



Rail Executive

East Anglia Prospectus



Delivering Transformation and Growth
for Passengers

February 2015



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for Passengers

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Ministerial Foreword

Investing in our railway is a major part of the long term economic plan for Great Britain. This Government's rail franchising programme is helping to build on the enormous success of the railway in this country; working with the private sector to deliver significant benefits for passengers and real value for taxpayers, both directly through the billions of pounds paid into Government by the operators and by connecting and growing the nation's economy.

This prospectus sets out a fantastic opportunity to continue that success on a key mixed railway that serves thousands of passengers from different markets every day. As well as being a premier travel choice for commuters into East London, the new East Anglia franchise will feature InterCity, suburban and regional services, and serves airports, ports and one of the UK's premier centres of technology. We want an operator for this franchise that will take on this exciting challenge and provide the rail services that will allow these markets to thrive.

Demand for the railway is growing all across the country, and as this prospectus sets out, East Anglia is no exception. We want an operator that can not only meet this demand but grasp the opportunity to grow it, all whilst giving passengers the service that they deserve. This Government is making major investments in the railway and the new operator will work with Transport for London and Crossrail to make sure passengers get the benefits of this incredible new service by connecting them from London to East Anglia.

The cities and towns that are served by this franchise include some of the most important economies in the country. The exciting tech city development that will foster cutting edge high tech industry in a triangle including London and Cambridge will need a railway fit for the 21st century. We want an operator that will provide the links to maximise this opportunity for all areas of East Anglia.

We are in the process of consulting with passengers and stakeholders so that our specification will meet their needs and expectations. We already know that a key aspiration is improved journey times into London and we expect that the new franchise can deliver on it. The work done by the Great Eastern Mainline Taskforce shows the importance that stakeholders attach to the railway and how they can make a positive difference to it. We want an operator that cares about the railway as much as its passengers do.

The East Anglia franchise presents the opportunity to give passengers a great experience of the railway, be that at stations or on trains. Work has already begun to improve the environment on the franchise's rolling stock but we expect to offer scope to make this even better. This is the network on which the nation's first battery powered train is being tested; a great example of the innovative thinking that we want to see from the next operator. We want an operator that will deliver advanced solutions to provide high quality, stylish, modern rolling stock that is accessible to all the franchise's passengers. An operator that will take advantage of

East Anglia's stations and make them part of the communities they serve. Above all, the new operator for East Anglia must put passengers first.

The new East Anglia franchise set out in this prospectus offers a real opportunity to make a telling contribution to the railway in this country. I am confident that the next operator of East Anglia will have the chance to truly deliver a world class service for its passengers.



A handwritten signature in blue ink, appearing to read 'C. Perry'.

Claire Perry MP,
Parliamentary Under Secretary
of State for Transport

Introduction



This Prospectus accompanies a suite of documents issued as part of the Official Journal of the European Union (OJEU) Notice¹ and includes:

- Pre-Qualification Questionnaire (PQQ); and,
- Pre-Qualification Process Document (PPD).

It is designed to give potential bidders information about the competition for the new East Anglia franchise.

This prospectus is published alongside these documents which will commence the pre-qualification process for identifying organisations that will receive our Invitation to Tender (ITT) for the East Anglia franchise.

Potential bidders should note that the information contained in this Prospectus is an outline and is subject to a public consultation. The public consultation on passenger services for the East Anglia franchise commenced on the 9 December 2014. Responses to the public consultation will inform the future specification of passenger services for the East Anglia franchise. We advise that you consider the consultation available at <https://www.gov.uk/government/consultations/east-anglia-rail-passenger-franchise> in conjunction with the prospectus.

¹ Rail Executive has submitted for publication a Contract Notice in the Official Journal

Purpose of this document

Because passengers are our first priority, modern franchising puts passengers and stakeholders interests at its very heart, and thus the competition for the East Anglia rail franchise includes significant market engagement where passenger views are sought and heard. Potential bidders are invited to contribute to Rail Executive's engagement and generate ideas for innovation.

As we move closer to publication of the Invitation to Tender (ITT), our aim is to set out its intent:

- For the East Anglia franchise
- To be transparent about the fact that our thinking and final position on a number of areas is still subject to the public consultation; and,
- To provide relevant and detailed information to the market.

Therefore the information in this document should not be relied upon as a statement of Rail Executive's final requirements for the East Anglia franchise. Accordingly we do expect and will welcome feedback on elements of the approach still under review.

The principal aims of this prospectus are to:

- Give information about the East Anglia franchise that will help prospective bidders determine whether they wish to seek pre-qualification as a single entity or as part of a consortium
- Communicate Rail Executive's franchise aspirations to inform potential bidders interested in the East Anglia franchise; and,
- Provide guidance to potential bidders on the franchise areas that will need to be considered when preparing bids.

Part

A

Includes the executive summary, and information about Great Britain's rail industry

Part

B

Gives information on the existing passenger services and market context presented by the business

Part

C

Sets out Rail Executive's vision and objectives for the East Anglia franchise and gives detail about the commercial and financial dimensions of the opportunity

Part

D

Provides information about the bid process, the evaluation process and the contract process

PART

A



Great Britain’s rail industry is high profile and is, by many indicators, still growing. Passenger numbers are increasing faster than in all other major European rail systems.

Passenger revenue has increased in real terms every year since rail privatisation in 1995 despite the challenging economic conditions of recent times.

Forecast rail demand to 2023 indicates annual growth between 1.7% and 2.1% driven by factors ranging from a decline in company car usage to improvements in rail industry performance and changes such as greater development of employment in regional city centres.

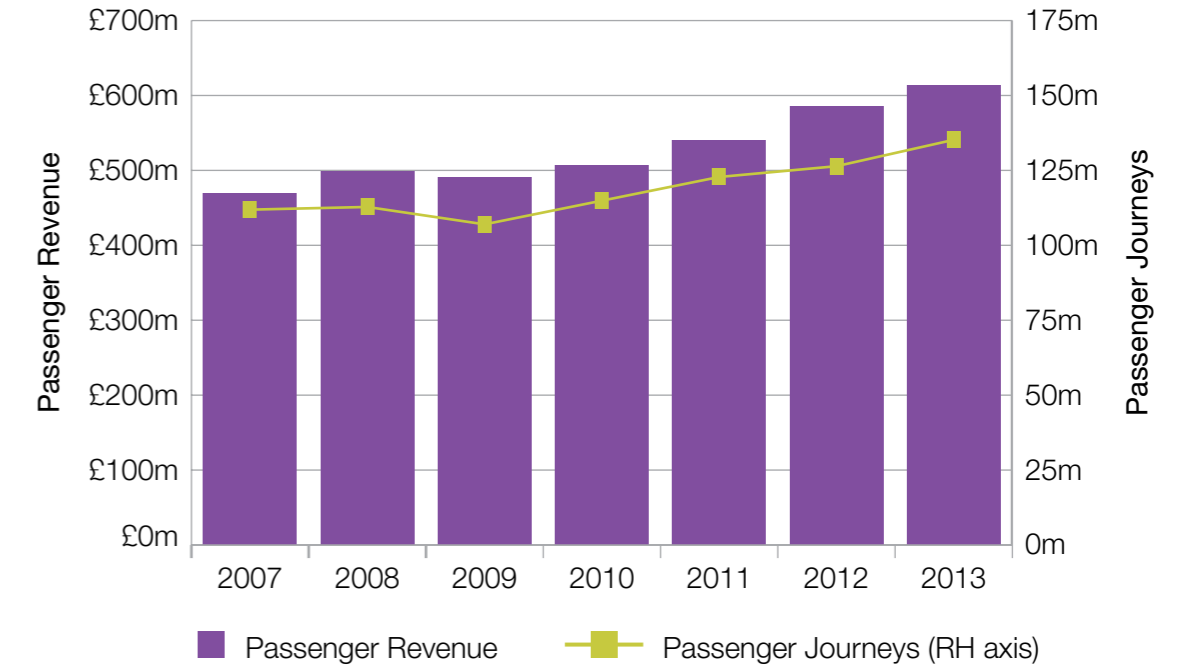
In 2013/14, franchised train operators received £8.2 billion in revenue from passengers:

- **31.6%** from off-peak tickets
- **27.7%** from anytime/peak tickets
- **14.1%** from advance tickets
- **24.9%** from season tickets; and,
- **1.7%** from other tickets.

As rail use has increased over the past ten years revenue has doubled over the same period.

Passenger Revenue and Journeys

Figure 1: Greater Anglia Revenue and Journeys



Note: passenger journeys are extracted from ORR data calculated from April to March; revenue figures are based on Greater Anglia’s & NXEA’s financial years calculated from January to December

Figure 2: UK Rail Revenue and Journeys



Note: total franchised passenger journeys and passenger revenues are extracted from ORR data calculated from April to March

Structure of the Great British Rail Industry

During the autumn of 2013, the Department conducted a comprehensive review on the most effective and efficient way of organising government rail functions.

On 1 April 2014, Rail Executive was launched with a number of new teams to co-ordinate portfolio management and the delivery of the Rail Investment Strategy and a new Network Rail sponsorship function.

Rail Executive embeds the Department for Transport's (DFT) vision into everything it does, particularly seeking to be outward facing and ambitious across its agenda, championing open policy making and collaboration with industry and actively promoting innovation.

The creation within Rail Executive of Passenger Services on 3 November 2014 completes the changes under the rail review.

Rail Executive – Passenger Services brings together rail franchising and contract management, rolling stock and operational fares matters into integrated teams focused on the end-to-end management of specific passenger markets.

The new structure will allow us to be ambitious on behalf of passengers, delivering improvements through confident relationships with industry partners.

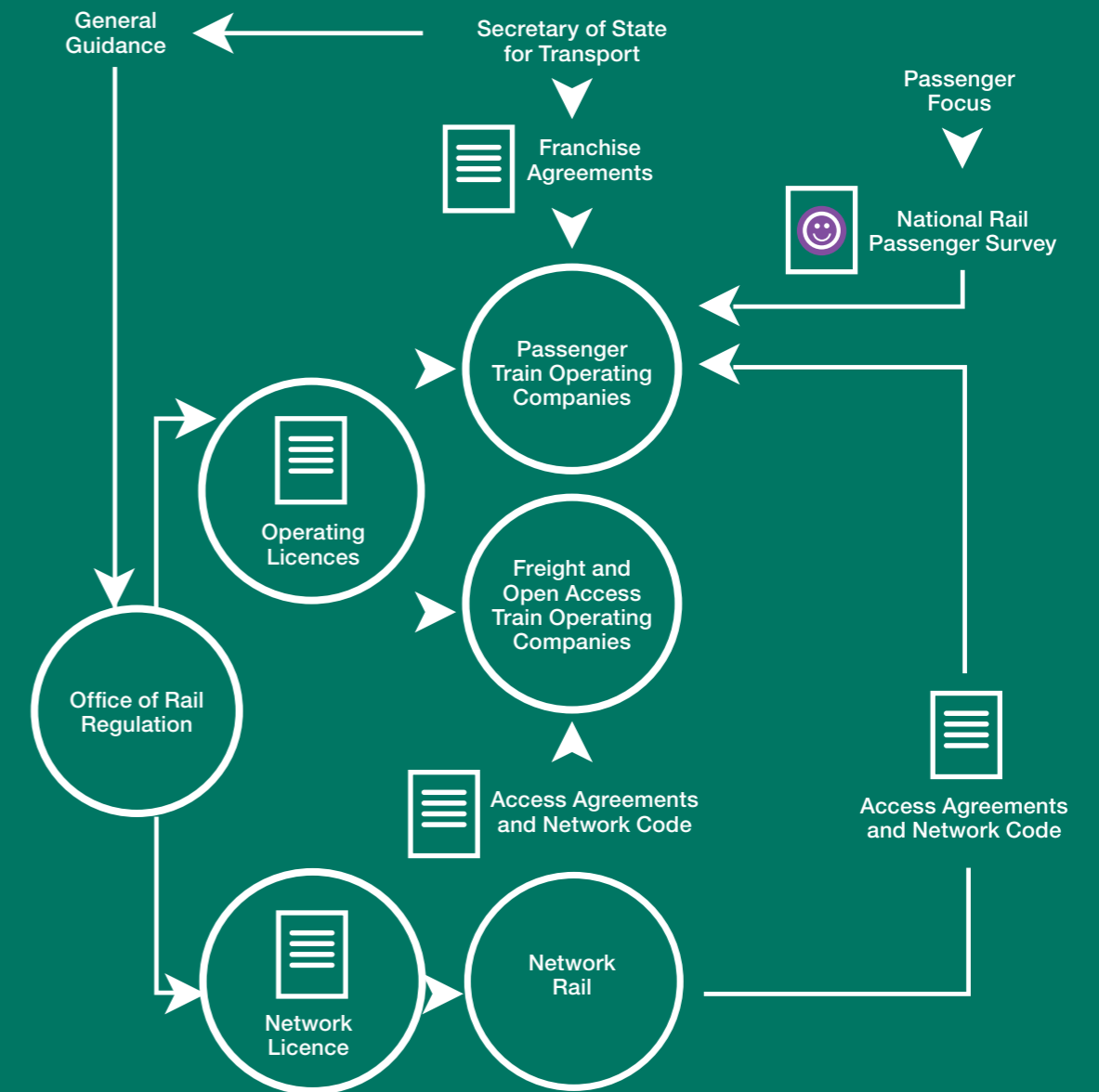
The visual (Figure 3) illustrates the basic structure of the rail industry in Great Britain. It shows the relationship between:

- Rail Executive – Passenger Services
- Rail Executive
- Office of Rail Regulation (ORR);
- Network Rail
- Train Operating Companies (TOCs); and,
- Passenger Focus.

“All we care about at the end of the day is can you get from A to B and what is it going to cost us?”

Cambridge passenger commenting on the franchise process

Figure 3: Structure of GB Rail Industry



Note: Other organisations are also responsible for letting franchises or concessions to operate train services in Great Britain.

Rail Executive

Rail Executive, within the Department of Transport, was formed on 1 April 2014 to optimise effective and efficient delivery of government rail functions. Passenger Services, a new directorate within Rail Executive, brings together all our work on franchise awards, franchise contract management and rolling stock.

Rail Executive provides strategic direction; funding to the railways; management of major rail projects as well as procurement and management of rail franchisees.

Office of Rail Regulation (ORR)

The ORR is a non-ministerial department which is the independent safety and economic regulator for Britain's railways. It is responsible for ensuring railway operators comply with health and safety law.

ORR regulates and licences Network Rail's activities including funding requirements; access to the railway network as well as the operators of railway assets.

It is the competition authority for the railways and enforces relevant consumer protection law.

Network Rail

As the owner and operator of the national rail infrastructure Network Rail must ensure safe and effective management and development of that infrastructure by complying with ORR's licence conditions under which Network Rail operates.

It is a company limited by guarantee with members (not shareholders) and must comply with governance codes and reporting requirements.

From 1 September 2014 Network Rail was reclassified as a public sector body. The reclassification does not affect Network Rail's structure nor the way it operates.

Passenger Focus

Passenger Focus is an independent passenger watchdog for the rail industry consulting over 50,000 passengers a year to produce the National Rail Passenger Survey (NRPS), a network-wide picture of passengers' satisfaction with rail travel.

Passenger opinions of rail services are collected twice a year in spring and autumn from a representative sample of journeys. Passengers' overall satisfaction on 30 specific aspects of service can be compared between train operators and over time.














“It's quite exciting getting into Liverpool Street because you are in the big city. It's very buzzy.”

Norwich, InterCity

PART B

This section outlines the current franchise geography and the key markets it serves. It aims to provide an overview of the market segments and areas that will need to be considered in designing the franchise proposition.

Franchise at a Glance

	Franchise Commencement	5 February 2012 followed by a Direct Award from 20 July 2014
	Franchise Expiry	16 October 2016
	Employees	3,008
	Number of Trains Operated Per Day	c.1,900 weekday c.1,600 Saturday c.800 Sunday
	Passenger demand	354,000 passengers per day 135.2 million passenger journeys per year
	Passenger satisfaction	The Autumn 2014 National Passenger Survey results show a 3% year-on-year improvement in passenger satisfaction over Autumn 2014 for Abellio, from 77% to 80%. 
	Number of Stations Served	176
	Current Operational Performance	PPM (Public Performance Measure) (trains arriving within 5 minutes of schedule) Period 6 2014/15 PPM: 87.5% (National 88.8%) PPM MAA: 90.7% (National 89.5%)
	Current Operational Fleet	1,034 the total of train vehicles
	99yr full repairing station leases	Greater Anglia has full repairing leases at all stations where they are Station Facility Operator (SFO). Its current contract includes obligations on the franchisee which were previously overseen by the ORR.

East Anglia Business Segments



Current Franchise and Introduction to the new East Anglia Franchise

The East Anglia region extends from a densely populated area at its southern end, regional hubs within the centre and sparsely populated rural communities throughout Norfolk and Suffolk.

The main market has tended to be dominated by commuter travel to and from London, in particular to the city and the Docklands, leisure travel to Stansted Airport, the Westfield shopping centre in Stratford, and the coastal resorts of Sheringham, Cromer, Great Yarmouth, Lowestoft, Felixstowe, Walton-on-the-Naze, Clacton-on-Sea and Southend-on-Sea.

Greater Anglia tends to be the first choice of travel for commuters on the suburban network to and around the London conurbations which experience strong patronage in the peak. The regional hubs of Cambridge, Ipswich and Norwich serve large and growing business markets as well as feeding commuters into London.

The route caters for the growing international markets with stations at Stansted and Southend airports and a station at Harwich which connects train services to the passenger ferry terminal at Harwich International Port for services to the Hook of Holland and Denmark. In the summer the port is also served by cruise liners.

The passenger services can generally be broken down into five market segments:

- InterCity services that offer long distance rail services between London and Norwich operating on the Great Eastern Mainline
- Great Eastern suburban rail services that operate to Southend Victoria, Southminster, Clacton-on-Sea, Ipswich, Harwich, Braintree and Sudbury
- West Anglia services that operate to Hertford East, Cambridge and King's Lynn
- Stansted Express that offers a link to Stansted airport with some peak commuting services
- Regional services that include interurban rail services between Norwich, Cambridge and Ipswich and rural services to Great Yarmouth, Lowestoft, Cromer and Sheringham that link into InterCity services. These services also provide some connections at Peterborough to the Midlands and the North of England.

The current Greater Anglia franchise is operated by Abellio Greater Anglia who were awarded a two-year contract from 5 February 2012. In 2014, as part of Rail Executive's schedule for rail franchising, a further two-year Direct Award was negotiated with Abellio Greater Anglia until 16 October 2016.

