on 3 April 1996 and the new service started on 28 April 1996. As part of the deal, National Express paid to the Franchising Director a premium of £4.6 million in the first year increasing to £22.6 million in 2010/11.²³

National Express planned to introduce a completely new fleet of rolling stock by 1999. To allow for this the franchise was let for 15 years subject to the new rolling stock being procured and agreement reached with Railtrack on extending track access rights. If new rolling stock was not ordered within the first 18 months then the franchise would revert to a standard seven year term. The order, for 64 EMUs, was placed on time, in January 1997, but they were not able to enter service in April 1999. However it was agreed the franchise would remain 15 years in return for an additional £500,000 in customer benefits.

National Express is endeavouring to introduce on-board check-in facilities for airline passengers in Club Class. It is also committed 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.

Great Eastern see First Great Eastern

²³ OPRAF news release 3 April 1996

13. Great North Eastern

Great North Eastern Railway Ltd
Station Rise, York YO1 6HT
01904 523515

Managing Director: Christopher Garnett

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

Chief Executive: James B. Sherwood

GNER operates passenger rail services between London, parts of the East Midlands and parts of East Anglia, Yorkshire, and 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, GNER has a balanced mix of leisure and non-leisure travellers, with a large catchment area which includes commercial centres and tourist destinations. Substantial investment had been made prior to privatisation to acquire modern rolling stock and to electrify routes from London to Leeds and to Edinburgh and Glasgow. One of GNER's key strengths is the provision of services by High Speed Trains and a modern fleet of IC225 trains.

Passenger revenue for 1994/95 was £205.9 million. The franchise was awarded for seven years to Great Northern Rail Co Ltd (later Great North Eastern), a subsidiary of Sea Containers Ltd and the new service commenced on 28 April 1996. GNER received £64.6 million in support in the first year, declining to zero in 2002/03.²⁴

Great North Eastern was committed to maintaining at least the pre-franchising level of train mileage for the first two years of the franchise. It is also committed to running, for the length of the franchise, half-hourly services to Newcastle, York and Doncaster and hourly services to Edinburgh and Leeds. GNER agreed to invest over £17 million on additional service enhancements and improvements including:

- refurbishing and improving the performance of rolling stock. This includes working on an action plan with the rolling stock leasing company and the train manufacturer to increase the reliability of the class 225 trains, and an ongoing project to refurbish the HST fleet;
- station improvements, including passenger security measures, improved access for passengers and passenger lounges. GNER have and will continue to invest £300,000 a year for the first three years of the franchise on station security, and £250,000 a year for the first four years on staff training;
- GNER has introduced, as a commercial venture, a telesales facility in Newcastle and the ability to pay for season tickets through direct debit.

²⁴ OPRAF news release 29 March 1996

Great Western Trains see First Great Western

InterCity East Coast see Great North Eastern railway

InterCity West Coast see West Coast Trains

14. Island Line

Island Line Ltd
St. John's Station, St. John's Road, Ryde, Isle of Wight PO33 2BA
01983 812 591

Managing Director: Alan Cracknell

Franchisee: Stagecoach Holdings Plc
Charlotte House, 20 Charlotte Street, Perth PH7 5LL
01738 442111

Executive Director: Brian Cox

The Island Line operates an 8.5 mile railway on the Isle of Wight. It links Shanklin on the south east side of the island with Ryde Esplanade and Ryde Pierhead. The line serves a mixture of local journeys by Isle of Wight residents, including commuting to Portsmouth, and visitors to the island, with a high influx in the summer. Connections with the mainland rail network are provided via ferry links to Portsmouth. Exceptionally the line was franchised on a vertically integrated basis. Railtrack has leased the entire railway infrastructure for 25 years from 1 April 1994 to Island Rail who both 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.

Passenger revenue for the year to 31 March 1996 was £727,000 and it employed 44 staff. The franchise was awarded to Stagecoach Holdings Plc for a five year term and the franchise commenced on 13 October 1996. Stagecoach received £2.01 million in the first year declining to £1.751 million in the last year of the franchise.²⁵

Stagecoach has committed to operate at least the current number of train miles throughout the length of the franchise, and has in addition implemented the following franchise commitments:

- a local residents discount fares scheme, allowing a 40% discount;
- a public address system at each station.

