

Unsolicited rail franchise extensions proposals - Process

1. The Department's process for dealing with unsolicited franchise extension proposals is as follows. The process is the same whether (i) the proposal is made pursuant to a provision in a franchise agreement which specifically recognises the possibility of a contractual extension by agreement ("Category a"), or (ii) the proposal is for an extension which is not pursuant to a provision in a franchise agreement ("Category b"). In practice cases falling within Category b are likely to raise more complex legal and policy issues.

2. The proposal is examined on legal and policy grounds (the examination on policy grounds includes a high-level consideration of the proposal); this involves consideration of the general outline of the proposal, including any special features or particular facts which need to be taken into account. In making any decision, the Secretary of State must have regard to his current Statement of Policy (attached at Appendix 3), which has been published pursuant to the requirements of section 26(4A) of the Railways Act 1993 (as amended). The Secretary of State may change the Statement of Policy at any time but must consult the National Assembly for Wales and undertake such other consultation as he considers appropriate before he does so; the altered or replaced Statement of Policy must be laid before Parliament.

3. In the event that the proposal appears to meet both legal and policy requirements, it is then considered on deliverability, value for money and affordability grounds, in the same way as bids are evaluated upon the issuing by the Secretary of State of an invitation to tender. When the proposal has been considered in respect of deliverability, value for money and affordability, a final decision is then made whether to proceed with the proposal, in light of legal, policy, deliverability, value for money and affordability considerations.

4. If it is decided that the proposal does not satisfy legal or policy requirements, the proposal will be rejected, and it will not be considered on deliverability, value for money and affordability grounds. In that case, the proposer will be informed that the Department does not wish to proceed with the proposal.

5. The Department is always prepared to hold meetings at which a franchisee has the opportunity to put forward its representations or at which the Department can itself clarify points or otherwise deal with relevant issues. Where necessary, either for reasons of effectiveness or fairness, a meeting between a number of parties may be apt.

6. In reaching his decision on whether to carry out a full deliverability, value for money and affordability assessment, the Secretary of State will carefully consider all information relevant to the proposal and take it fully into account. This will include the results of the meetings and all information provided by the proposer to the Department.