Anticipated East Anglia and Industry Projects for Control Period 5

East Anglia Franchise Programme

February – Publish OJEU and Issue PQQ

June – Announce pre-qualified bidders

August – Issue Invitation to Tender

June – East Anglia Franchise Contract Award

October – Start of new East Anglia franchise

2015

2016

2017

2018

2019

Devolution of Crossrail services and West Anglia Inners to Crossrail MTR and LOROL

Opening of Romford Operating Centre

Opening of Lea Valley station

New London Overground Concession Agreement by TfL

2016

June – East Anglia Franchise Contract Award

October – Start of new East Anglia franchise

Opening of Chesterton (Cambridge Science Park) station

Completion of Gospel Oak to Barking electrification project

2017

Completion of West Anglia power upgrade

2018

Completion of Ely North Junction capacity improvement project

West Anglia Mainline capacity upgrade between Stratford and Cheshunt

Crossrail complete and full operation commences

2019

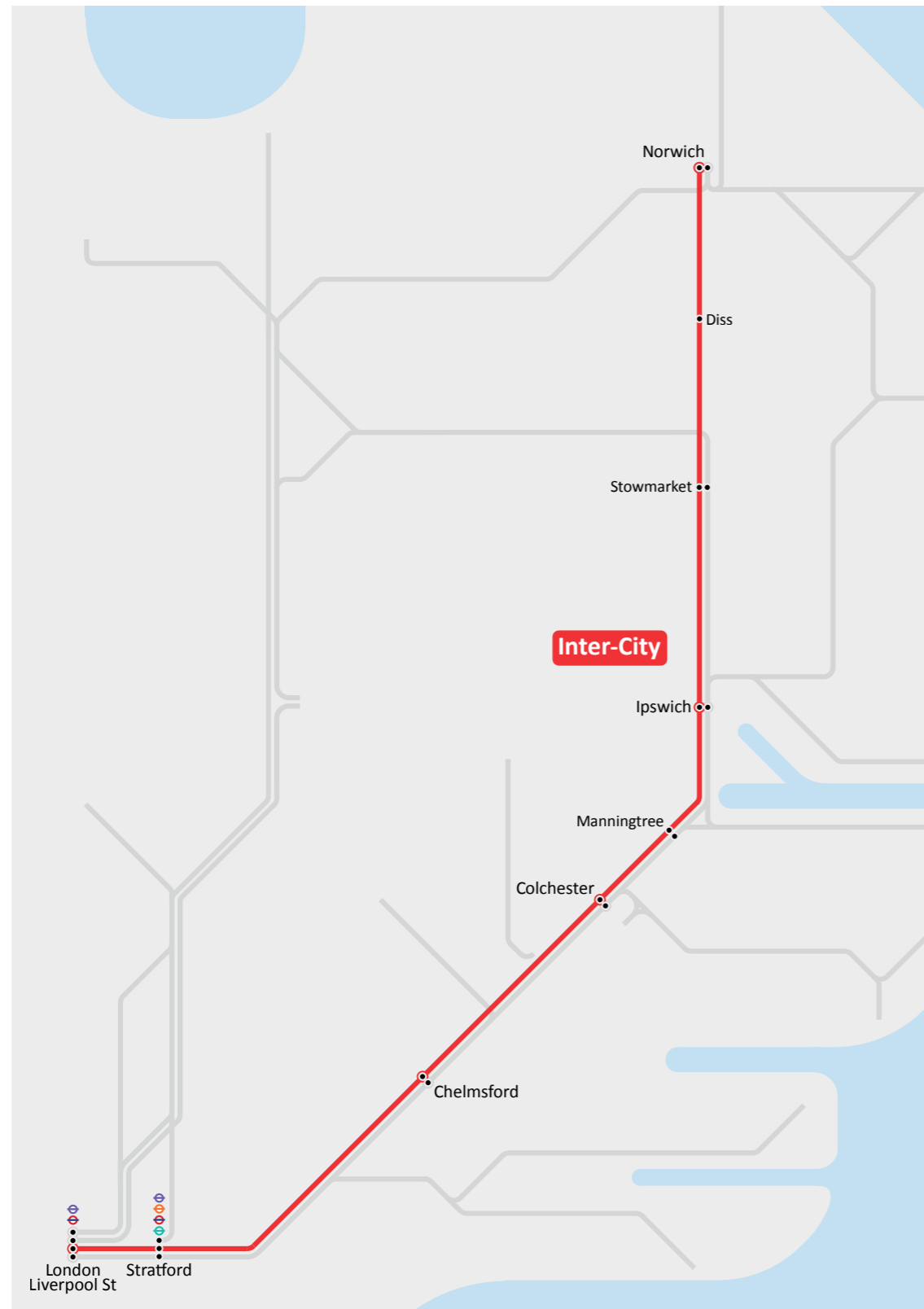
Completion of the Great Eastern Mainline capacity improvement project

Completion of the Great Eastern Mainline capacity improvement project

Greater Anglia CAGR InterCity Journeys 2006/07 – 2013/14

Full	Reduced	Seasons	Total	Sector Average
-0.5%	3.6%	2.4%	2.5%	3.9%

Figure 4: InterCity Route Map



InterCity Rail Services

The InterCity rail services operate between London Liverpool Street and Norwich on the Great Eastern Mainline. The rail services call at the large towns and cities of Norfolk, Suffolk and Essex as well as providing important connections from and to regional services.

The InterCity market has a significant number of off-peak and advance purchase journeys with a growing commuter market particularly from Norwich. Whilst 33% of tickets on the InterCity route are season ticket holders, Passenger Focus research has indicated a proportion of users commute part-time.

Total InterCity revenue growth has averaged 4.6% over the seven years to 2013. This is significantly below average UK InterCity sector revenue growth of 5.3% over the same period. Greater Anglia InterCity services provide the highest yield per passenger of any East Anglia service group, with an average fare of £12. The InterCity market is responsible for 23% of East Anglia franchise revenue after devolution of services to Crossrail and TfL.

Figure 5: Greater Anglia InterCity Journeys and Revenue by Ticket Type

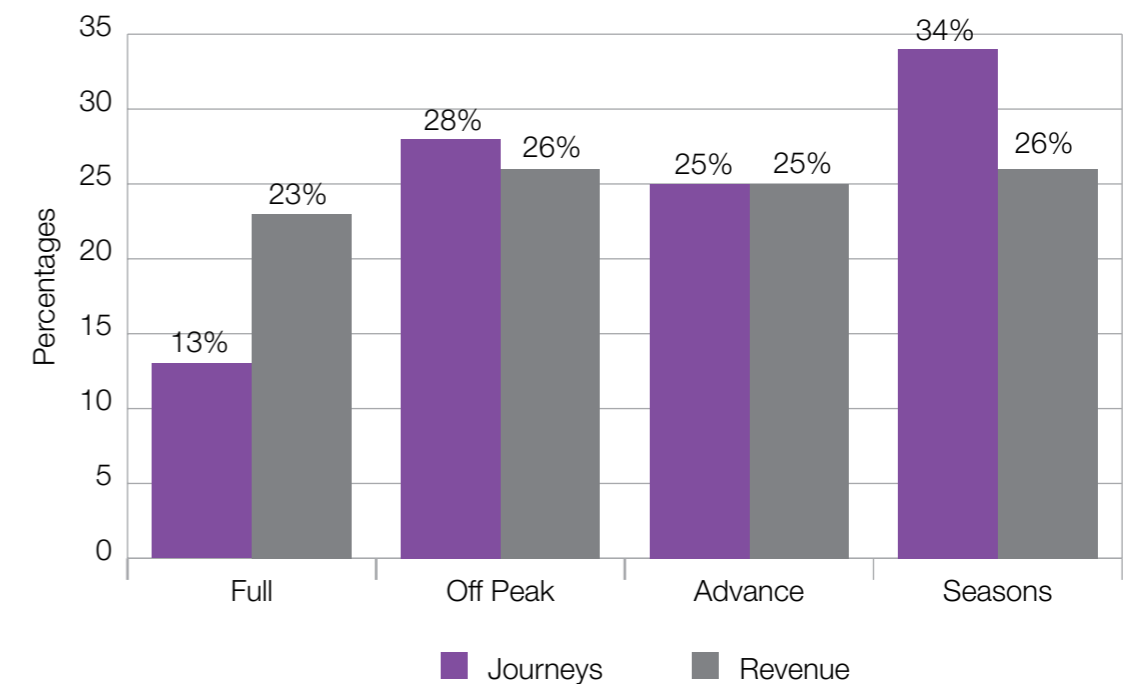
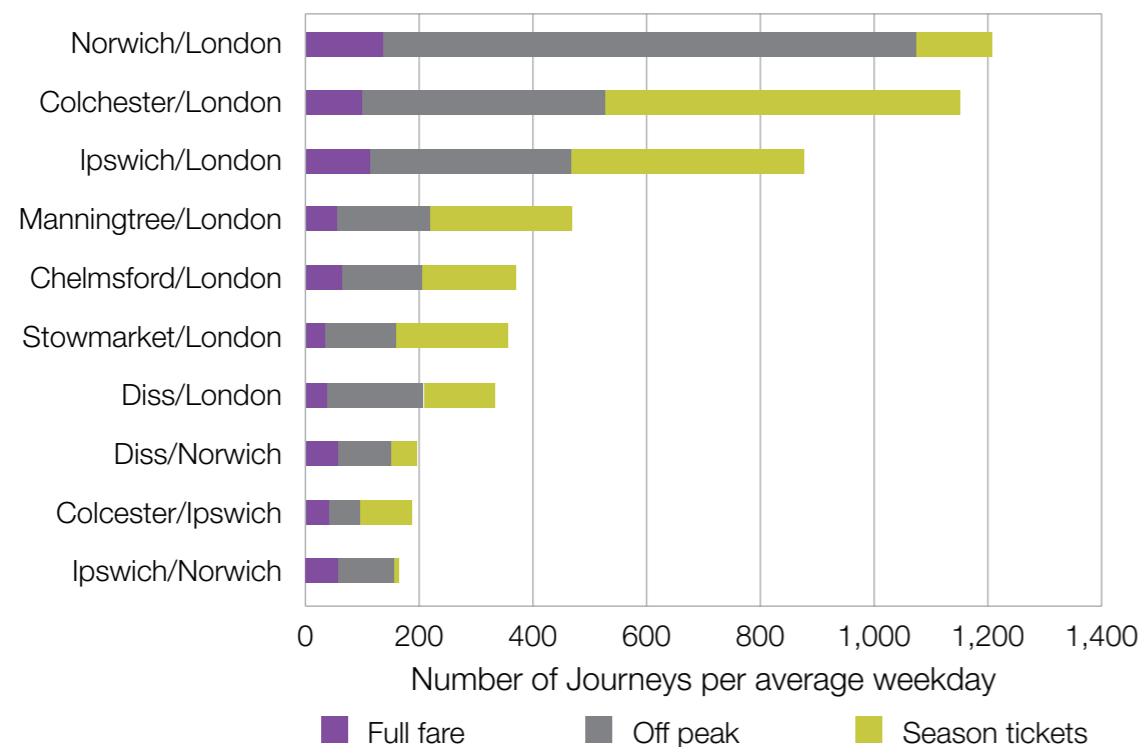


Figure 6: Greater Anglia InterCity Top 10 Flows by Journey and Ticket Type



Greater Anglia InterCity Rail Services

The typical weekday and Saturday timetable operates two trains per hour between London Liverpool Street and Norwich, with an additional weekday peak train. The train service tends to have one fast train calling at four intermediate stations and one semi-fast service calling at seven intermediate stations.

The fastest journey time between London Liverpool Street and Norwich is an evening weekday peak train service that departs at 17.00 and takes one hour and 42 minutes, with only two intermediate stops.

Table 1 illustrates the average fast and semi-fast weekday train service with the average journey time between Liverpool Street in Norwich.

“They’re the oldest trains aren’t they? They are the cast-offs from the other regions.”

Ipswich passenger commenting on the trains

Table 1: InterCity Train Service Calling Pattern

	Calling Pattern	Average Journey Time
Fast	Liverpool Street, Colchester, Manningtree, Ipswich, Diss, Norwich	1 hour 50 minutes
Semi Fast	Liverpool Street, Stratford, Chelmsford, Colchester, Manningtree, Ipswich, Stowmarket, Diss, Norwich	1 hour 57 minutes

On Sundays the rail service is reduced to one train per hour in each direction and the journey time extends to two hours with five intermediate stops.

InterCity Rolling Stock

Class 90 with Mark III coaching stock is used for the majority of the InterCity services. These vehicles have been in use for over 25 years, with some up to 39 years. The interiors have an InterCity layout with a mix of tables and airline style seating. They currently have three formations which Table 2 below illustrates.

Improvements to Greater Anglia InterCity fleet will be made in both first class and standard class carriages including new carpets, tables and seat covers, controlled emission toilets (CET) with new floors and taps, and re-painting of the carriage interior saloon and vestibule panels, walls and ceilings. The first refurbished carriages are due to enter service from February 2015, with the refurbishment programme due to be completed by the end of the franchise in October 2016. As part of the refurbishment the catering vehicle will be re-modelled to a “cafe-bar” style, which will provide an additional 2,500 seats per day on the InterCity route.

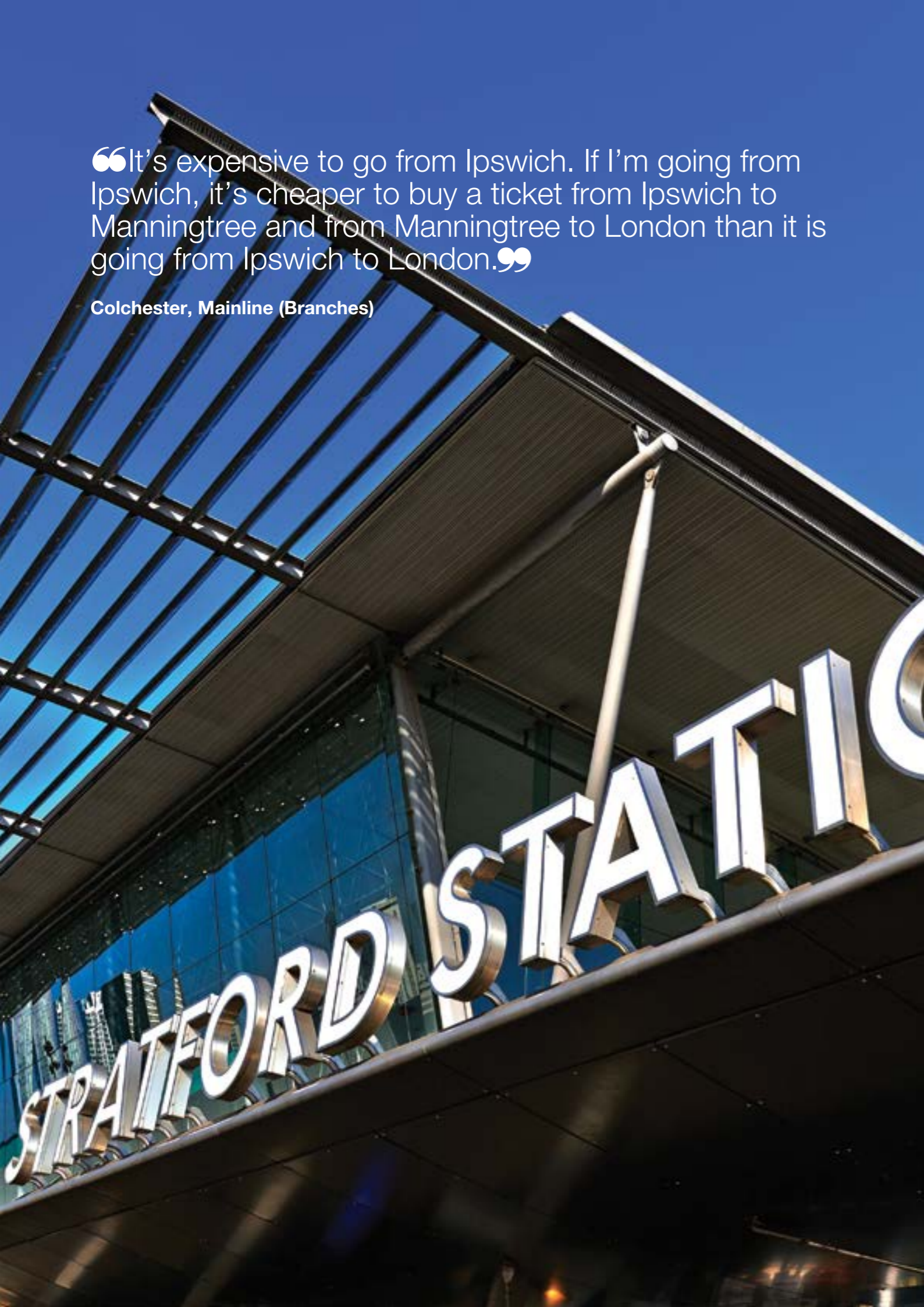
Table 2: Intercity Rolling Stock

Carriage Formation	Standard Seats	First Class Seats
6 Standard 2 First 1 First Buffet	480	120
5 Standard 2 First 1 First Buffet	400	120
6 Standard 1 First Buffet	532	96

The trains are designed to operate at 110mph but infrastructure on the route does not allow running over 100mph. The fixed formation and the characteristics of the train make it unsuitable to the high density commuter operation that the rolling stock is currently used for in the peak but, conversely they often operate with spare capacity in the off-peak.

“It’s expensive to go from Ipswich. If I’m going from Ipswich, it’s cheaper to buy a ticket from Ipswich to Manningtree and from Manningtree to London than it is going from Ipswich to London.”

Colchester, Mainline (Branches)



Great Eastern

Great Eastern operates within the southern and eastern region of East Anglia offering a mixture of direct and connecting services on the Great Eastern Mainline for service to London and the rest of East Anglia. Routes served are:

- Southend Victoria to London Liverpool Street
- Southminster to London Liverpool Street
- Ipswich, Clacton, Colchester, Braintree (via Witham), Harwich and Walton-on-the-Naze (via Thorpe-le-Soken) to London Liverpool Street
- Sudbury to Marks Tey (connecting the Great Eastern Mainline services).

Figure 7: Great Eastern Route Map

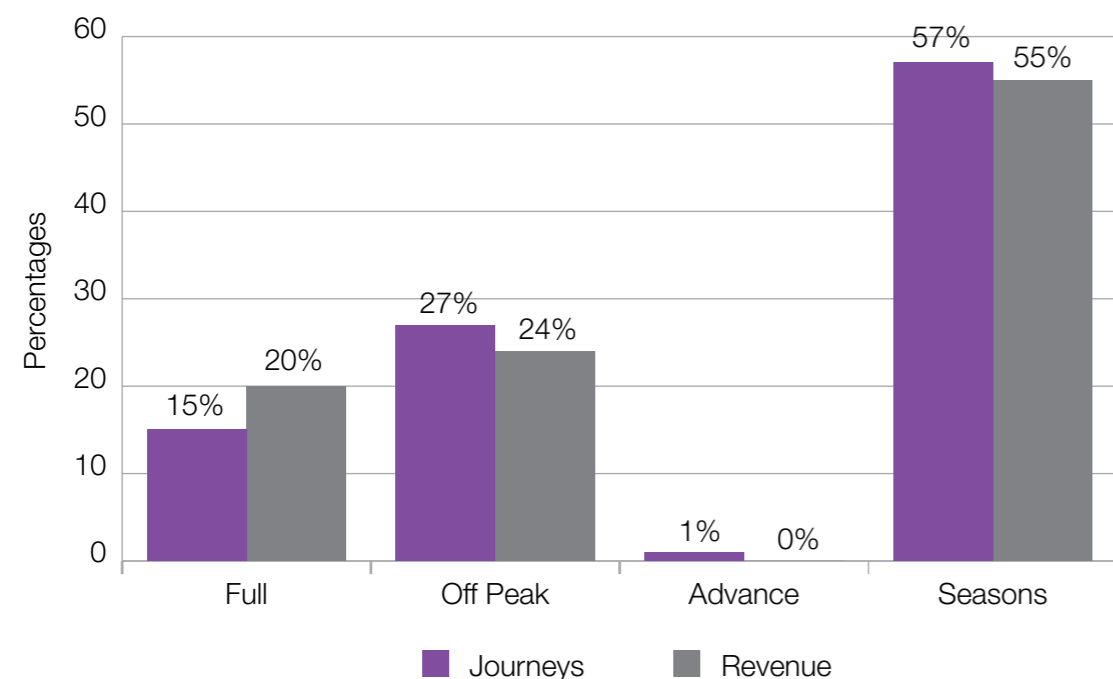


Revenue growth for the Great Eastern services has averaged 4.6% over the seven years to 2013, significantly below average London and South East revenue growth of 7.4% over the same time period.

CAGR Great Eastern Journeys 2006/07 – 2013/14

Full	Reduced	Seasons	Total	Sector Average
5.2%	5.7%	2.6%	3.6%	5.3%

Figure 8: Great Eastern Journeys and Revenue by Ticket Type



The market is dominated by commuting into London with a high percentage of season tickets and full fare tickets purchased, accounting for 75% of the revenue in this market. The majority of franchise journeys and revenue is on the Great Eastern route, accounting for 46% of East Anglia revenue after devolution of services to Crossrail and TfL.