LTS Rail see C2C

²⁵ OPRAF news release 20 September 1996

15. Merseyrail Electrics

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

Managing Director: Richard Cobb

Franchisee: MTL Trust Holdings Ltd
 Chairman and Managing Director: Graham Roberts
 9th Floor, Rail House, Lord Nelson Street, Liverpool L1 1JF
 0151 330 4404

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 is underground with four underground stations serving central Liverpool, a tunnel under the River Mersey and a further underground station in Birkenhead. The greater part of the services (approximately 85 per cent of train miles) is supported by, and operates to the specification of, Merseyside PTE (Merseytravel). Under an arrangement with Merseytravel, inter-modal tickets are sold at stations and are accepted on bus, ferry and train services within the Merseytravel area. Merseyrail Electrics is the sole provider of services on the rail network it uses.

Passenger revenue to 31 March 1995 was £19 million and the company employed 1,207 staff. The Merseyrail Electrics franchise was awarded to MTL by the Franchising Director, in partnership with Merseytravel, for a term of seven years and two months, commencing on 19 January 1997. MTL received from the Franchising Director and Merseyside PTE, support of £80.7 million in the first year, declining to £60.8 million in 2003/4.²⁶

Merseytravel is responsible for some 99% of the costs of running the Merseyrail Electrics network and is retaining the revenue risk. OPRAF is also retaining revenue risk on the services it specifies. MTL therefore pays over all revenue received to the PTE and OPRAF. A detailed service quality incentive regime is in place to ensure that MTL has the incentive to pay attention to quality of delivery in the absence of direct revenue incentives.

MTL has committed approximately £6.8 million to a programme of security enhancements on the network, including:

- the extension of CCTV surveillance to all stations on the network. This has been completed ahead of schedule. CCTV has also been installed on a number of trains;
- the creation of a security force designed to respond quickly to vandalism, fare evasion and other security incidents as they arise;
- the installation of improved station lighting at all stations.

²⁶ OPRAF news release 20 December 1996

16. Midland Main Line

Midland Main Line Ltd Managing Director: Brain Burdsall
Midland House, Nelson Street, Derby DE1 2SA
01332 262 010

Franchisee: National Express Group Plc
Chief Executive of Rail Division: Richard Brown
Worthy Park House, Abbots Worthy, Winchester SO21 1AN
01962 888888

Midland Main Line provides high speed services along the M1 corridor between South Yorkshire, the East Midlands and London St. Pancras. It serves a diverse customer base, with a significant proportion of business travellers. MML's 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 employed around 1,100 staff. A ten year franchise was awarded to the National Express Group and the new service commenced on 28 April 1996. National Express received £16.5 million in the first year reversing to a premium payment of £10 million in 2006.²⁷

The ten year franchise was subject to the delivery of substantial service enhancements and the provision of additional rolling stock, otherwise it would revert to a standard seven year term. After 1999 considerable increases in the service frequency were required by the franchise agreement and these were delivered in the summer 1999 timetable. In addition 17 new two car trains were ordered (only 12 were required under the franchise plan) and 9 trains were in service by March 1999 and the complete refurbishment of the existing High Speed Train rolling stock was carried out.

On 30 July 1996 the acquisition of MML by National Express was referred to the MMC under the *Fair Trading Act 1973*. There was concern that National Express 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 certain undertakings in respect of coach fares and level of services.²⁸ On 22 May 1997 the then President of the Board of Trade, Margaret Beckett, referred National Express to the MMC again, on the occasion of the purchase of ScotRail (see ScotRail).

Network South Central see Connex South Central

²⁷ OPRAF news release 22 April 1996

²⁸ DTI news release 20 December 1996

17. Northern Spirit

(previously known as Regional Railways North East)

Northern Spirit Ltd
 Room M7, Main Headquarters, Station Rise, York YO1 6HT
 01904 522578

Managing Director: Paul Davison

Franchisee: MTL Trust Holdings Ltd
 Chairman and Managing Director: Graham Roberts
 9th Floor, Rail House, Lord Nelson Street, Liverpool L1 1JF
 0151 330 4404

Northern Spirit operates a variety of 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 to Manchester, Liverpool and Blackpool in the west. Services are concentrated around Leeds, Manchester, Sheffield and Newcastle. 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 and the company employed 2,969 staff. The franchise was awarded to MTL for a seven year and one month term, commencing on 2 March 1997. 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 received from the Franchising Director and the PTEs support of £224.5 million in the first full financial year declining to £145.6 million in 2003/4.²⁹

The South Yorkshire and Tyne and Wear PTEs are currently responsible for some 11.4% of the costs of running the network and have retained revenue risk. MTL therefore pays all revenue received on specified services to the relevant PTE. OPRAF and the West Yorkshire and Greater Manchester PTEs have transferred revenue risk on their services to MTL. A service quality incentive regime is in place to ensure that the franchisee has the incentive to pay attention to quality of stations and services 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.