Figure 9: Great Eastern top 10 flows by journey and ticket type

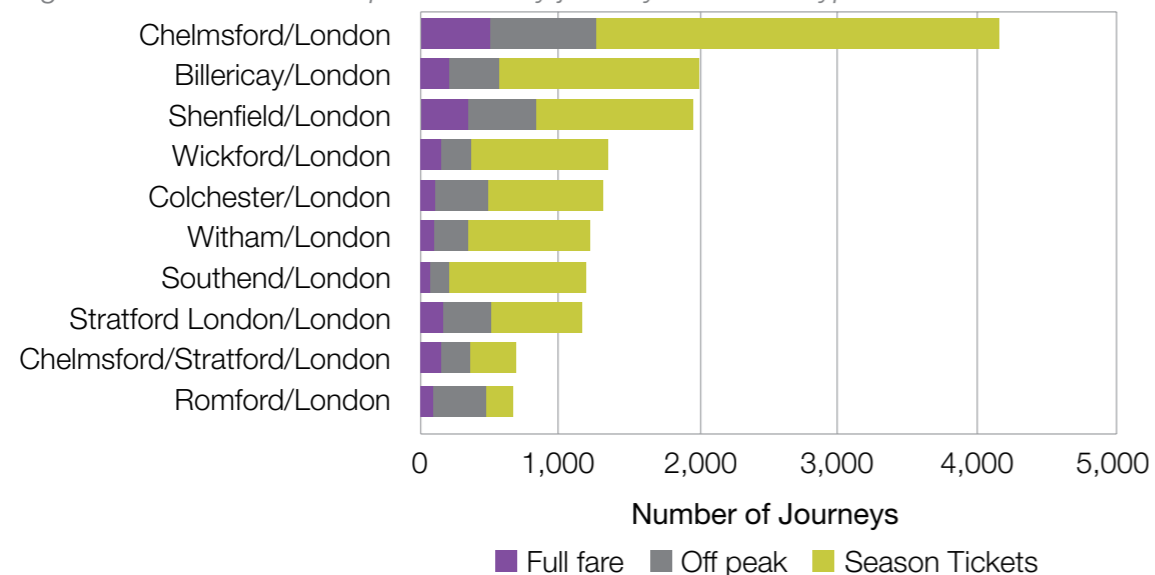


Table 3 below shows the weekday peak hour train service pattern on the Great Eastern Mainline arriving at London Liverpool Street. It does not include the two InterCity trains per hour departing from Norwich that also operate on the Great Eastern Mainline.

Table 3: Weekday Great Eastern Mainline Service Pattern

Line/Branch	TPH	Calling Pattern
Southminster	2	Wickford, Billericay, Shenfield and Stratford
Southend Victoria	6	Prittlewell, Southend Airport, Rochford, Hockley, Rayleigh, Wickford, Billericay, Shenfield and Stratford
Chelmsford	2	Ingastone, Shenfield and Stratford
Witham	1	Chelmsford, Ingastone, Shenfield and Stratford
Braintree	1	Braintree Freeport, Cressing, White Notley, Witham, Hatfield Peveral, Chelmsford and Stratford
Clacton-on-Sea	3	Thorpe-le-Soken, Wivenhoe, Hythe, Colchester, Marks Tey, Kelvedon, Witham (2 Tph), Chelmsford (2 Tph), Shenfield and Stratford
Harwich	1	Harwich International, Manningtree, Colchester, Kelvedon, Witham, Chelmsford, Shenfield and Stratford
Ipswich*	1	Manningtree, Colchester, Marks Tey, Kelvedon (1 Tph), Witham (1 Tph), Chelmsford (1 Tph), Ingastone (1 Tph) and Stratford
Stowmarket*	1	Ipswich, Manningtree, Colchester, Marks Tey, Kelvedon, Witham and Stratford

* These stations are also served by the InterCity services from Norwich.

As previously indicated the East Anglia franchise is primarily focused on the peak time and there is a significant reduction in the number of services that operate off peak during the week as well as the weekend. Some of the reduction in services on the Great Eastern Mainline has historically been to accommodate the significant level of engineering possessions taken at weekends which has resulted in suppressed demand for off peak travel. Tables 4 and 5 illustrate this significant reduction in train service patterns at the weekend.

Table 4: Branch lines Weekdays and Saturdays

Branch Line	Train Frequency
Wickford - Southminster	Every 40 Minutes
Sudbury	1 Tph
Colchester – Colchester Town	1 Tph
Colchester – Walton-on-the-Naze via Colchester Town	1 Tph
Manningtree – Harwich Town	1 Tph

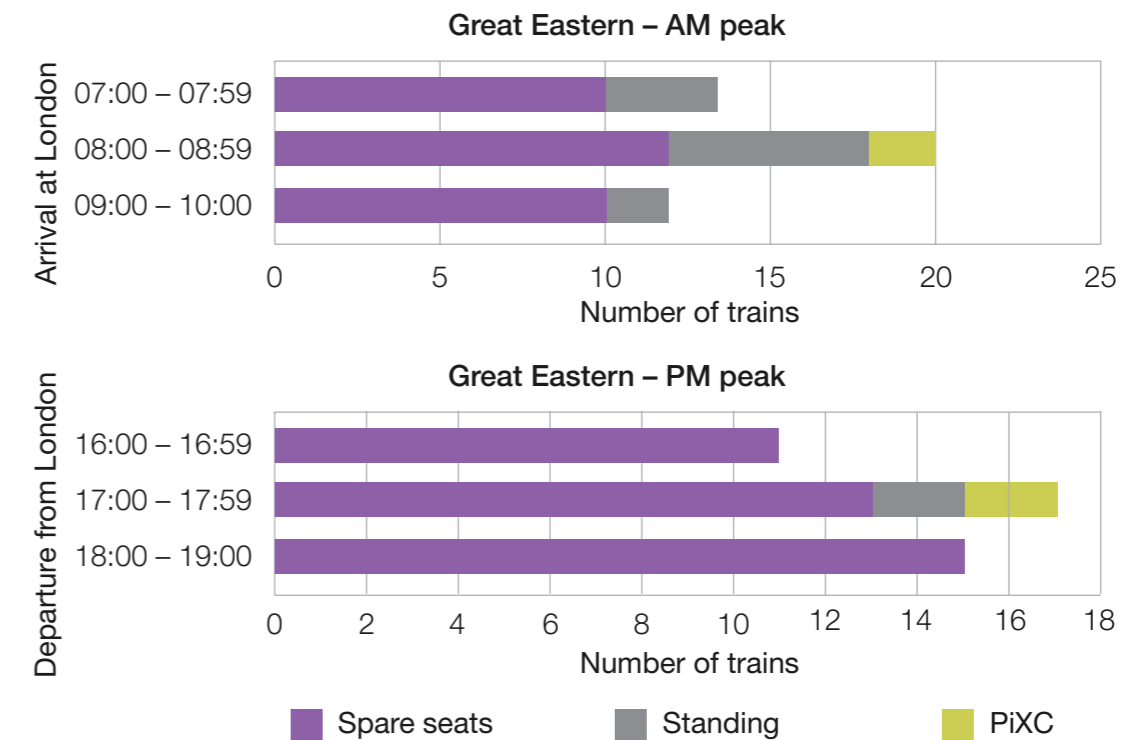
Table 5: Sundays

Branch Line	Train Frequency
London Liverpool Street – Southend Victoria	2 Tph
London Liverpool Street – Ipswich	1 Tph
London Liverpool Street – Clacton	1 Tph
Wickford – Southminster	1 Tph
Witham – Braintree	1 Tph
Marks Tey - Sudbury	1 Tph
Thorpe-le-Soken – Walton-on-the-Naze	1 Tph
Prittlewell, Colchester Town, Hythe and Weeley	0

“If you’re going from Ipswich to Colchester, it’s a short journey so you don’t mind standing but you don’t want to stand from Ipswich to London.”

InterCity passenger

Figure 10: Great Eastern Crowding



In the peak hours many of the mainline services into London have passengers standing and a number of services are measured as having Passengers in Excess of Capacity (PiXC). This is particularly an issue on the Southend Line where standing is prevalent and on services that stop at Chelmsford and Ipswich in the morning peak. 50% of services have PiXC during the high peak hour.

Great Eastern Rolling Stock

The rolling stock on Great Eastern consists of Electric Multiple Units (EMUs).

Table 6: Summary of Rolling Stock Characteristics

Class	Route	Seating	Number of Units
315*	Southend, Lea Valley and Hertford Branch	318	61* 25–26 years old
321	Southend, Southminster, Braintree and some branch lines	271–292 standard 16 or 28 first	94 25–26 years old
360	Colchester Town, Clacton and Ipswich	256 standard 16 first	21 12 years old

* Class 315 trains will be transferring to Crossrail and LOROL May 2015 but will still be maintained at Ilford Depot.

Impact of Devolution of Crossrail Services on Great Eastern

Class 315 Rolling Stock	↓	44
Station Staff	↓	122
Drivers	↓	92
Cleaners	↓	4
Stations	↓	Brentwood Chadwell Heath Forest Gate Gidea Park Goodmayes Harold Wood Ilford Manor Park Maryland Romford Seven Kings Stratford
Depots	↓	31 new 4-car sets to be maintained at Ilford Depot

There will also be an impact on the revenue and costs for the East Anglia franchise in the following areas:

- Pensions
- Station Income – advertising, car parking and retail
- Operating Costs – train mileage, fuel, depots.



West Anglia

West Anglia services operate from London Liverpool Street to Cambridge with some services extending to Ely and King's Lynn. This offers an alternative route to that operated by the Govia Thameslink Railway to London King's Cross. The Greater Anglia train service, averaging one hour 25 minutes, is slower than the Great Northern service (54 minutes), but it does provide a direct service into the City of London.

Figure 11: West Anglia Route Map

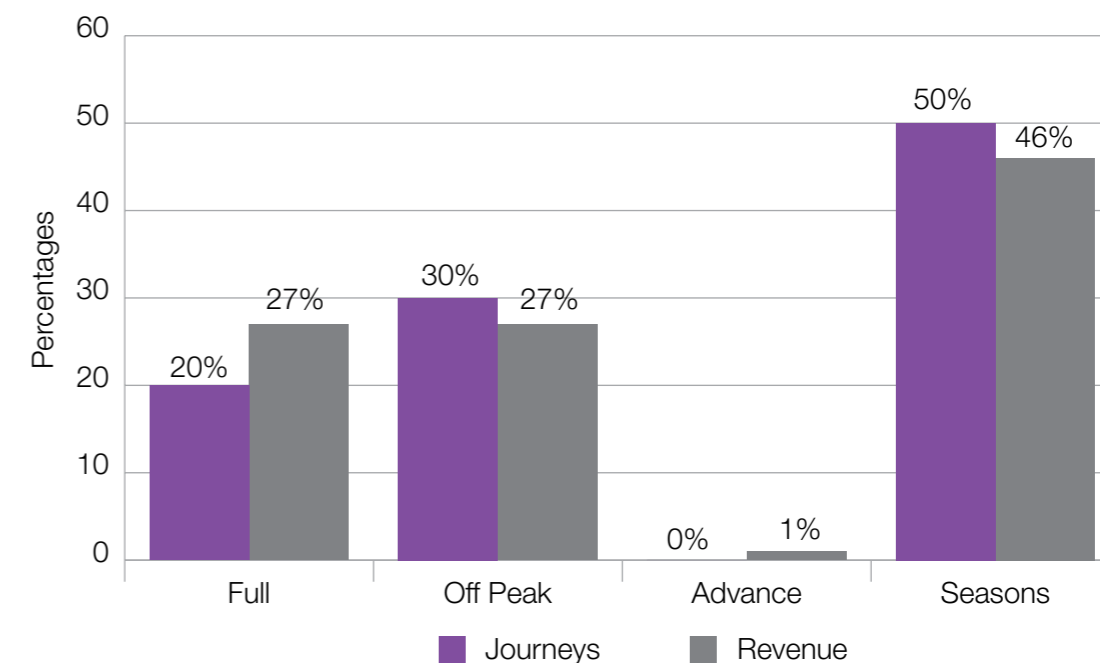


CAGR West Anglia Journeys 2006/07 – 2013/14

Full	Reduced	Seasons	Total	Sector Average
5.0%	6.6%	3.8%	4.9%	5.3%

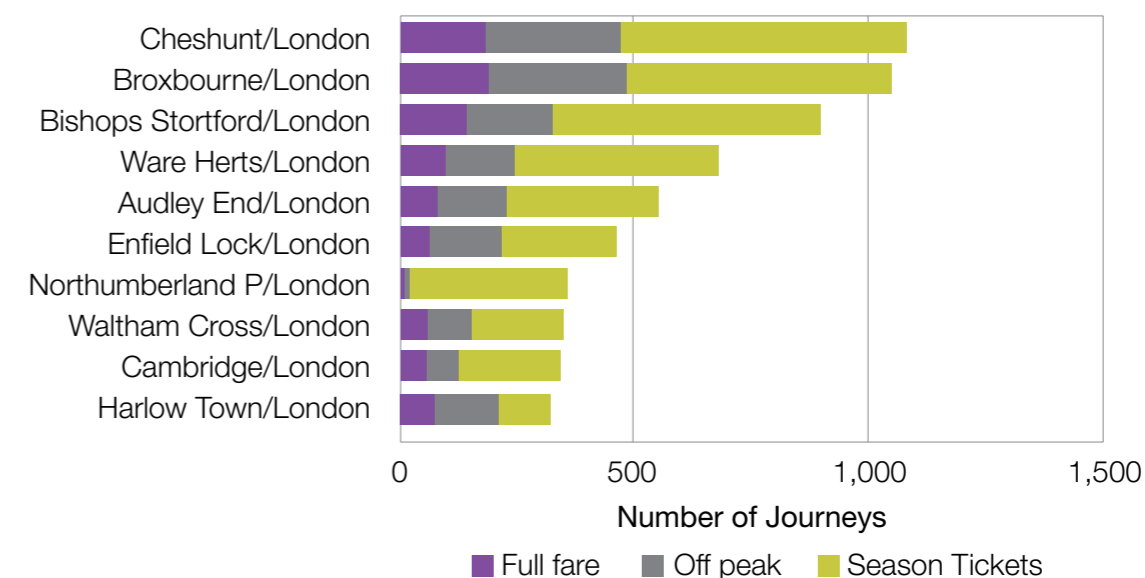
Over 50% of passengers who travel on the West Anglia route are season ticket holders commuting into London. The remaining journeys are balanced between peak and off peak journeys, indicating the strong market in business and leisure users in the West Anglia conurbation.

Figure 12: West Anglia Journeys and Revenue



The flows indicated in Figure 13 show that the most important market served is the London commuter market particularly at the intermediate stops south of Cambridge.

Figure 13: West Anglia top 10 Flows by Journey and Ticket Type

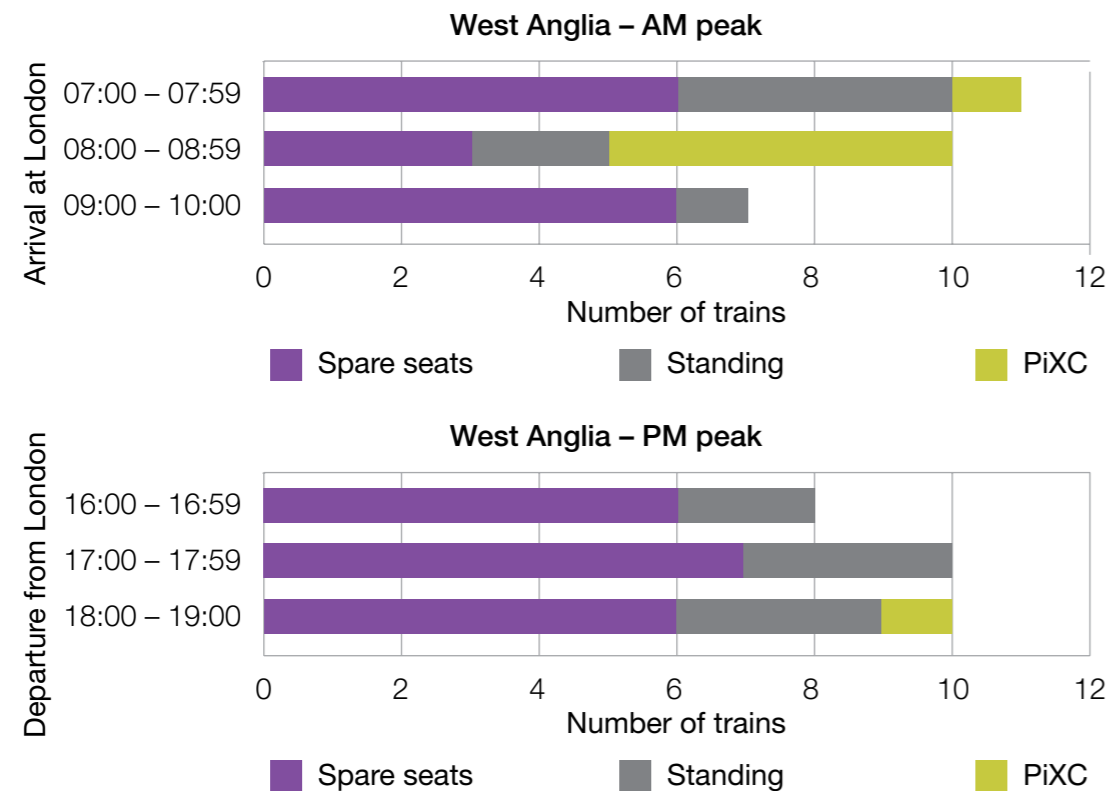


West Anglia Train Services – Including the Stansted Express services, the weekday peak services operate 14 trains per hour on the West Anglia Mainline

Table 7: West Anglia and Stansted Express services frequency

Route	Train Frequency
Cambridge	4 Tph
Ely and King's Lynn	1 Tph
Broxbourne (one starting at Stratford)	3 Tph
Hertford East	2 Tph
Stratford to Bishops Stortford	1 Tph

Figure 14: West Anglia Crowding



West Anglia services in the morning peak are crowded with 50% of trains being characterised as being Passengers in Excess of Capacity (PiXC). To relieve some of the overcrowding on these services in the morning peak hours, Stansted Express services have additional cars on the West Anglia services.

Impact of Devolution of West Anglia Inners



There will also be an impact on the revenue and costs for the East Anglia franchise in the following areas:

- Pensions
- Station Income – advertising, car parking and retail
- Operating Costs – train mileage, fuel, depots

² The numbers of staff that will be transferring to LOROL as a result of the West Anglia devolution are not known at the date of publication of this prospectus but will be made available on the data site once pre-qualified bidders have been announced.



Class 321



Class 360

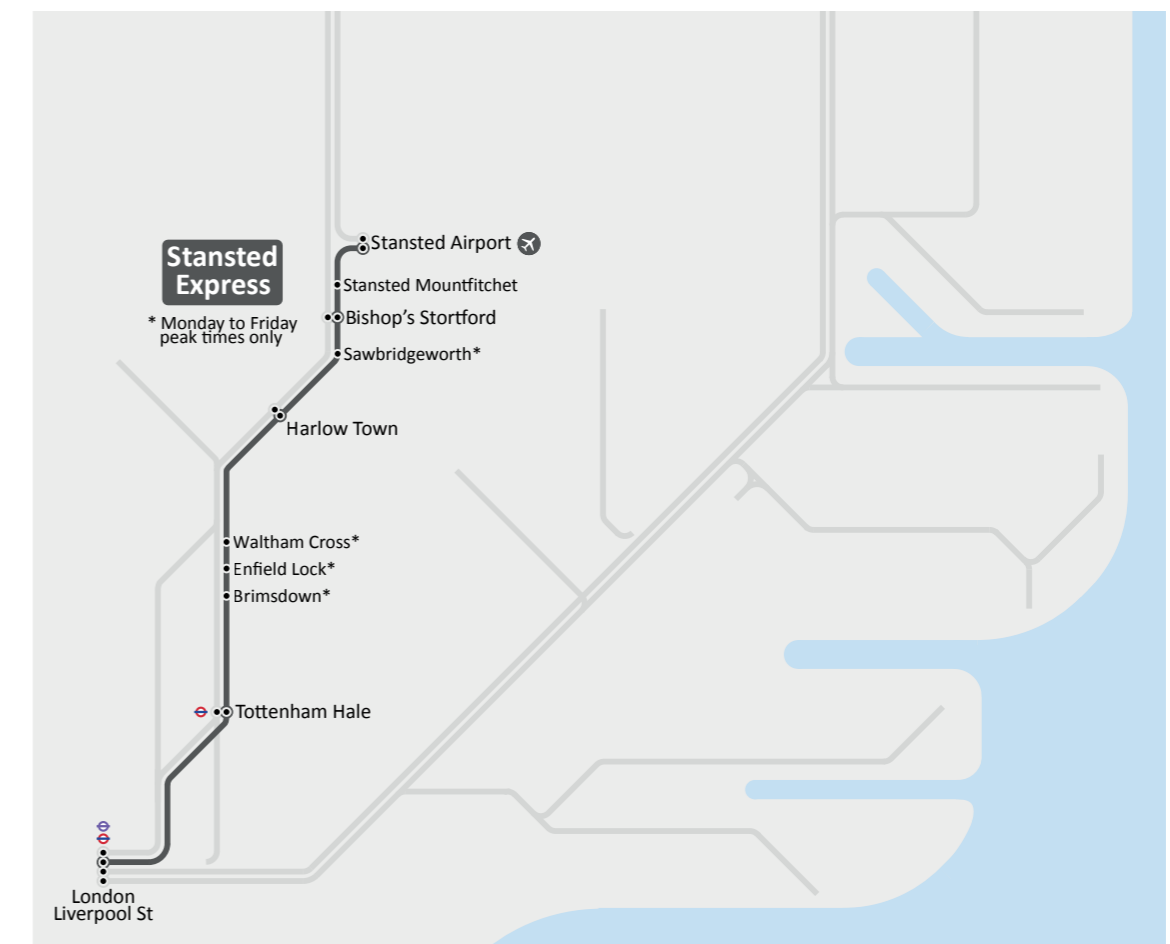
Stansted Express

Stansted Express is “separate” from the rest of the East Anglia service provision with its own dedicated fleet, brand, website, on board catering provision and marketing. However unlike services such as Heathrow Express it is not a direct fast airport service.

Stansted Express runs four times an hour with a typical journey from London Liverpool Street to Stansted Airport taking between 45 and 49 minutes, depending on the stopping pattern. All trains stop at Tottenham Hale for connections onto the Victoria Line, with an additional stop at either Harlow Town or Bishops Stortford and one service an hour stopping at Stansted Mountfitchet.

On weekday peaks, further additional calls are made at Sawbridgeworth, Enfield Lock, Waltham Cross and Brimsdown (maximum six calls per train) to accommodate London commuting demand which extends the journey time up to 57 minutes. This results in many of the Stansted Express services being crowded with commuters rather than airport users in the peak periods.

Figure 15: Stansted Express Route Map



CAGR Stansted Express Journeys 2006/07 – 2013/14

Full	Reduced	Seasons	Total Average
-3.9%	8.3%	1.4%	0.3%

Figure 16: Stansted Express Journeys and Revenue by Ticket Type

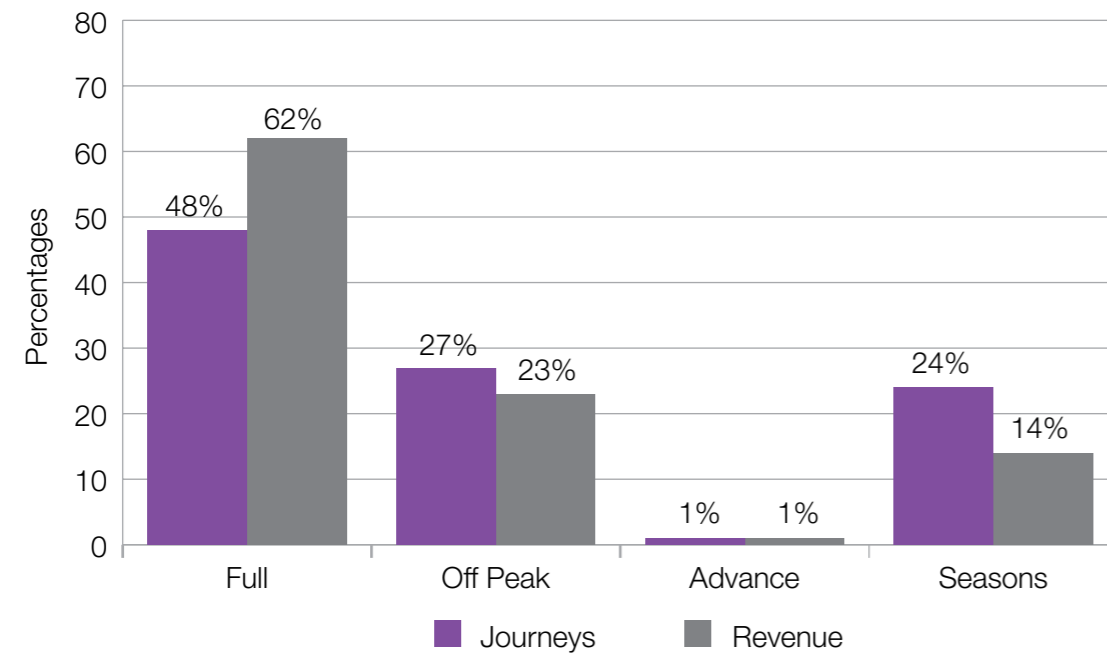
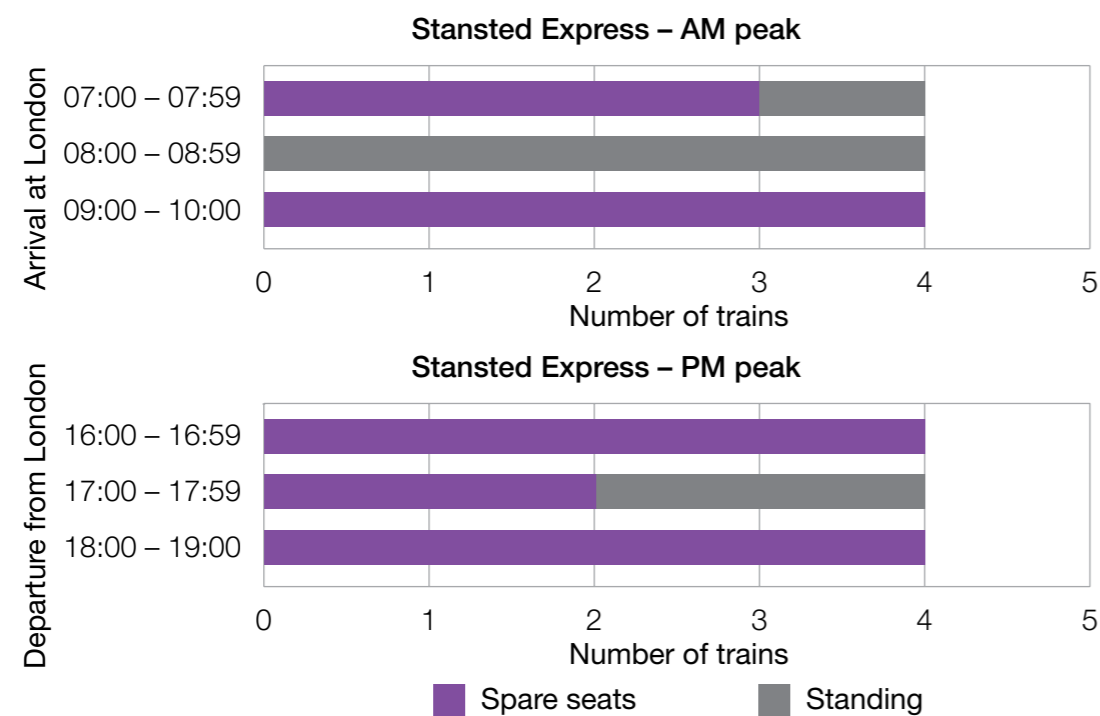


Figure 17: Stansted Express Crowding



Stansted Express is the second highest yielding service group of the East Anglia franchise with an average fare of £11 excluding the other West Anglia services.

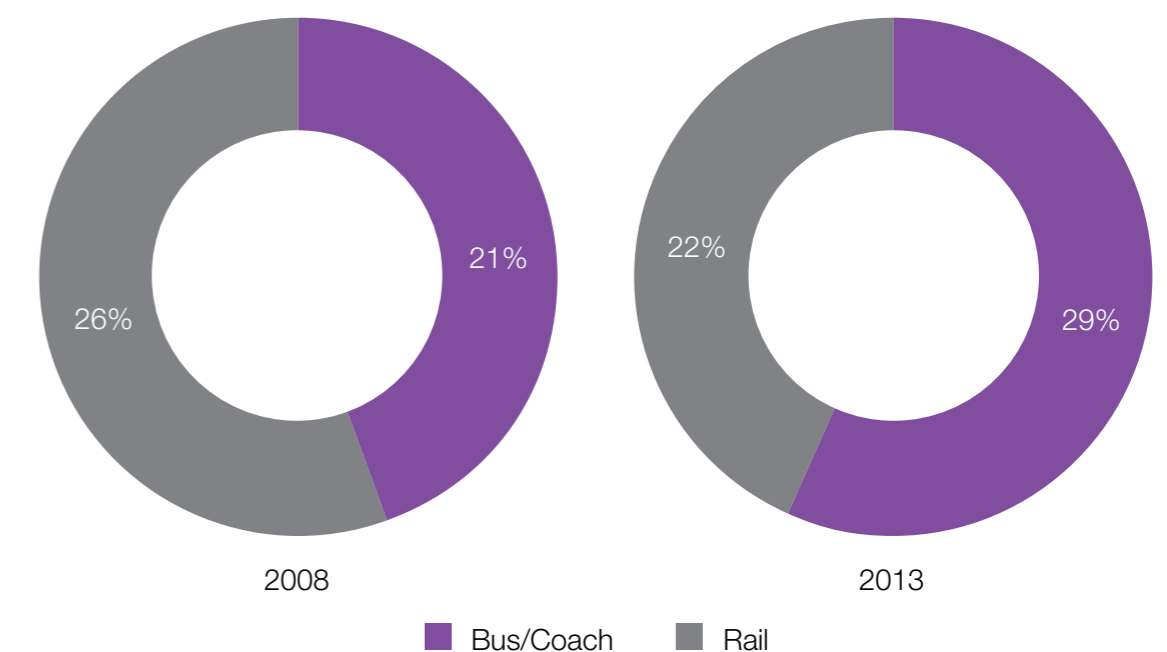
Stansted Express faces the greatest competition for market share from the airport with coaches and direct buses into London.

Table 8: Bus and Rail Fares to Stansted Airport

	Off Peak Return	Peak Return	Journey
Stansted Express	£30.50	£38.40	4 per hour 45 minutes
easyBus (Baker Street)	£4	£20	4 per hour 85 minutes
Terravision (Victoria)	£15	£15	2 per hour 75 minutes
National Express (Multiple)	£12–£24	£12–£24	140 per day ³ 50–80 minutes

This competition has been mirrored in the decline of the rail market share to the airport. Figure 18 below demonstrates the growth in the coach share from 21% to 29% whilst rail has declined to 22%. Overall though 49% of airport users arrive by car due to the convenience of accessing the airport by road, particularly during peak flight times in the early mornings and late evenings.

Figure 18: Stansted Airport Rail and Coach Market Share by Journey



³ Number includes destinations throughout the UK.

Stansted Express Rolling Stock

The rolling stock introduced into service and deployed on the Stansted Express is the newest on the East Anglia region.

The fleet is formed of Class 379 4-car Electric Multiple Units that are coupled to make eight or 12-car units. Each four car unit consists of 189 standard seats and 20 first class seats.

The 379 fleet is designed with a high specification including air conditioning, WiFi, some table seating and on board trolley service. The trains are capable of travelling 100 miles per hour.



Stansted Express rolling stock

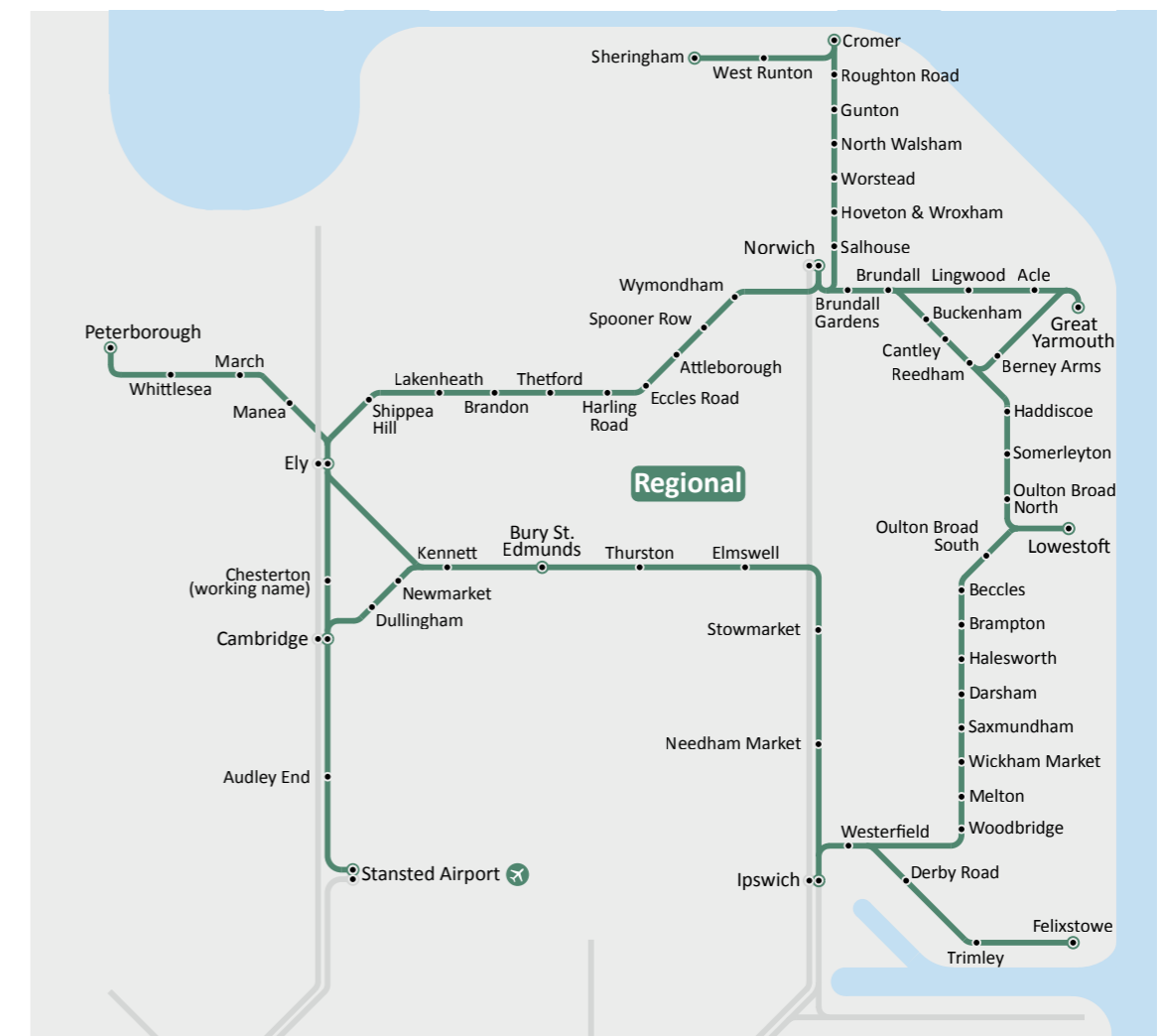


First Class

Regional Services

The regional services form an important part of the community within East Anglia and provide crucial connectivity for both leisure and commuter passengers to local towns and into the major conurbations of the Great Eastern Mainline and West Anglia routes. Many of these routes have been designated as Community Rail routes or services.

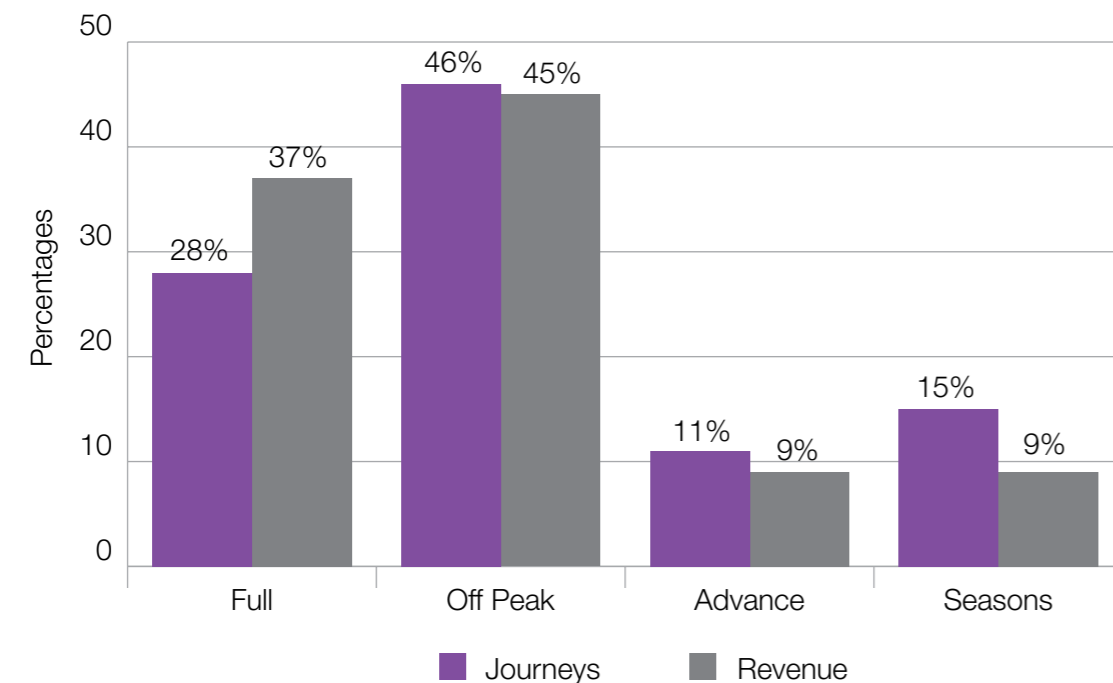
Figure 19: Regional Route Map



CAGR Regional Journeys 2006/07 – 2013/14

Full	Reduced	Seasons	Total	Sector Average
2.3%	3.0%	3.4%	2.9%	3.4%

Figure 20: Regional Journeys and Revenue by Ticket Type



Regional services with the lowest demand for services have some of the lowest ticket yields on the route at less than £3. Most of the top ten flows within this group run into the major conurbations into Norwich, Ipswich and Cambridge.