²⁹ OPRAF news release 10 February 1997

MTL agreed to operate at least the existing number of train miles for the duration of the franchise with a number of service enhancements across the franchise, including some in each PTE area. In addition, MTL has ordered 16 new 3-car electric multiple units to be introduced by December 2000 to replace the Class 308 units that currently operate on the Leeds and Bradford to Ilkley and Skipton services. It has agreed to introduce 12 additional transpennine services each day, by May 2000; to spend £500,000 per year expenditure on station facilities and £400,000 on security at stations in PTE areas, by May 2000; to introduce improved Passenger's Charter commitments; and, as a commercial venture, to introduce an hourly Newcastle to Manchester Airport service.

North London Railways see Silverlink

North West Regional Railways or North Western Trains see First North Western

18. ScotRail

ScotRail Railways Ltd
Caledonian Chambers, 87 Union Street, Glasgow G1 3TA
0141 335 4788
Managing Director: Alastair McPherson

Franchisee: National Express Group Plc
Chief Executive of the Rail Division: Richard Brown
Worthy Park House, Abbots Worthy, Winchester SO21 1AN
01962 888888

ScotRail provides the majority of the passenger rail services in Scotland, together with 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 PTE.

ScotRail's passenger revenue for the year ending 31 March 1995 was £86 million and it employed 3,977 staff. Pre-qualifying bids were first invited on 14 December 1994 but complications with Strathclyde PTE meant that the timetable was delayed and the process was begun again on 25 April 1996. The franchise was awarded for seven years to National Express and the service commenced on 1 April 1997. National Express received £280.1 million in 1997/98 from the Franchising Director and the Strathclyde PTE, which will

decline to £202.5 million in 2003/4.³⁰ The Strathclyde PTE will be responsible for meeting 54.5% of the total support and retain revenue risk. A detailed service quality incentive regime has been set up 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.

National Express promised to operate at least the existing number of train miles for the duration of the franchise and to introduce a number of service enhancements. An order has been placed for 40 new 3-car electric multiple units (only 38 were required under the franchise) for the Strathclyde PTE network and 15 new 3-car diesel multiple units for the Edinburgh-Falkirk-Glasgow route (again only 9 were required under the franchise agreement). In addition ScotRail is committed to ordering a further 27 DMU vehicles. It will have invested £1 million to improve security, accessibility and station standards, by March 2000.

National Express is committed to retaining ScotRail's headquarters in Glasgow. ScotRail has also launched as a commercial venture the 'Freedom of Scotland' pass, and voluntarily increased the compensation level for delays of over half an hour to 50%, from 20%.

The President of the Board of Trade, Margaret Beckett, announced on 22 May 1997 that the acquisition of this franchise was to be referred to the MMC. The MMC recommended that National Express should sell the coach company Citylink, which operates in Scotland, within six months.

³⁰ OPRAF news release 25 February 1997

19. Silverlink

(formerly known as North London Railways)

Silverlink Train Services
Melton House, 65-67 Clarendon Road, Watford WD1 1DP
01923 207 258

Managing Director: Charles Belcher

Franchisee: National Express Group plc
Chief Executive of the Rail Division: Richard Brown
Worthy Park House, Abbots Worthy, Winchester SO21 1AN
01962 888888

Silverlink operates a number of suburban rail services. The principal service is from London Euston via Milton Keynes to Northampton, with an extension to Birmingham via Rugby and Coventry. There are local services from London Euston to Watford, from Richmond to North Woolwich (the North London Line), [Gospel Oak to Barking; and Bletchley to Bedford]. It also operates a number of branch line services including Watford to St Albans Abbey and Watford to Coxley Green. 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 and the company employed 1,144 staff. The franchise was awarded to National Express for a 7½ year term and commenced on 2 March 1997. It received support of £48.6 million in the first full year, which will decline to £16.9 million in 2003/4.³¹

As part of the deal, National Express agreed to introduce new services, and expand existing ones. A key element of the franchise was the replacement of all the existing Mark 1 slam door rolling stock on the Bedford-Bletchley and Gospel Oak-Barking lines with new or refurbished stock. As a result of National Express having to delay the introduction of new rolling stock on Gatwick Express the Franchise Director instructed it to introduce on the Silverlink franchise, further improvements in the Passenger's Charter compensation for delay and invest an additional £266,000 on passenger benefits. In addition, National Express is examining the viability of further development opportunities including new stations on the West London Line and Northampton Lines and the possibility of re-introducing services between Milton Keynes and Oxford. It is also considering the potential for development of Willesden Junction station.