Figure 21: Rural top 10 flows by journey and ticket type

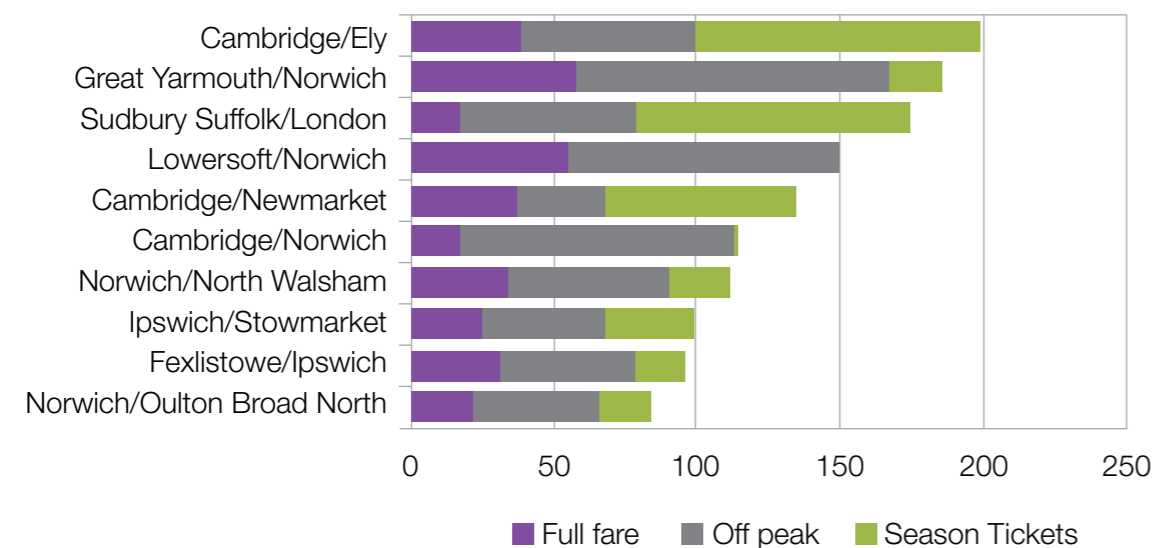


Table 9: Regional Service Pattern

Journey	Weekday Peak	Weekday Off Peak	Saturday	Sunday
Ipswich – Cambridge	1 Tph	1 Tph	1 Tph	1 Tph
Ipswich – Peterborough	1 Train every 2 hours	1 Train every 2 hours	1 Train every 2 hours	1 Train every 2 hours
Norwich – Cambridge	1 Tph	1 Tph	1 Tph	1 Tph
Stansted – Cambridge	0 Tph	1 Tph	0 Tph	0 Tph
Norwich – Great Yarmouth	2 Tph	1 Tph	1 Tph	0 Tph
Norwich – Lowestoft	2 Tph	1 Tph	1 Tph	0 Tph
Norwich – Sheringham	1 Tph	1 Tph	1 Tph	0 Tph
Ipswich – Lowestoft	1 Tph	1 Tph	1 Tph	0 Tph

The route that many of these services cross is an important freight route from Felixstowe in the east to Nuneaton in the west via Ely and Peterborough. This is one of many challenges that East Anglia faces in terms of timetable planning and line regulation.

A number of these regional stations are served by a skeleton service:

- Berney Arms – 3 trains per day with 4 on Sundays
- Buckenham (Saturday and Sunday only)
- Lakenheath (Saturday and Sunday only)
- Harling Road – 2 trains per day
- Eccles Road – 2 trains per day
- Spooner Row – 3 trains per day
- Shippea Hill – 1 train per day.

Regional Rolling Stock

The Class 170 Diesel Multiple Units (DMUs) deployed on this route are formed of two or three car units. Relatively new in comparison to other train fleets on East Anglia they are 12–15 years old.

Seating capacity on a two car unit is 110 standard seats and 9 first class seats and on three car units there are 173 standard seats and 9 first class.

The Class 153s are single car DMUs and are capable of travelling at 75mph. There are 72 standard seats with no first class. The units are 27 years old. They are mainly deployed on the Norfolk routes into Norwich.

The Class 156s are two car DMUs with 75mph operation. They are mainly deployed on Sudbury route and the longer distance services into Norwich. They have 136 standard seats with no first class. They are 26 years old.



Class 153



Community Rail

Community Rail is a government strategy supported by many local communities and local governments as well as enjoying widespread support from the rail industry. It seeks to increase the sense of local ownership in the specification and running of local rail services and increase the economic value of local rail by encouraging local communities to play a greater role in the delivery of rail services.

Community Rail Partnerships aim to increase investment and local support for local services, improve revenue and passenger traffic, reduce costs and increase local community involvement as well as facilitating local, social & economic development.

Partnerships can pursue initiatives like station enhancements and innovative promotional schemes as these can offer better value for the money granted by the rail network. Initiatives can range from people helping to maintain station gardens to major schemes and responsibility for undertaking local marketing activities.

We absolutely want to foster and support greater community investment in the railways of Anglia and secure both local support for and investment in local rail services through a close relationship with franchise design and operation.

Nationally we have formally designated 36 community lines or services.

Although designation does not include track or signalling, it is intended to:

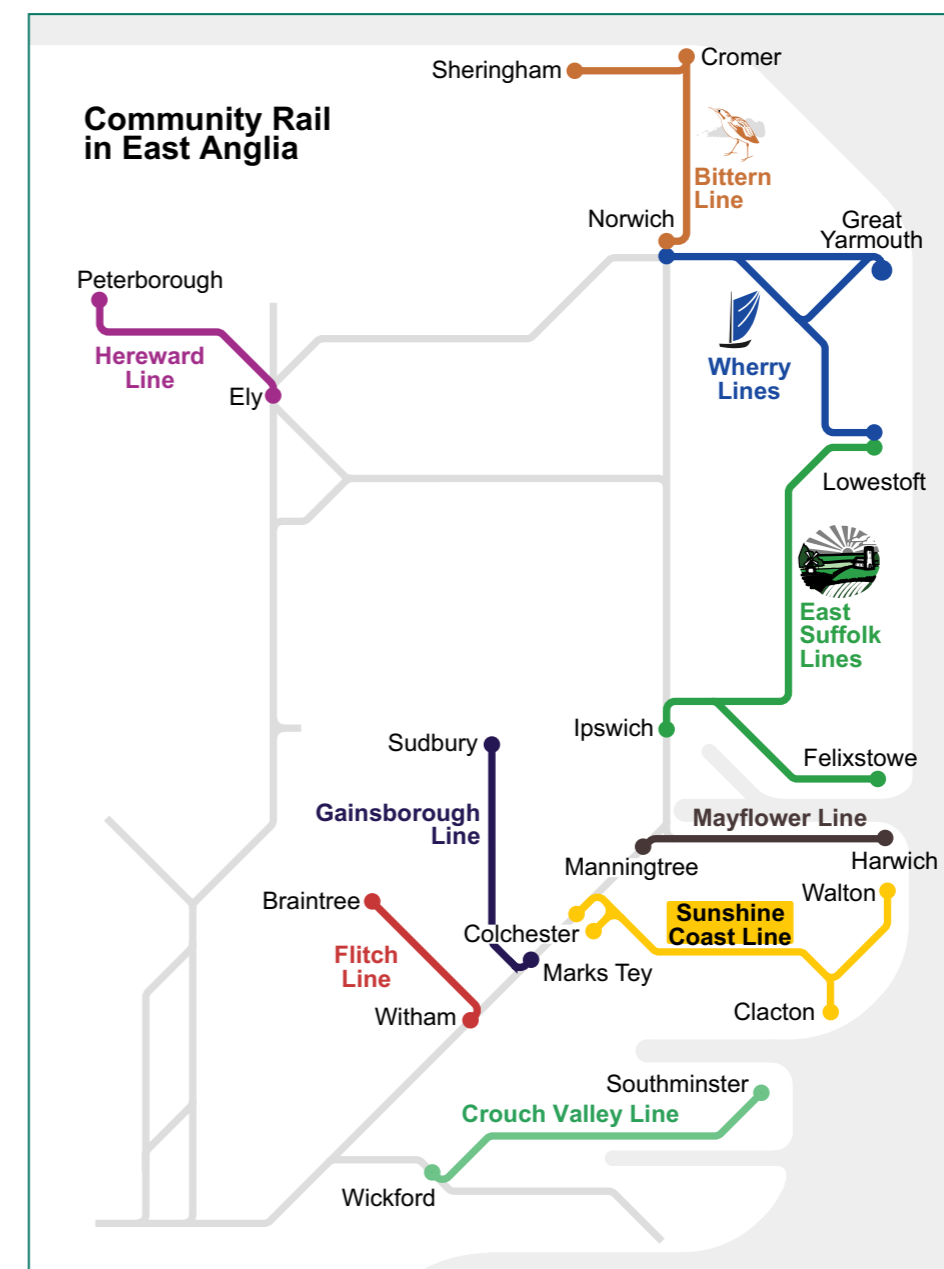
- Encourage appropriate standards
- Provide a more flexible approach to the management of the franchise and allows more flexible arrangements on timetables and fares
- Reinforce the importance and status of Community Rail Partnerships

Community Rail forms an important part of the regional service group in East Anglia. The following Community Rail Partnerships operate within the East Anglia region:

- **Bittern Line** Norwich to Sherringham via North Walsham to Sherringham
- **Gainsborough Line** Sudbury to Marks Tey
- **Wherry Lines** Norwich to Lowestoft and Great Yarmouth

- **East Suffolk Lines** Ipswich to Lowestoft and Felixstowe
- **Fitch Line** from Braintree to Witham
- **Hereward Line** from Ely to Peterborough
- **Mayflower Line** from Manningtree to Harwich
- **Crouch Valley Line** From Wickford to Southminster
- **Sunshine Coast Line** from Colchester to Clacton and Walton.

Figure 22: Community Rail in East Anglia

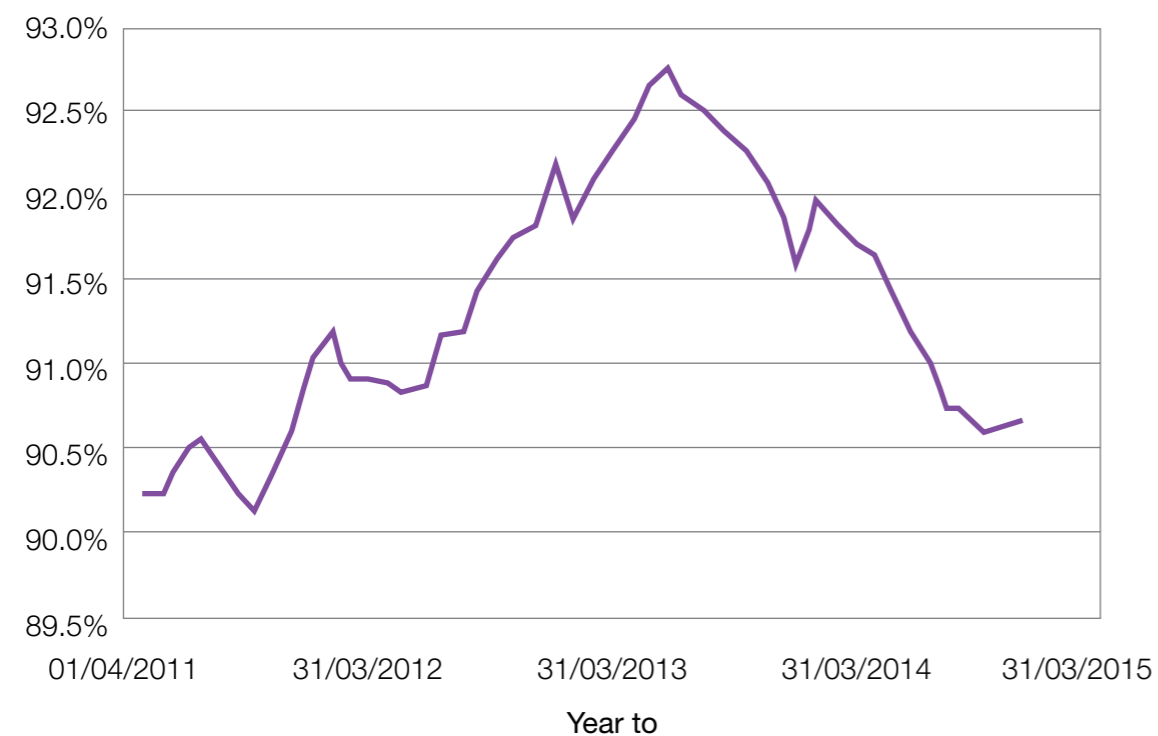


The success of community rail has recently been demonstrated in a recent report on "The Value of Community Rail Partnerships and The Value of Community Rail Volunteering". This report shows the value that community rail adds to communities, the benefits to the rail industry and the growth that they add to regional routes in comparison to the national network.

Performance

In May 2015 two major service groups will be transferred out of the East Anglia franchise. The stopping service (Liverpool Street to Shenfield) will be devolved to Crossrail, and West Anglia Inners will devolve to LOROL (Liverpool Street to Chingford, Enfield and Cheshunt, Romford to Upminster). This will adversely affect the overall Public Performance Measure (PPM) figures for the remainder of the services which will form the residual franchise.

Figure 23: Greater Anglia Public Performance Measure



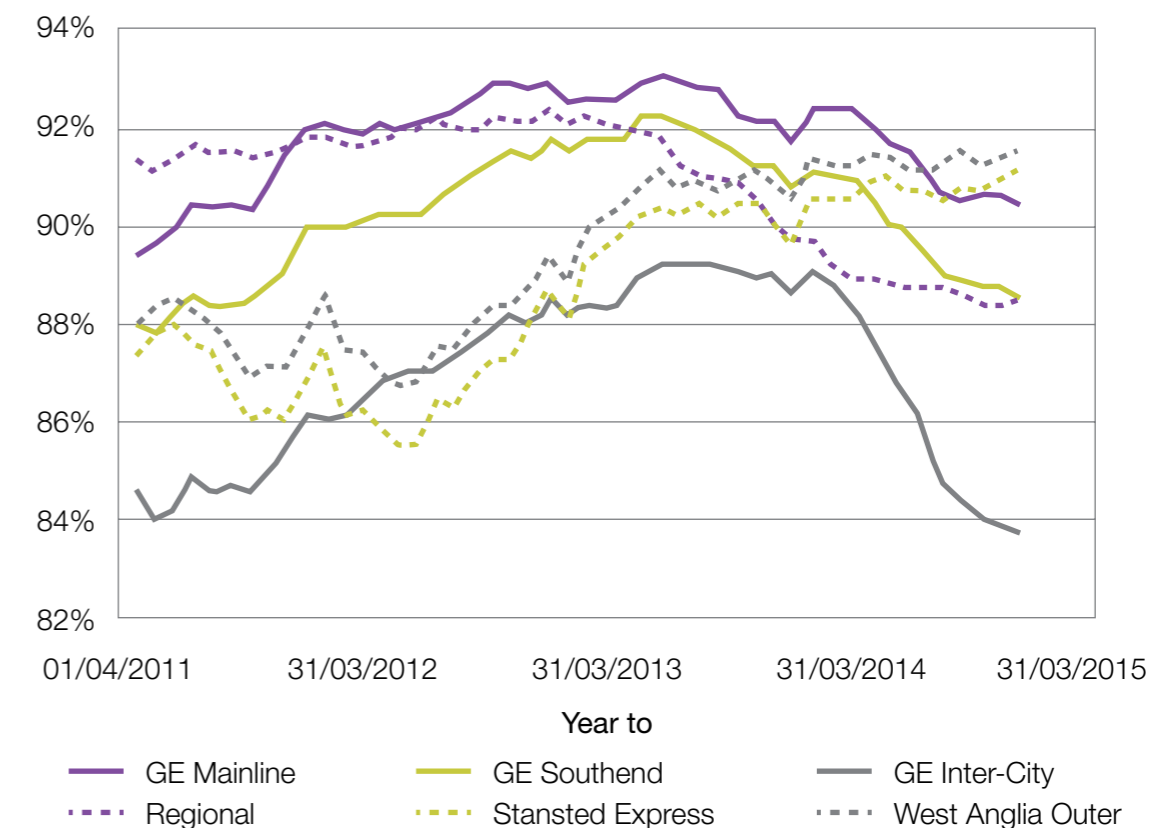
At present the InterCity services are delivering PPM of 83.7% which presents a significant area for improvement.

Areas that currently cause concern as well as having a significant impact on East Anglia's train performance include:

- Infrastructure failures particularly track faults arising from issues with the renewals programme
- Increases in the level of fatalities on the route particularly during the peak between Liverpool Street and Shenfield
- Increases in delays per incident and the ability of the service to recover after an incident
- Early improvements made to fleet reliability in the Abellio Greater Anglia franchise during 2012 have now stalled.

Some of the committed infrastructure schemes may offer timetable improvements which could be further improved by a revision of the present timetable patterns that could have a beneficial impact on performance.

Figure 24: Greater Anglia Public Performance Measure



The introduction of other operators to the area will require good co-operation between all parties particularly in times of disruption. A review of fleet management will be required as these two additional operators will share maintenance facilities.

There is much two track railway with limited passing facilities which has particular relevance in the context of an intensive service during peak hours.

Although the reliability of the fleet is generally reasonable, the traction characteristics are basic and do not deliver modern acceleration or deceleration capability.

Anticipated committed infrastructure schemes that are directly linked to improving both speeds and performance are as follows:

- Electrification of Barking to Gospel Oak will enable more efficient operation of the passenger railway by avoiding the present arrangements where freight services emanating from North Thameside cross the Great Eastern Mainline at grade at Forest Gate to access the North London line via Stratford
- A new 70 mph crossover will be located from the mainline to the electric lines west of Bow Junction following the removal of Crossrail services into Liverpool Street high level station, allowing more efficient access to the higher numbered platforms at Liverpool Street

- The single leads at Ely North Junction will be replaced by the ability to deliver multiple train moves simultaneously which removes the present constraint to increasing passenger services in the area
- Line speed improvements on the Great Eastern Mainline are planned to permit 110mph operation. This will be achieved through renewals and removal of some level crossings
- Additional capacity provided from Coppermill Junction northwards towards Broxbourne.