South Eastern see Connex South Eastern

South Wales and West see Wales and West

³¹ OPRAF news release 7 February 1997

20. South West Trains

South West Trains Ltd
 Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8NZ
 0171 928 5151

Managing Director: Graham Eccles

Franchisee: Stagecoach Holdings Plc
 Charlotte House, Charlotte Street, Perth PH7 5LL
 01738 442111

Executive Director: Brian Cox

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 was £221 million in 1995. A seven year franchise was awarded to Stagecoach Holdings and the new service started on 4 February 1996. Stagecoach received £54.7 million in the first year, which will decline to £40.3 million in 2002/03.³²

Stagecoach has introduced various service enhancements and improvements including a number of dedicated bus links to selected SWT stations, with bus/train through ticketing available and a £3 million investment programme on station improvements, including passenger security measures. It has also ordered 30 four-car EMU trains. A further 16 new vehicles have to be introduced by either Stagecoach or Virgin franchises, as a result of Stagecoach's acquisition of a 49% stake in Virgin Trains.

During February and March of 1997 SWT came under considerable criticism for the performance of the network. Stagecoach made over 70 drivers redundant and found they no longer had enough drivers to run all the trains that were timetabled. As a result a large number of services had to be cancelled each day. This resulted in three call-ins for cancellations, which the Franchising Director regarded as a breach of the franchise agreement. The Franchising Director issued a draft enforcement notice and instructed SWT that unless 98.5% of services ran in April the enforcement notice would be published. This would have triggered a £1 million fine. In April cancellations ran at 0.4% and the Franchising Director declared himself happy that the problem would not reoccur.

³² OPRAF press notice 19 December 1995

21. Thames Trains

Thames Trains Ltd
Venture House, 37-43 Blagrove Street, Reading, Berkshire RG1 1PZ
0118 908 3551

General Manager: Mr. Worrall

Franchisee: Victory Railway Holdings Plc (subsidiary of Go-Ahead Group Plc)
Managing Director: Roger McDonald
Level 16 Cale Cross House, Pilgrim Street, Newcastle upon-Tyne NE1 6SU
0191 232 3123

Thames Trains operate 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 benefited from a modernisation programme completed in 1994, which included investment in new rolling stock and associated infrastructure.

Passenger revenue for the year ending 31 March 1995 was £46 million and the company employed about 1,000 staff. The seven and a half year franchise was awarded to Victory Railway Holdings, a joint venture between the Go-Ahead Group and the management of Thames Trains and the service commenced on 13 October 1996. Go-Ahead bought out its associates in June 1998. Victory received £33.2 million in the first full financial year, 1997/98, declining to zero in the last year of the franchise.³³

Victory was committed to a number of service enhancements designed to develop its off-peak and tourist markets. In addition, Victory committed to spend £4m on various improvements to station information systems and security. Additional services have been introduced and the Class 166 rolling stock refurbished.

In return for agreeing to allow the Go-Ahead Group to take full control of Thames Trains, the Franchise Director negotiated the following improvements to the franchise in June 1998:

- an additional £0.5 million to be spent on station improvements, although the details are still being discussed;
- improved Passenger's Charter compensation;
- a new through service from Oxford to Bristol (stopping at Swindon and Bath);
- bus/rail through ticketing at a minimum of five location.

³³ OPRAF news release 19 September 1996

22. Thameslink

Thameslink Rail Ltd
 Floor 1 Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8NZ
 0171 620 5222

Managing Director: Keith Ludeman

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

Managing Director: Martin Ballinger

Thameslink operates 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 operate into Moorgate station during peak hours. Some trains from the north serve Elephant & Castle and stations on the loop line to Wimbledon and Sutton. The entire Thameslink route network is used by other operators with the exception of the route through London. Thameslink 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 and at 31 March 1996, the company employed 516 staff. The Thameslink passenger rail franchise was awarded to GOVIA, a joint venture combining the Go-Ahead Group and Via GTI, the French transport group, for a seven year and one month term. Services commenced on 2 March 1997. GOVIA received support of £2.5 million from the Franchising Director in the first full financial year reversing to a premium payment to OPRAF of £28.4 million in 2004.³⁴

GOVIA is 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 is committed to increase off-peak services between Brighton and London; invest £900,000 in station improvements, including CCTV at a number of stations; refurbish the interiors of all the rolling stock; bus and rail service integration at Brighton, Luton and St Albans; and improved Passenger's Charter commitments.