Table 10: Greater Anglia MTIN (Miles per Technical Incident)

Class	MTIN (period)	MTIN (MAA)	Best in Class	Worst in Class
90/Mk III	33,941	22,742	GA only fleet	
317/5	7,707	6,635	12,018 (317/1)	6,635
317/6	6,599	8,460		
317/8	6,309	7,018		
321	21,409	20,170	40,744	7,959 (NT)
360	60,397	54,870	131,220 (350/2)	12,840 (350/4)
379	76,153	49,873	GA	6,548 (377/6-7)
153	13,048	5,814	17,498	GA
156	9,261	6,058	8,705	GA
170	9,302	13,960	26,574	9,738 (168)



Public Performance Measure Failure Cause by Market Group

Figure 25: InterCity PPM

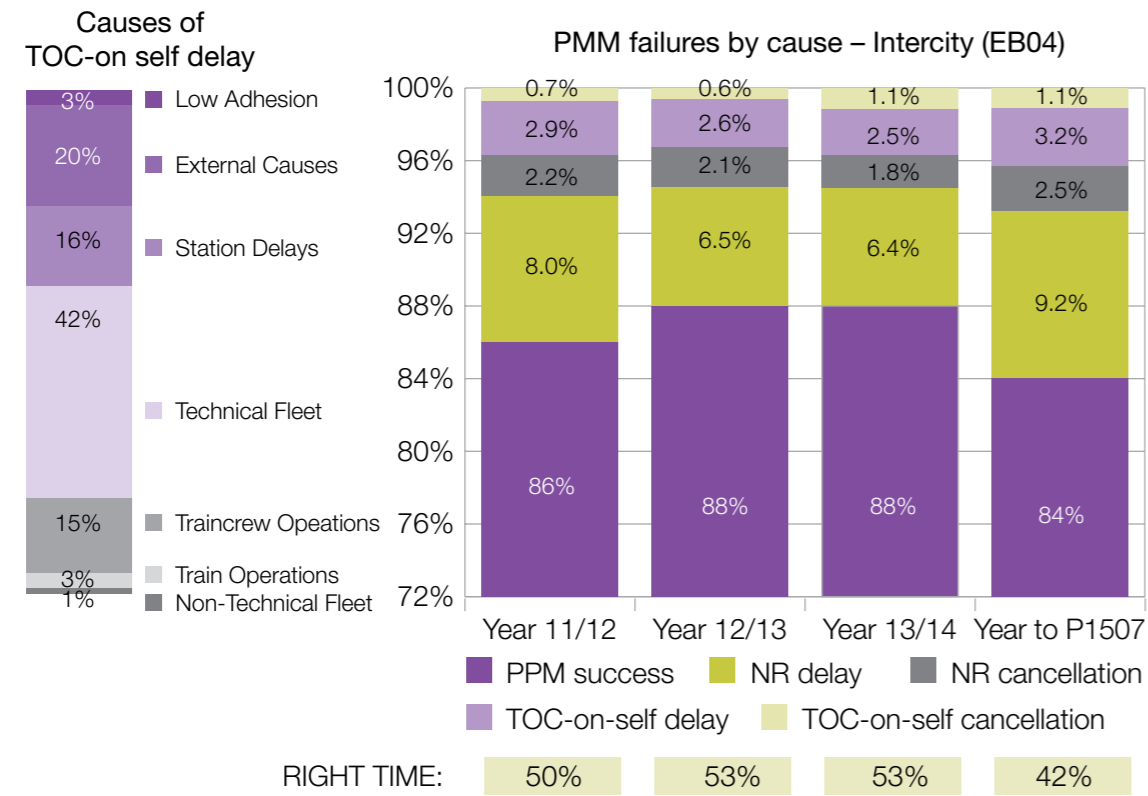


Figure 26: Great Eastern PPM

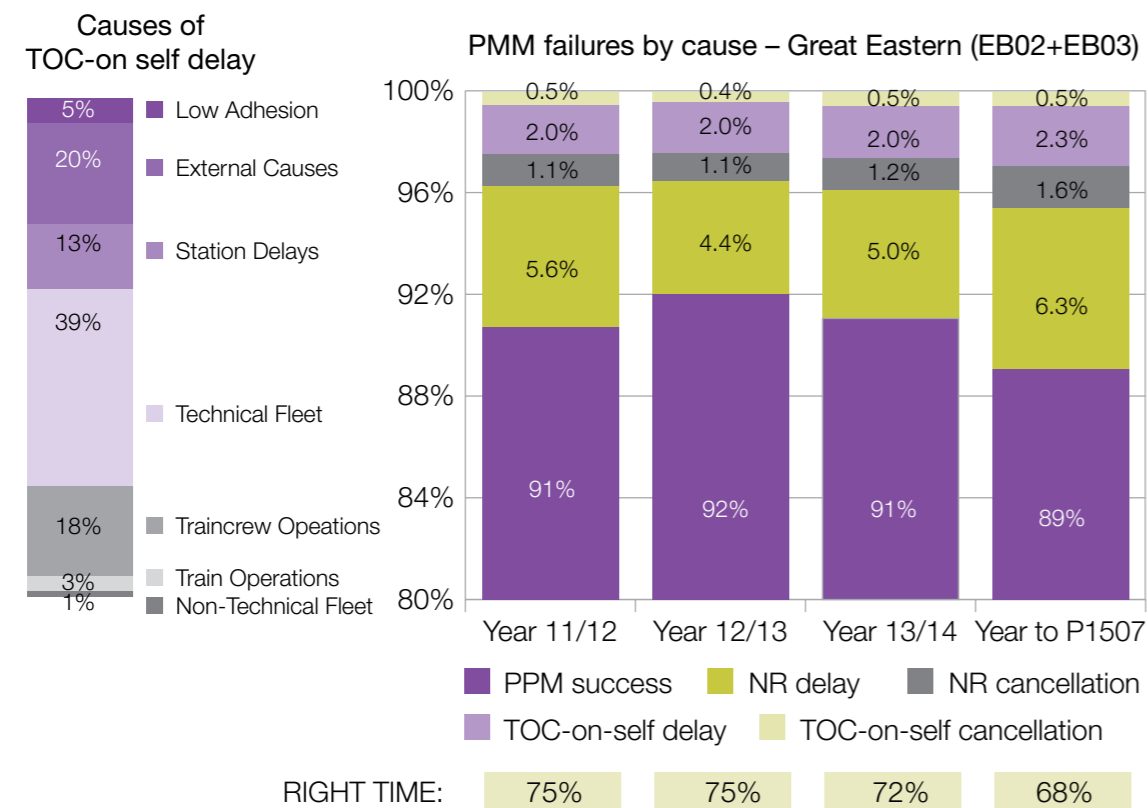


Figure 27: West Anglia (Outers including Stansted Express) PPM

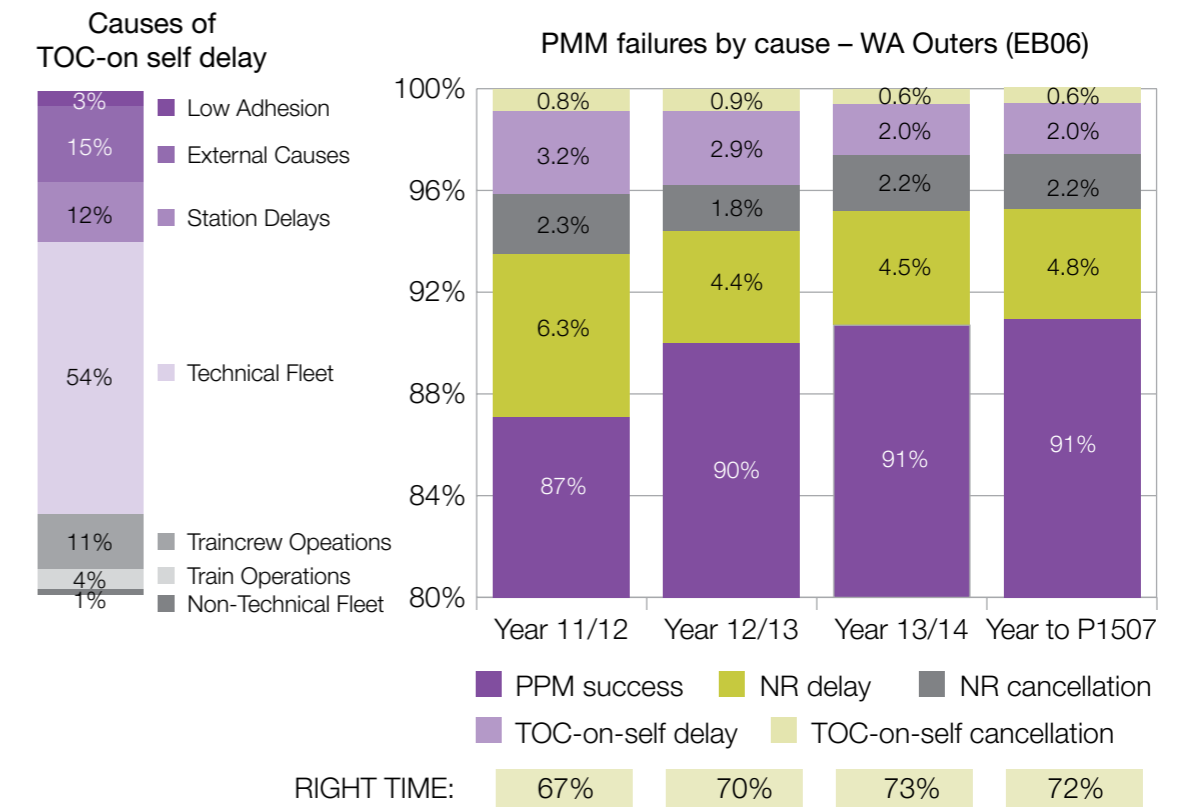
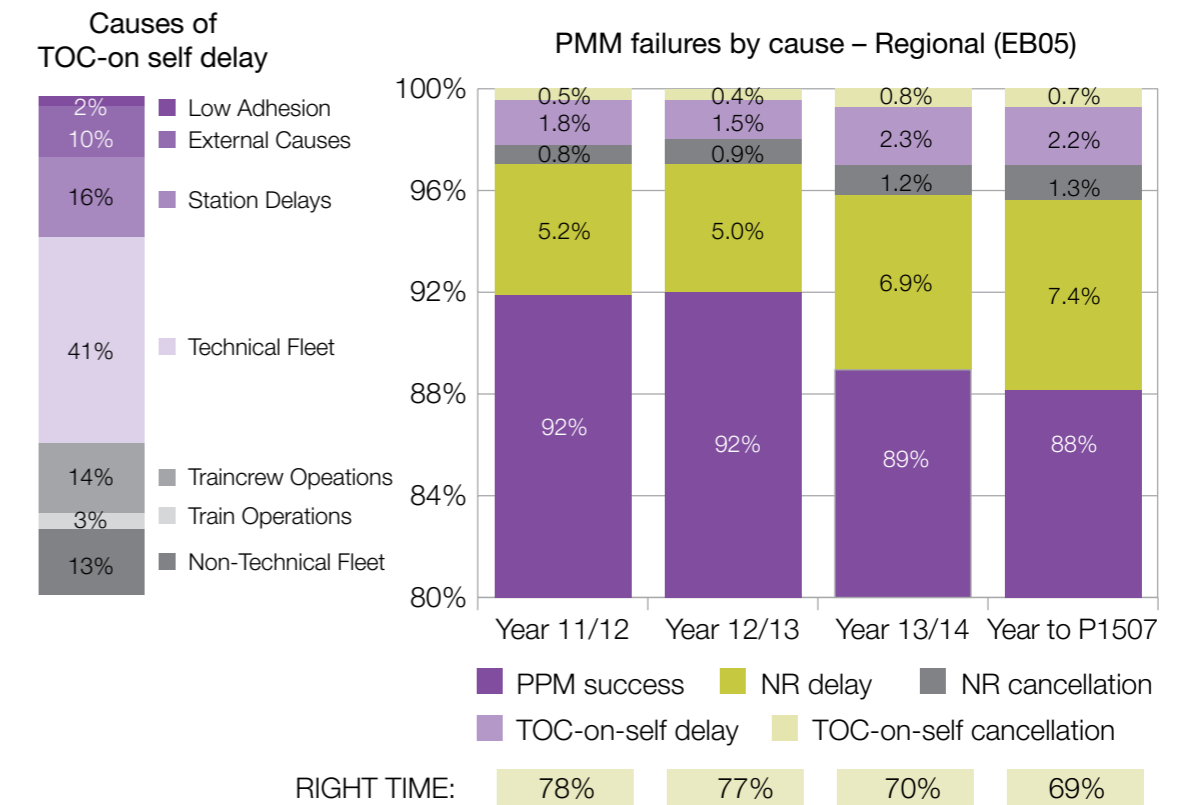


Figure 28: Regional PPM





Trains and their Maintenance

The current fleet is generally below the standard expected and this franchise will seek to secure significant investment in the quality, condition, design (“fit for purpose”) and reliability of the trains on the Anglia region. The disposal of effluent onto the tracks from trains in the new East Anglia franchise for trains is unacceptable.

Maintenance is delivered through three main service depots:

- Norwich Crown Point – Class 90 locomotives, Driving Van Trailers, Mark 3 carriages, Class 153 DMUs, Class 156 DMUs and Class 170 DMUs are maintained here, as well as occasional Class 158 DMU, Class 47 locomotives
- Ilford Seven Kings – maintenance of the EMU fleet and is a shared location with Bombardier and Siemens. From May 2015, the depot will also contain the Crossrail and LOROL services devolving to TfL
- Clacton – light maintenance and overhaul facility that was upgraded in 2010 for the maintenance of the 321s.

There are also light maintenance sidings at:

- Chingford
- Cambridge
- Colchester
- Ipswich (Freightliner depot)
- Southend Victoria
- Orient Way.

The servicing and repair of fleet is the responsibility of the franchisee except for the 379 fleet which is maintained by Bombardier and the Class 360 which is maintained by Siemens, both at Ilford Maintenance Depot.

Crossrail and LOROL will continue to use the depot post devolution which will then include maintaining their new rolling stock.

Stations

The Greater Anglia franchise currently serves 176 stations and is the Station Facility Owner (SFO) for 167 of these stations. It is proposed that 36 stations will be transferred to TfL as part of the “devolution” to Crossrail and LOROL.

Stations that Greater Anglia call at but does not manage are:

- London Liverpool Street (Network Rail)
- Southend Airport (Stobart) which is part of a separate commercial agreement and non-template Station Access Conditions
- King’s Lynn, Waterbeach, Wattleton, Downham Market and Littleport (Great Northern)
- Peterborough (East Coast)
- Upminster (c2c).

The Greater Anglia franchise has 99-year full repair and insuring station leases. The Station Stewardship Measure (SSM) that is used to monitor the condition of four key groups of station facilities (platforms, canopies, footbridges and buildings) indicates that, despite some improvements resulting from the delivery of the Control Period 4 work bank, many of the stations remain in a poor state of repair and have some way to go to meet passengers’ expectations.

Outside the lease obligations the franchisee has partnered with councils, Community Rail Partnerships and the DfT (NSIP National Stations Investment Programme (NSIP) and Access for All Programme) to deliver improvements to station forecourts and ticket halls, installing new cycle facilities and creating a more inclusive and accessible environment for passengers.

Station Travel Plans is an Association of Train Operating Companies (ATOC) and Rail Safety Standards Board-led initiative. Its aim is to ensure that every opportunity is taken to enhance station accessibility across the range of modes. Whether trips are made by public transport, walking, cycling, taxis, car sharing or driving, providing modal choice is all about planning ahead early so that improved access from, to and within the station are built into the planning process.

Trials were initially undertaken in the Greater Anglia franchise at Colchester and Southend Victoria. “Adopt a Station” enables individuals or groups to adopt their local railway station and contribute to its use and welfare. There are now over 130 adopters across 80 stations within the franchise. The voluntary scheme was originally created to improve lines of communication between the train operator and station users; however over the years it has grown to become much more.

Station adopters are now playing an active role in keeping stations looking good through inventive gardening projects, creative community art projects, taking part in station “health checks” or being the eyes and ears of their station. Adopters have been an integral part of raising money for projects such as improved waiting facilities or planting beautiful station gardens. Examples of the success of the scheme can be found at:

- Cantley – Friends of Cantley Station who maintain the gardens
- Cromer (on the Bittern Line) – Adopters provide cleaning and litter picking as well as providing feedback on the station standards which have led to more facilities being installed at the Adopters’ request.

The franchise divides the management of the station into three passenger service groups:

- South East – Liverpool Street, Stratford, Metro, Shenfield and Southend areas
- West – Chingford, Enfield, Bowbourn, Bishop’s Stortford, Stansted and Cambridge areas
- North – Chelmsford, Colchester, Ipswich, Norwich and the regional areas of Norfolk and Suffolk.

The “devolution” proposals mean 36 stations will transfer SFO responsibility, including five that are currently in the top ten stations by entries and exits. These stations also generate a high percentage of ticket office sales and so their transfer will reduce the commission receivable.



Table 11: Top 10 Annual Station Footfall

Station	Entries and Exits 2012/13 (million)	SFO
Liverpool Street	58.4	Network Rail
Stratford	25.6	Crossrail
Cambridge	9.2	East Anglia
Chelmsford	8.0	East Anglia
Romford	7.4	Crossrail
Ilford	6.9	Crossrail
Tottenham Hale	4.5	East Anglia
Upminster	4.4	c2c
Colchester	4.3	East Anglia
Peterborough	4.3	East Coast

The East Anglia franchise also has a number of stations that have less than a 1,000 entries and exits a year. Nine of these stations are on the Wherry or Breckland Lines.

Figure 29: Percentage split of footfall in the EA area

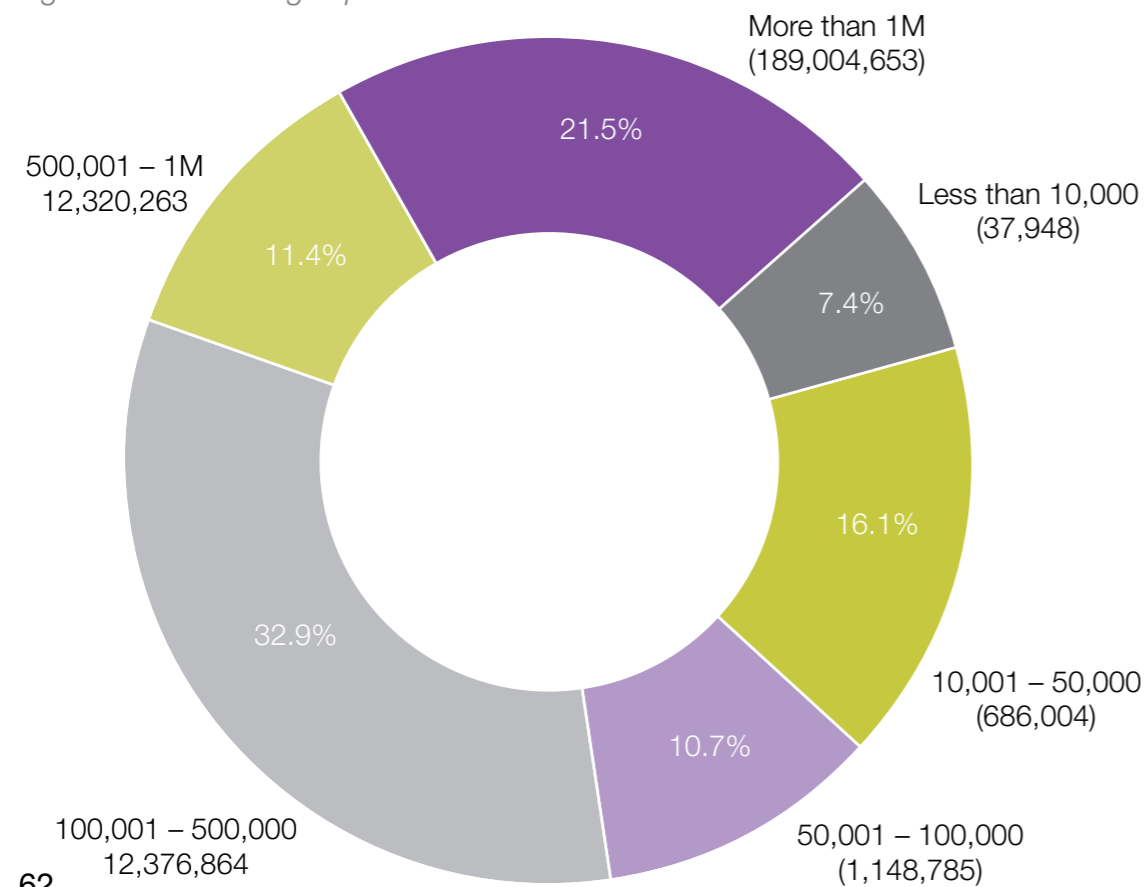
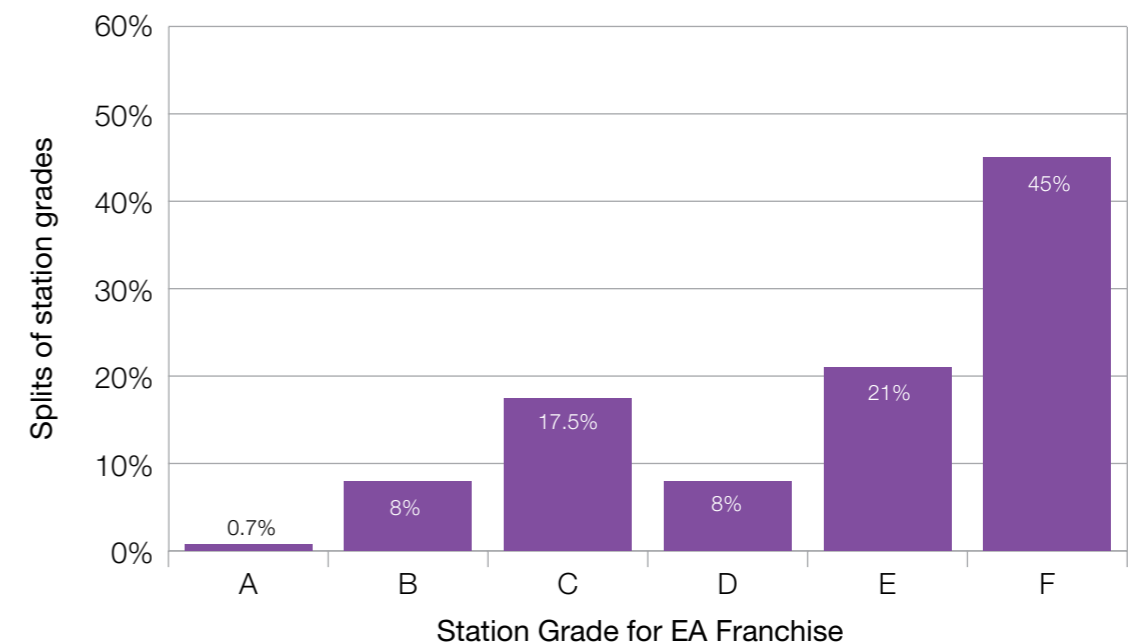


Table 12: Network Rail Station Definitions

Station Category	Station Category Definitions
A – National hub stations	These are important stations, providing a gateway to the rail network from a significant population centre and also acting as a key interchange location between different long distance services and/or local services
B – Regional hub stations	Regional hub stations are usually large stations providing a gateway to the network from a large population centre, usually served by more than one TOC with a mix of local, regional and long distance train services. There is likely to be significant interchange between services, some of which may terminate at these stations.
C – important feeder stations	Important feeder stations may be served by more than one TOC, and are usually served by some long distance services.
D – medium staffed stations	Medium staffed stations are usually served by regional and local services
E – small staffed stations	Small staffed stations will usually only have one member of staff in attendance and may be occupied for only part of the day.
F – small un-staffed stations	Small un-staffed stations are defined as being permanently un-staffed.

Figure 30: Percentage split of station grades for the EA region



Fares and Ticket Retail

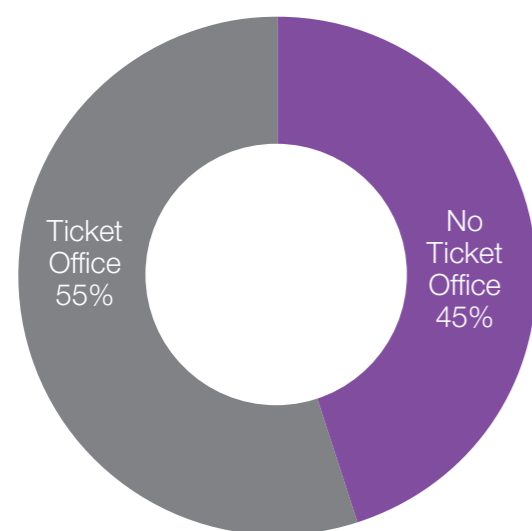
Fares and Ticket Retail

The Fares and Ticketing Review published in October 2013 set out the Government’s vision for a modern and passenger-focused fares and ticketing system.

The Review sought to reduce the impact of fares increases on passengers, to improve the flexibility of fares on offer, and to enable passengers to have a better experience of rail.

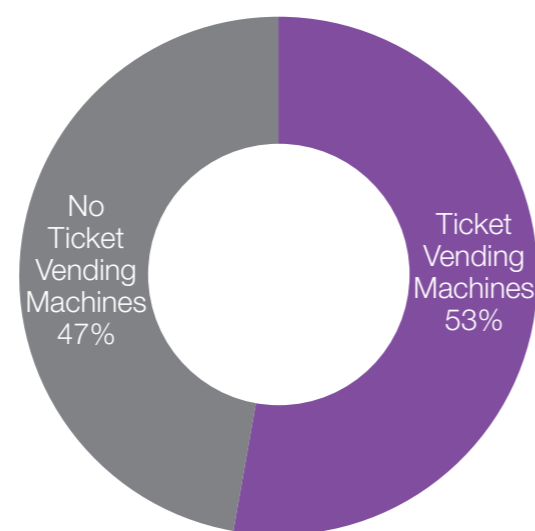
The current Greater Anglia franchise has a number of small stations that currently do not offer any ticket selling facilities. The take up of online products has been limited to date, with most passengers still preferring to purchase their tickets from ticket offices. The figures below illustrate the number of ticket offices, ticket vending, opening hours and current sales channel distribution. The new East Anglia franchise will provide a tremendous opportunity to improve ticket retail distribution by delivering innovative solutions.

Figure 31: East Anglia Ticket Offices



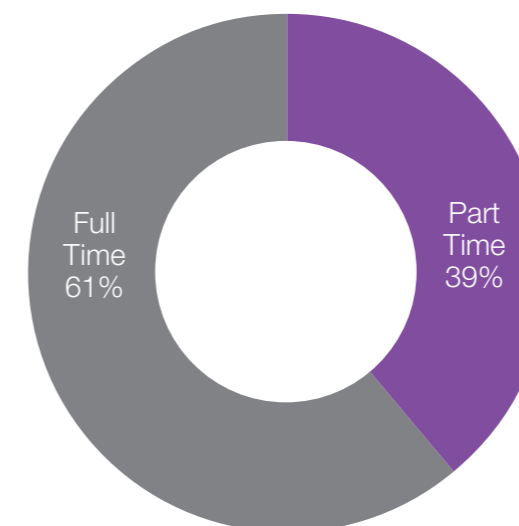
Of the stations that the East Anglia franchise operates 83 have ticket offices

Figure 32: East Anglia Ticket Vending Machines



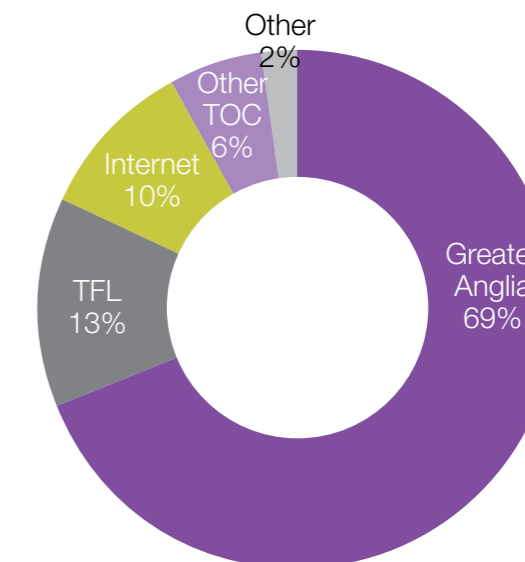
Ticket vending machines tend to be placed in the same locations as the ticket offices and are not well placed in stations that have no facilities

Figure 33: Ticket Office Opening Hours



Of the 83 ticket offices operated by the East Anglia franchise, 39% only open in the mornings and do not open on Sundays

Figure 34: East Anglia Retail Sales Distribution



Rail Executive is likely to require bidders to put forward proposals for the improved retailing of products and services, from ticket search and acquisition to on-board and at-station services. Tickets should be easily accessible on the widest variety of media (smartphone, tablets, print-at-home etc.) and their pricing, availability and time of use transparent in order to facilitate seamless travel across boundaries with other transport authorities.

We expect bids to be based on our regulated fares policy, including the outcome of the Fares and Ticketing Review.

Should Government policy change during the franchise competition, Rail Executive reserves the right to ask bidders to change the assumptions underpinning their bids.

We may also require the franchisee to:

- Cooperate with any future programmes led and funded by Rail Executive or local authorities to implement smart ticketing on a geographical basis
- Use shared back office systems to operate any smart ticketing scheme
- Maintain any existing smart ticketing schemes in use on the East Anglia network
- Ensure that any new smart ticketing infrastructure (such as new gates, gate upgrades or validators) is ITSO enabled (including connection to a back office) and is capable of accepting contactless EMV.

Ticketless Travel

The franchise has shown a downward trend in ticketless travel across the route with latest survey data indicating an average of 3.2%⁴ across the route.

The Cambridge and Norwich routes tend to have the lowest ticketless travel.

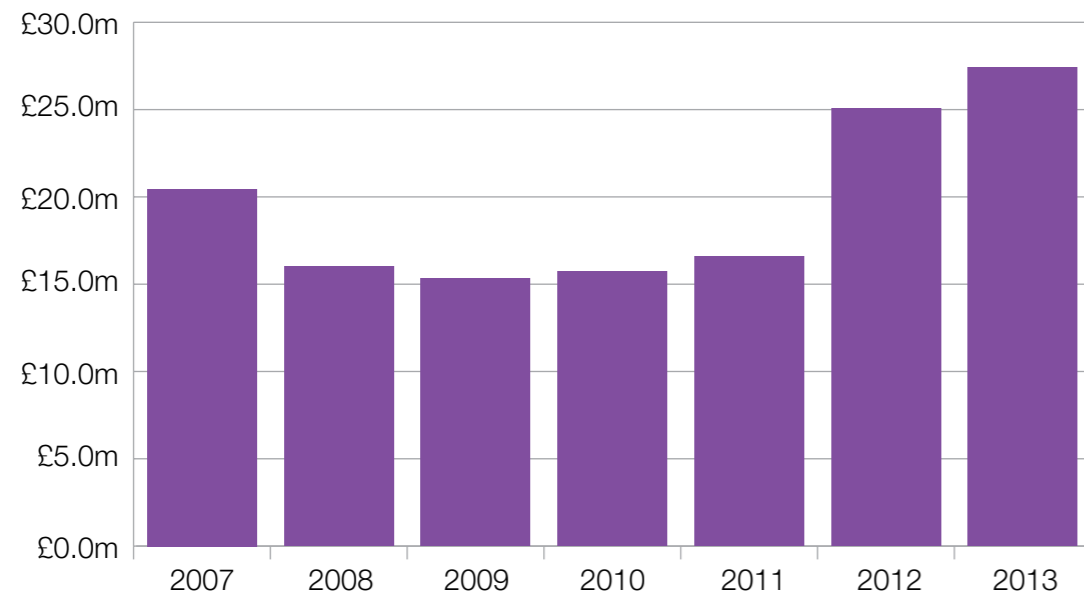
Ticketless travel is higher on the metro style services as well as in the evening off peak and weekends.

The main ticket irregularities are no ticket or invalidated Oyster.

Operating Income

Other operating income as reported in Greater Anglia and National Express East Anglia’s statutory accounts includes the following income sources: commissions, rolling stock hire, on-train catering, advertising, station trading income, depot and station access payments, performance regime payments, and provision of services to other train operating companies. Total other operating income over the seven calendar years from 2007 to 2013 inclusive is as follows.

Figure 35: Greater Anglia Other Income



⁴ DfT Survey, Spring 2014

Car Parking

The East Anglia franchise has 63 car parks that are currently operated on behalf of the franchisee by National Car Parks (NCP). Of these car parks, 17 of them currently operate during peak week days at over 90% capacity. The busiest car parks are shown in Figure 36 below.

Figure 36: Top 10 Great Anglia Station Car Park Occupancy

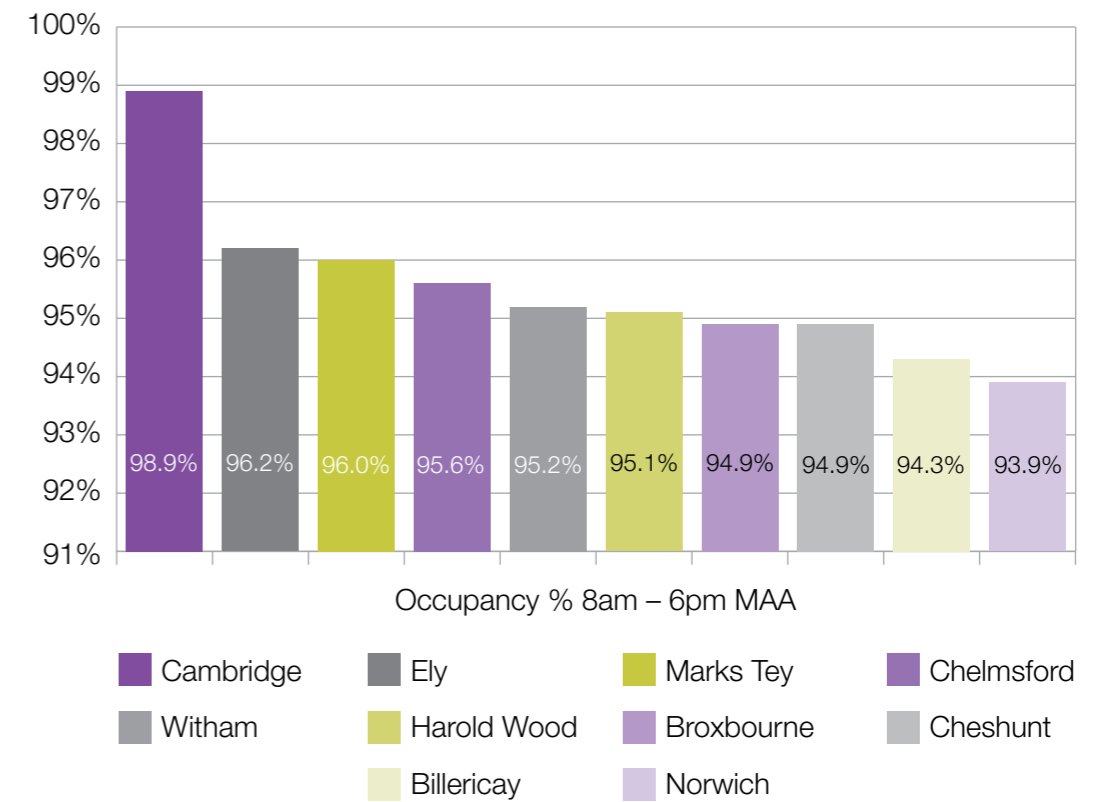


Table 13 below illustrates the car parking charges at the top 10 busiest car parks. Charges, when compared to other operators offer significant value for money to passengers, such as Peterborough where the daily charge is £13 (East Coast) and Brighton £12.50 (GTR); although conversely all of these train operators do offer better value when purchasing monthly or annual tickets.

Table 13: Great Anglia Station Car Parking Charges

Station	Spaces	Charges			
		Daily	Weekly	Monthly	Annual
Cambridge	374	£9.20	£40.20	£153.32	£1,596.30
	12	–	–	–	£1,959.30
Ely	143	£5.40	£21.70	£82.10	£823.40
	9	–	–	–	£1,127.50
Marks Tey	257	£6.50	£28.40	£108.24	£1,074.70
Chelmsford	122	£5.20	£33.40	£127.18	£1,269.50
	15	–	–	–	£1,804.30
Witham	406	£6.70	£28.40	£108.24	£1,078.70
Harold Wood	134	£6.90	£28.40	£108.39	£1,089.40
Broxbourne	471	£7.30	£29.00	£109.00	£1,098.70
	94	–	–	–	£1,437.10
Cheshunt	184	£6.80	£29.28	£107.80	£1,088.50
	5	–	–	–	£1,356.00
Billericay	340	£10.60	£33.10	£125.98	£1,257.68
	93	–	–	–	£1,586.30
Norwich	62	£10.30	£46.10	£163.70	£1,537.00
	370	£6.00	–	–	–

Cycling

All stations have cycle parking with the provision varying according to the size of the station.

Greater Anglia offer enhanced facilities such as secure cycle parking, cycle maintenance and cycle hire. This is branded under CyclePoint (five stations) or CyclePark Plus (18 stations).

Cycles are accepted on most train services with the exception of the peak Cambridge to London services.

At 13 stations, AGA offers “Bike and Go” where passengers can hire a bike for the day to continue their onward journey.

Station Security

The franchisee participates in both the Park Mark and Secure Stations Scheme.

The Secure Stations Scheme recognises good practice where train operators have worked with BTP to implement security measures at stations taking into account design, management practices, security and passenger safety. The franchisee currently has 67 stations with Secure Station Status.

Park Mark demonstrates that a car park has measures in place to deter crime and anti-social behaviour as assessed by the British Transport Police (BTP). Of the 63 car parks managed by the franchisee, 58 have been awarded the Park Mark.

Catering

On-board catering is offered on the InterCity Norwich to London services and Stansted Express.



InterCity Catering

A fixed café bar is offered in carriage H of the Mark III coaching stock where a selection of sandwiches, snacks and hot & cold drinks are offered.

On these services when first class passengers show their ticket at the café bar, they will receive complimentary soft drinks and snacks.

Stansted Express

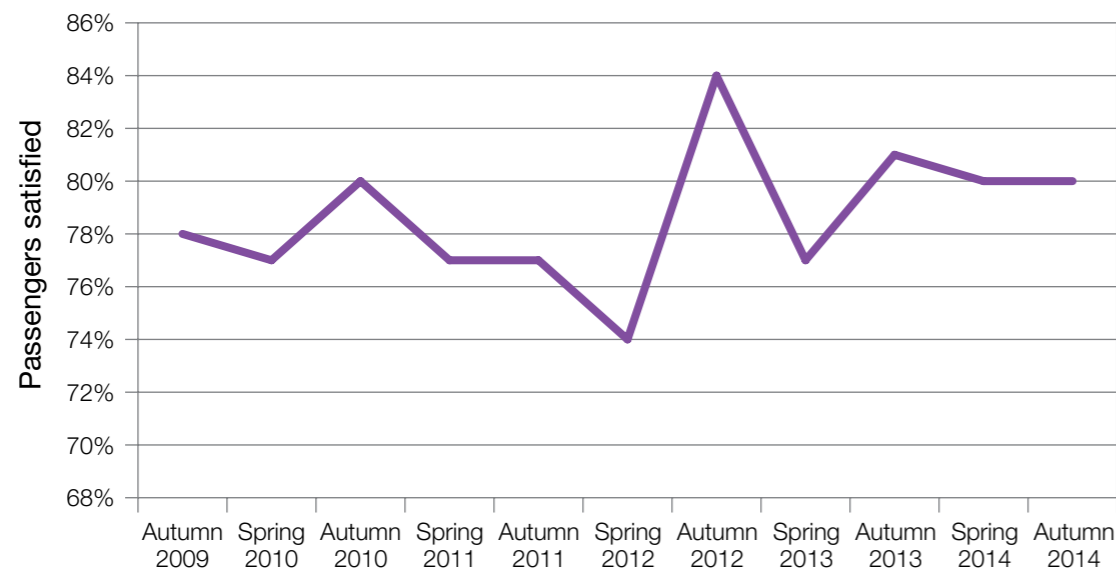
A trolley service on the off peak train services offering snacks and sandwiches with hot and cold drinks.

Complimentary drinks are offered to first class passengers.

Passenger Experience

Passenger Satisfaction is measured by two National Rail Passenger Satisfaction (NRPS) surveys undertaken in the spring and autumn of each year by Passenger Focus.