The company has announced that it is planning to place a £1.4 billion order for 350 trains over six years.

Valley Line see Cardiff Railway**23. Wales and West**

(formerly known as South Wales & West Railway)

³⁴ OPRAF news release 11 February 1997

Wales and West Trains Ltd
Brunnel House, 2 Fitzalan Road, Cardiff CF24 0FU
01222 430400

Managing Director: Chris Gibb

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

Director: Giles Fearnly

Wales & West operates on many routes in south Wales and the west country, providing a mix of rural services and long distance services between large centres. 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. 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. A seven and a half year passenger rail franchise was awarded to Prism Rail and commenced on 13 October 1996. Prism received £70.9 million in its first full financial year, which will decline to £38.1 million in 2003/4.³⁵

Prism must operate at least the current annual number of train miles for the whole length of the franchise. In addition, Prism has introduced or is committed to:

- the refurbishment of all the 78 vehicle Class 158 train fleet (completed in April 1999). As a commercial initiative a large proportion of the 153 class has also been refurbished;
- improve significantly the Passenger's Charter, including raising the punctuality target from 90% to 92% and the reliability target from 99% to 99.5%;
- re-staff seven stations;
- introduce additional services to London Waterloo;
- introduce, by October 1999 the following improvements to the service: Park and Ride schemes at four stations, CCTV at nine stations and a Customer Information System.

³⁵ OPRAF news release 17 September 1996

24. West Anglia Great Northern Railway

West Anglia Great Northern Railway Ltd
 132 Ebury Street, London SW1 9QQ
 0171 7300366

Managing Director: Euan Cameron

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

Director: Giles Fearnly

West Anglia Great Northern operates passenger rail services from Kings Cross, Moorgate and Liverpool Street to East Hertfordshire, Cambridgeshire, West Norfolk, West Essex 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 and at 31 March 1996, the company employed 1,585 staff. The franchise was awarded to Prism Rail Plc for a term of seven years and three months. The service commenced on 5 January 1997. Prism received support of £52.9 million in the first full year reversing to a premium payment from Prism to OPRAF of £24.8 million in 2004.³⁶

Prism agreed 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. There is an ongoing investment programme of around £14 million improving station customer facilities, information systems and refurbishing rolling stock.

³⁶ OPRAF news release 6 December 1996

25. West Coast Trains

West Coast Trains Ltd
Meridian, 85 Smallbrook Queensway, Birmingham B5 5HA
0121 654 7028

Managing Director: Chris Greene

Franchisee: Virgin Rail Group Ltd
West Wing Offices, Euston Street, London NW1 2HS
0171 904 3228

Chief executive: Chris Green

West Coast Trains 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, and is subject to a major programme of renewal. West Coast Trains serve primarily the leisure and business markets. It competes between London and Motherwell and London and Glasgow with Great North Eastern. It also competes on certain other routes with other TOCs such as CrossCountry Trains, Chiltern Railway and Silverlink.

Passenger revenue for the year ending 31 March 1995 was £216 million and at 27 April 1996 it employed 3,880 staff. Franchising this route was complicated by the concurrent modernisation of the West Coast Main Line proposed by Railtrack. The franchise differed from the other franchises that were being offered in that the track required to be comprehensively modernised during the life of the franchise. The Franchising Director therefore hoped that potential bidders would include proposals for interaction with the modernisation programme, perhaps as part of a longer franchise. Lack of response meant the original sale was deferred for a year. It was eventually included with the last batch of companies on 11 June 1996.

The 15 year franchise was awarded to Virgin Rail and the service commenced on 9 March 1997. It needs to convert a subsidy of £77 million in year one of the franchise to a payment of £220 million in 2011.³⁷ The centrepiece of Virgin's plan was a commitment to replace virtually the entire rolling stock fleet with a brand new fleet of 433 high speed advanced tilting vehicles for delivery from 2001 onwards, with services operated at 200km/h starting in 2002. A £1.25 billion order was signed on 9 February 1999. 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 that has been used in service across Europe over the last ten years

Railtrack and Virgin negotiated a joint deal for the second phase of the West Coast Main Line renewal. The £600 million cost is to be jointly financed by the two, partly through conventional track access charges (funding about 65% of total cost) and partly by a

³⁷ OPRAF news release 19 February 1997

revenue sharing agreement.³⁸ This stage is due to be completed by May 2005. Work includes track upgrade for improved ride quality, removal of level crossings, new power supplies possibly with auto transformers, and new overhead line equipment. To meet its business plan Virgin West Coast has to double its ridership to 25 million passengers a year.

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.

In return for agreeing to allow Stagecoach to acquire a 49% stake in Virgin Trains the Franchise Director negotiated the following service enhancements in October 1998:

- customer consultation meetings every 3 month;
- Passenger Charter voucher compensation increased to 25% after delays of 1 hour and 100% after 2 hours, will be applied on a 'no quibble' basis;
- bus/rail through ticketing at a minimum of 30 towns and cities, and at least 5 dedicated bus links;
- 16 new vehicles on either Virgin or Stagecoach owned franchises.

³⁸ For more details see "West Coast PUG2 - not quite the full monty" *Modern Railways* December 1997

D. Franchise Companies

This section lists the twelve franchising companies and the train operating companies they own.

Connex Ltd

Vice Chairman: Antoine Hurel

Friars Bridge Court, 41-45 Blackfriars Road, London SE1 8PJ

0171 620 5419

Connex South Central; Connex South Eastern

FirstGroup plc

Rail director: Richard George

32a Weymouth Street, London W1N 3FA

0171 291 0504

First Great Eastern; First Great Western; First North Western

Go-Ahead Group

Managing Director: Roger McDonald

Victory Railway Holdings plc

Level 16 Cale Cross House, Pilgrim Street, Newcastle upon-Tyne NE1 6SU

0191 232 3123

Thames Trains

GB Railways Ltd

Chairman: Jeremy Long

15-25 Artillery Lane. London E1 7HA

0171 4659002

Anglia

GNER Ltd

Chief Executive: James B. Sherwood

Sea Containers House, 20 Upper Ground, London SE1 9PF

0171 805 5830

Great North Eastern

GOVIA Ltd

Managing Director: Martin Ballinger

Cale Cross House, Pilgrim Street, Newcastle-upon-Tyne NE1 6SU

0191 232 3123

Thameslink

M40 Trains Ltd

Managing Director: Adrian Shooter

Western House, 14 Rickfords Hill, Aylesbury, Buckinghamshire HP 20 2RX
01296 332 108

Chiltern Railways

MTL Holdings Ltd

Chairman and Managing Director: Graham Roberts

9th Floor, Rail House, Lord Nelson Street, Liverpool L1 1JF
0151 330 4404

Merseyrail Electrics; Northern Spirit

National Express Group Plc

Chief Executive of the Rail Division: Richard Brown

Worthy Park House, Abbots Worthy, Winchester SO21 1AN
01962 888888

Central Trains; Gatwick Express; Midland Main Line; ScotRail; Silverlink

Prism Rail Plc

Director: Giles Fearnly

32 Ludgate Hill, London EC4M 7DR
0171 213 9650

C2C; Cardiff Rail; Wales and West; West Anglia Great Northern

Stagecoach Holdings Plc

Executive Director: Brian Cox

Charlotte House, Charlotte Street, Perth PH7 5LL
01738 442111

Island Rail; South West Trains

Virgin Rail Group Ltd

Chief executive: Chris Green

West Wing Offices, Euston Street, London NW1 2HS
0171 904 3228

CrossCountry Trains; West Coast Trains

II Railway Organisations

1. Shadow Strategic Rail Authority

26 Old Queen Street, London SW1H 9HP
0171-960 1500

Chairman: Sir Alastair Morton
Chief Executive: Mike Grant

The shadow Strategic Rail Authority (SRA) was set up on 1 April 1999. The *Railways Bill 1998-99* provides for its legal powers. In the meantime it uses the powers already held by the Office of Passenger Franchising and the British Railways Board. The chairman's office is temporarily at this Old Queen Street address but most of the staff is still in the OPRAF offices. It is looking for offices to house the SRA, OPRAF and the BRB.

2. Franchising Director

Office of Passenger Franchising (OPRAF)
Golding's House, 2 Hay's Lane, London Bridge, London SE1 2HB
0171-940 4294

Director of Passenger Rail Franchising: Mike Grant

OPRAF is responsible for granting franchises for the twenty-five rail networks to private train operating companies under the *Railways Act 1993* and for monitoring and enforcing the franchise agreements. The Franchising Director is also chief executive designate of the shadow Strategic Rail Authority and OPRAF will be abolished once the legislation has been passed and its powers taken over by the SRA. In the meantime it is calling itself the SRA.

3. British Railways Board

Whittles House, 14 Pentonville Road, London N1 9HF
0171-922 6322

Chairman: Alastair Morton

The British Railways Board retains a number of residual duties and liabilities that were not transferred to the private sector under the *Railways Act 1993*. It retains responsibility for a large number of potential liabilities including responsibility for pensions, industrial

injury and environment related claims. It has to discharge any liabilities that were incurred during the process of privatisation as most of the sales to private companies required the Board to offer certain warranties or indemnities to the buyer. In addition it is responsible for all surplus property not transferred to Railtrack. It has also retained overall responsibility for the British Transport Police. It currently employs about 100 people.

The Board still has the power to advise and assist the responsible minister under the *Transport Act 1962* and this power has been used to launch the shadow SRA.

4. Rail Regulator

Office of the Rail Regulator
1 Waterhouse Square
138-142 Holborn, London EC1N 2ST
0171-282-2000

Rail Regulator: Tom Winsor

The duties of the Rail Regulator are set out in the *Railways Act 1993*. He is the Regulator of the industry and should act to promote the interests of railway users, to promote the use of the railway network and to enable the industry to plan its future. Under the *Railways Bill 1998-99* his responsibilities will be rationalised and he will lose existing responsibilities for consumer benefits.

5. Association of Train Operating Companies

40 Bernard Street, London WC1 1BY
Press Office 0171-904 3010

Chairman: Giles Fernely
Director-General: George Muir

The Association of Train Operating Companies (ATOC) was set up by the 25 train operating companies. ATOC's role includes managing mandatory and joint commercial activities for the train operating companies. The mandatory activities include such things as the Senior and Young Person's railcards and the National Rail Enquiry service. ATOC provides collective representation to the government and other bodies, such as the media, on behalf of the industry. ATOC is also required to guarantee certain passenger service requirements, such as the availability of through ticketing and inter-availability.

6. Railtrack

Railtrack plc, Railtrack House, Euston, London NW1 2EE
0171-557 8000

Chairman: Sir Philip Beck
Chief Executive: Gerald Corbett

Railtrack owns and manages the vast majority of the infrastructure of the rail network. This includes the majority of the tracks, bridges, tunnels, stations and signalling equipment. It hires out the right of access to these assets, mainly to the passenger and freight train operating companies. Railtrack is responsible for running the network, including operating signalling and providing electricity, for maintaining, renewing and upgrading the rail infrastructure, and for the co-ordination of train movements through central timetabling. In addition Railtrack is responsible for the safety of the network.

Railtrack became a separate government owned company on 1 April 1994 and a publicly quoted company in May 1996.

7. Railway Forum

12 Grosvenor Place, London SW1X 7HH
0171 259 6543

Chairman: Professor Brian Mellitt
Director-General: David Morphet

The Railway Forum was established in 1997 to provide a voice for the British Railway industry, including the passenger and freight train operating companies, infrastructure providers, service companies and equipment suppliers. Its role is to promote policies beneficial to the industry, and provide public relations for the industry.

8. Rail Users' Consultative Committees

The Rail Users Consultative Committees represent the passengers' interests to the industry and regulatory bodies. They monitor the level of service provided in their area such as train punctuality, safety and station facilities. They also investigate passengers' complaints that have not been adequately dealt with by the industry. In the first instance dissatisfied consumers should contact the train operating company but if they continue to be dissatisfied with the company's response, they should contact the regional consultative committee.

Central Rail Users Consultative Committee
Clements House, 14-18 Gresham Street, London EC2V 7NL

0171-505 9090

Chairman: David Bertram

Secretary: Anthony Smith

Regional committees

Scotland: Room 514, Corruna House, 29 Cadogan Street, Glasgow G2 7AB

0141 221 7760

Wales: St. David's House (East Wing), Wood Street, Cardiff CF1 1ES

01222 227247

London: London Regional Passenger Committee (LRPC), to become the London Transport Users Committee.

Clements House, 14-18 Gresham Street, London EC2V 7PR

0171-505 9000

North Eastern England: Hilary House, 16 St. Saviour's Place, York YO1 2PJ

01904 625615

North Western England: Room 112, Boulton House, 17-21 Chorlton Street, Manchester

0161-228 6247

The Midlands: 77 Paradise Circus, Queensway, Birmingham B1 2DT

0121-212 2133

Eastern England: Crescent House, 46 Priestgate, Peterborough PE1 1LF

01733 312188

Southern England: 4th Floor, 35 Old Queen Street, London sw1 9JA

0171-222 1391

Western England: 13th Floor, Tower House, Faifax Street, Bristol BS1 3BN

0117 926 5703

9. Rail Freight Companies

The Rail Freight Group was set up to promote freight on the railways. It has about 165 members and is financed by them.

Rail Freight Group

6 Buckingham Gate, London SW1E 6JP

0171 630 8613

Chairman: Lord Berkeley
Director (from November 1999): Diana Linnett

EWS is the UK's largest rail freight operator, responsible for nearly 90% of the business. British Rail's trainload businesses were split into three geographical companies for transfer to private ownership, but when it came to sell the companies, bidders preferred to buy all three as an entity. It was announced on 24 February 1996 that the three companies were to be sold to North and South Railways (now EWS), a consortium led by Wisconsin Central Transportation Corporation. EWS had already bought Rail Express Systems on 9 December 1995 and on March 1997 it bought the part of Railfreight Distribution operating through the Channel Tunnel. Freightliner was sold to a group of former managers on 29 May 1996.

English Welsh and Scottish Railway LTD Chairman: Ed Burkhart
310 Goswell Road, London EC1V 7LW
0171 713 2300

Freightliner LTD Managing Director: David Rutherford
3rd Floor, The Podium, 1 Eversholt Street, London NW1 2FL
0171 214 9491

10. Rolling Stock Leasing Companies

Following privatisation three rolling stock companies – Angel Trains, Eversholt and Porterbrook – were set up to lease rolling stock to the new railway operators. Bids for the purchase of the companies were invited in May 1995 and completed in early 1996. Eversholt and Porterbrook were acquired by their management with development capital backing while Angel was bought by an external management team with the financial backing of Nomura International. Porterbrook has since been bought by Stagecoach, the bus group, Eversholt by Forward Trust, a subsidiary of HSBC and Angel is now wholly owned by the Royal Bank of Scotland. The ROSCOs are not subject to regulation under the *Railways Act 1993*, although they are subject to general competition law.

Porterbrook Leasing Managing Director: Keith Haword
Burdett House, Becket Street, Derby DE1 1JP
01332 262405

Forward Trust (Eversholt Leasing) Managing Director: Mr. Noel Quinn
1st Floor, The Podium, Eversholt Street, London NW1 1DN
0171-214 9040

Angel Train Contracts (ATC) Chairman: John Prideaux
Portland House, Stag Place, London SW1E 5BH
0171 592 0500

11. HM Railway Inspectorate

The Health and Safety Executive
 Rose Court, 2 Southwark Bridge, London SE1 9HS
 0171-717 6613 or 0171-717-6612

HM Inspector of Railways: Mr V.P. Coleman

The Health and Safety Commission, together with its operating arm, the Health and Safety Executive, is the regulator of rail safety in Britain and the principal provider of policy advice to ministers on railway safety issues. HM Railway Inspectorate has been part of the HSE since 1999. The *Railways Act 1993* brought railway safety legislation within the framework of the *Health and Safety Act 1974*.

12. Trade Unions

ASLEF
 9 Arkwright Road, London NW3 6AB
 0171-317 8600

RMT
 Unity House, 205 Euston Road, London NW1 2BL
 0171 387 4771

TSSA
 Walkden House, 10 Melton Street, London NW1 2EJ
 0171-387 2101

13. Save Our Railways

15 St. John's Hill, London SW11 1TN
 0171-924 7555

National Secretary: Keith Bill

Save Our Railways is a loose alliance funded by the rail unions and the Local Government Association, originally formed to campaign against privatisation, and more recently monitoring the privatised industry.

Abbreviations

ATOC	Association of Train Operating Companies
BR	British Rail
CCTV	Close circuit TV
CRUCC	Central Rail Users' Consultative Committee
DEMU	Diesel electric multiple unit
DMU	Diesel multiple unit
EMU	Electric multiple unit
HSE	Health and Safety Executive
HST	High speed train
LRPC	London Regional Passengers' Committee
MBO	Management Buyout
MMC	Monopolies and Mergers Commission
MML	Midland Main Line
OFT	Office of Fair Trading
OPRAF	Office of Passenger Rail Franchising
ORR	Office of the Rail Regulator
PSR	Passenger Service Requirement
PTA	Passenger Transport Authority
PTE	Passenger Transport Executive
PSO	Public Service Obligation
ROSCO	Rolling Stock Leasing Company
RUCC	Rail Users' Consultative Committee
SRA	Strategic Rail Authority
SWT	South West Trains
TOC	Train Operating Company
TOU	Train Operating Unit
WAGN	West Anglian Great Northern