Figure 37: NRPS Overall Passenger Satisfaction with the Journey 2009 – 2014

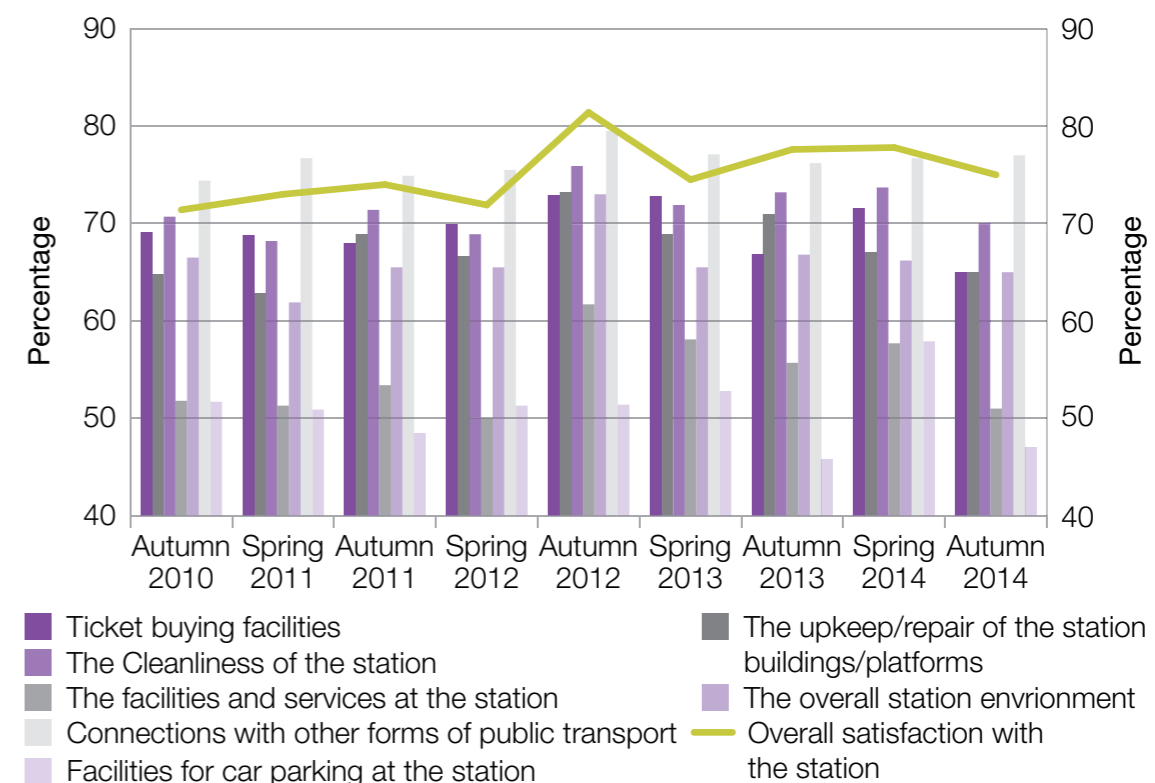


“The NRPS for the Greater Anglia franchise indicates that there was a period of decline in passenger satisfaction between the autumn 2011 and the spring 2012 surveys. This decline has been addressed by the current franchisee and is much improved now averaging at 80% or above. However, the improvement has not been sustained during 2014 and, it remains below the sector average NRPS when benchmarked to other TOCs.”

Passenger Experience Stations

Figure 38 below shows passenger satisfaction with stations and a number of factors show concern with passengers such as upkeep of stations and car parking on the Greater Anglia route. Passenger satisfaction shows an improvement in autumn 2012 but has declined once again and remained steady at around 75%.

Figure 38: Greater Anglia NRPS – Stations



At a granular level, the following issues arise when Greater Anglia segments are benchmarked against other TOCs for stations:

- InterCity overall scores very well against the sector average on all levels of passenger satisfaction except in ticket buying facilities and waiting facilities
- Great Eastern have good passenger satisfaction in particular against cleanliness, station facilities and staffing but perform poorly on the level of seating and shelter availability
- West Anglia has poor passenger satisfaction in all categories except car parking and staff helpfulness
- Stansted Express has the highest overall satisfaction in all groups and when compared to other TOCs
- Regional services has low satisfaction particularly in areas of information and ticket buying as many of these stations are in category E and F, therefore lacking facilities for ticket purchase and do not have access to staff or information.

Passenger Experience

Figure 39: Greater Anglia NRPS – On Board

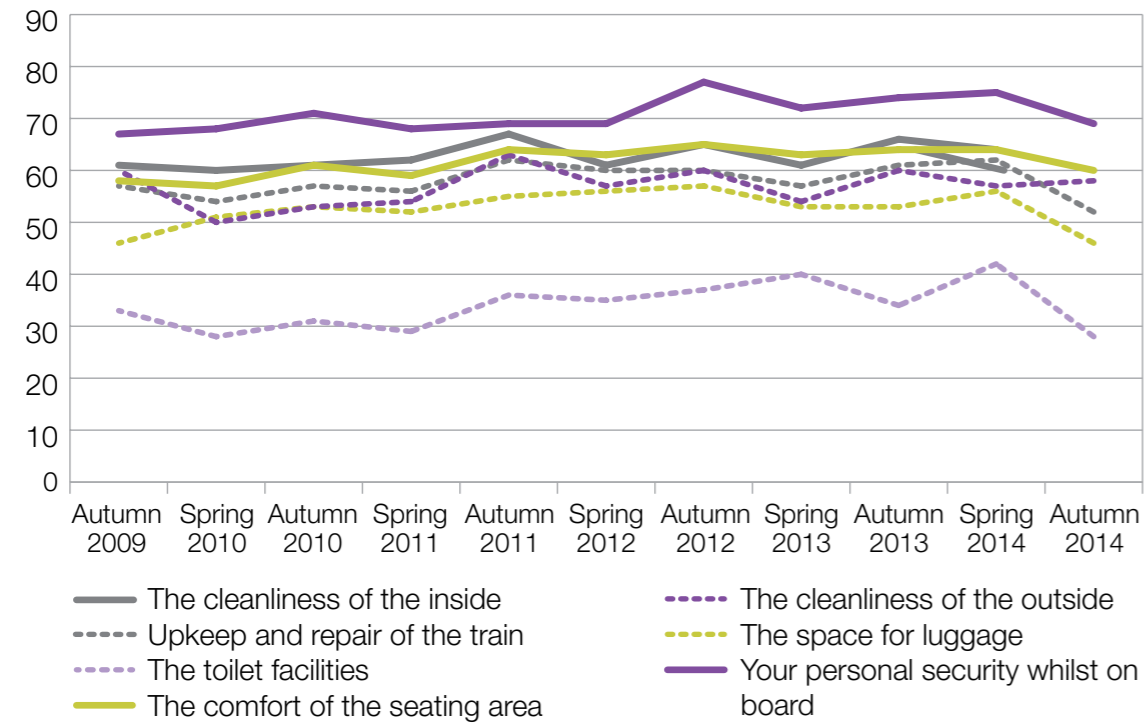


Figure 39 for station satisfaction shows that there is general decline in satisfaction with on board particularly in relation to toilets and cleanliness of the train.

- InterCity on train satisfaction is particularly poor in train repair, cleanliness, comfort and connectivity and journey time
- Great Eastern services has poor satisfaction against their service groups in all areas except journey times and dealing with delays

Similarly there is poor satisfaction against all areas in West Anglia particularly in relation to the quality standards on board the trains although there was better sector satisfaction in space for luggage, toilets and adequate space on board.

Passenger Focus has also completed some research on the factors that are key in driving passenger satisfaction and these are shown in figures 40 and 41.

“Stratford could do with more bike lock space. It’s really frustrating because you can walk round for ages trying to find somewhere to lock your bike up.”

London, InterCity

Figure 40: National Rail Passenger Survey: Spring 2014/Autumn 2014 Drivers of Passenger Satisfaction – East Anglia Building Blocks

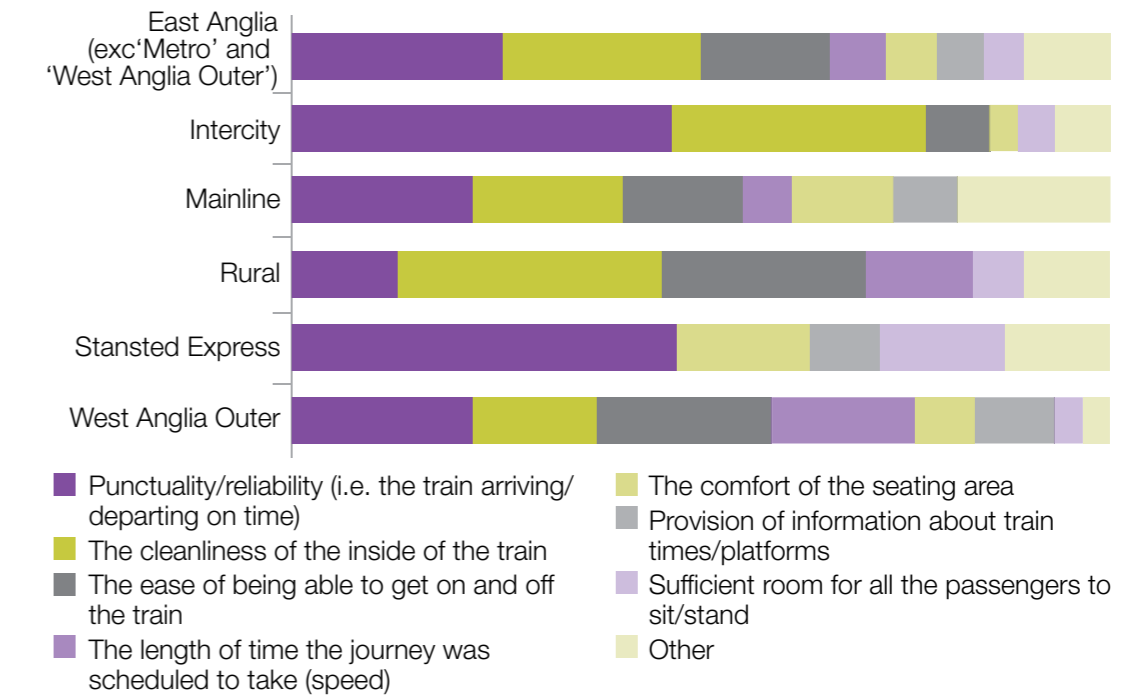
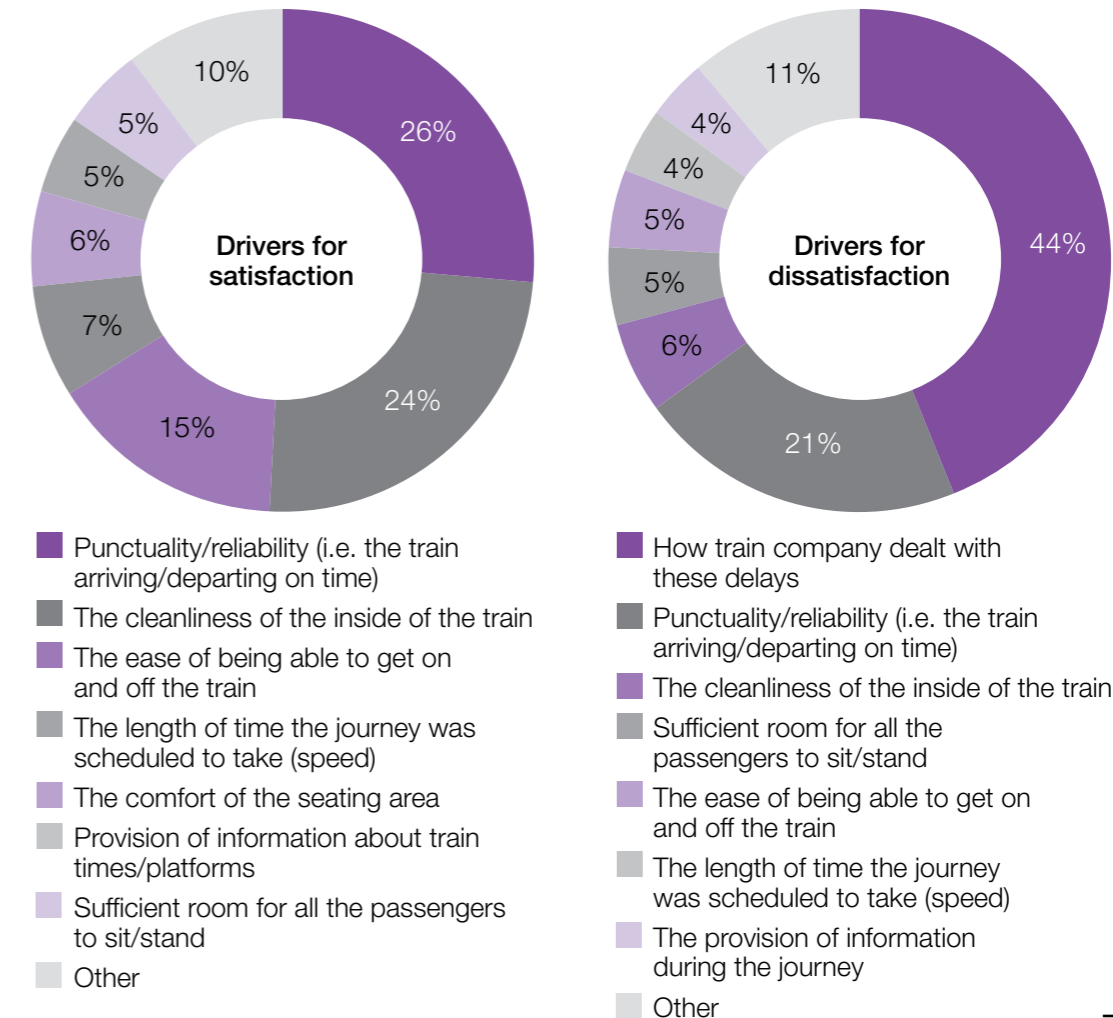


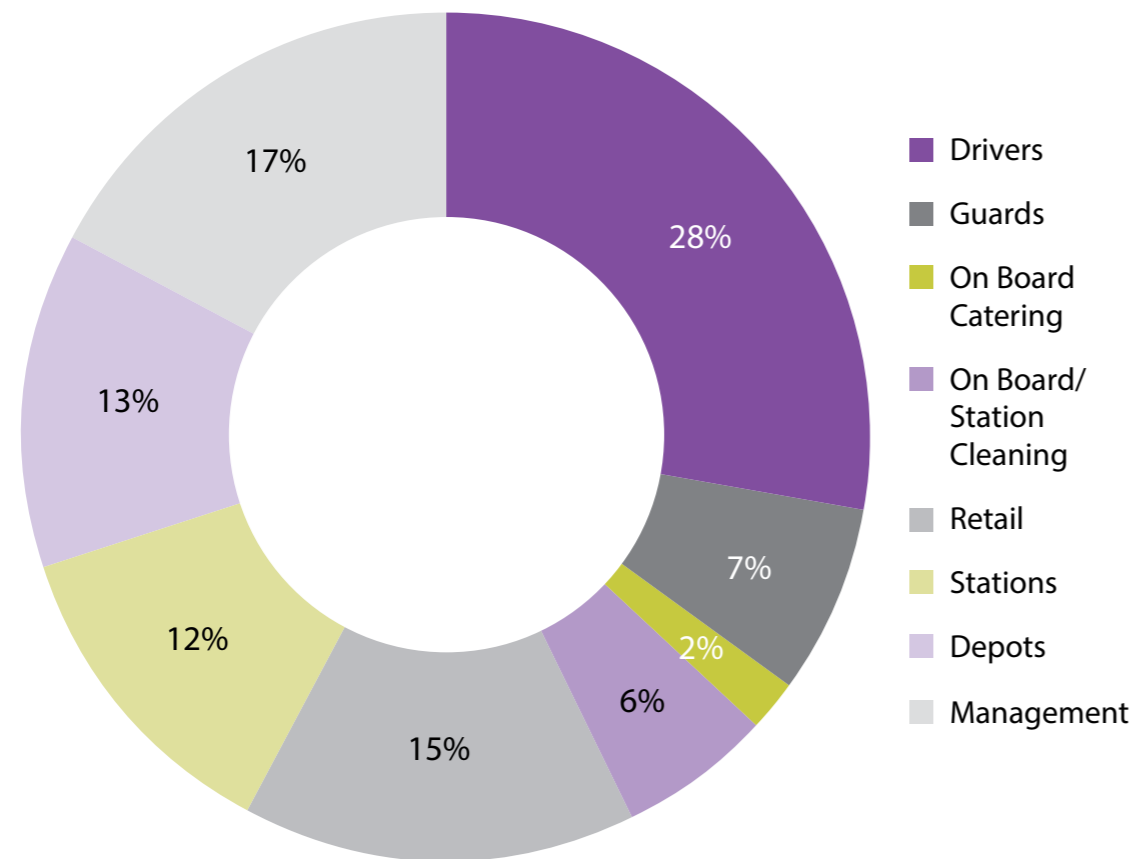
Figure 41: National Rail Passenger Survey: Spring 2014/Autumn 2014 Greater Anglia (Excluding 'Metro' and 'West Anglia Inner')



Staffing

Figure 42 illustrates the split of staff by function within Greater Anglia. It should be noted that station staff includes some element of gate line staff but, most of this is contracted to a third party supplier, and that some catering and cleaning functions are also outsourced. As result of changes in franchise ownership and changes between outsourcing and in-house management of functions employees can be on differing terms and conditions within the same grade.

Figure 42: Split of staff by function within Greater Anglia



“There’s loads of staff at Liverpool Street and less of them at more local stations. At Norwich the staff are really helpful, that’s how I’ve always found it. It almost has a country atmosphere.”

InterCity passenger commenting on staff



Financial Information

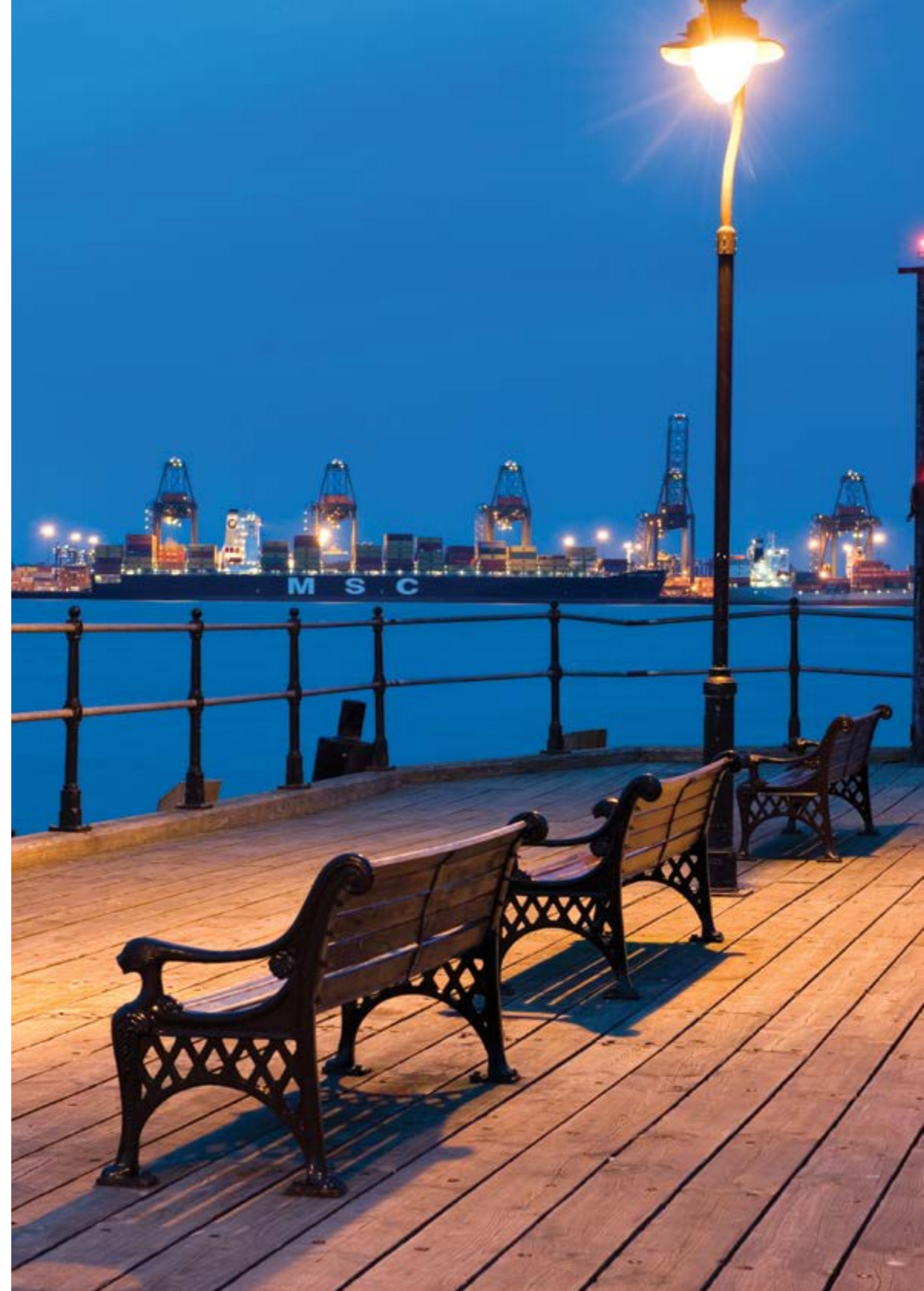
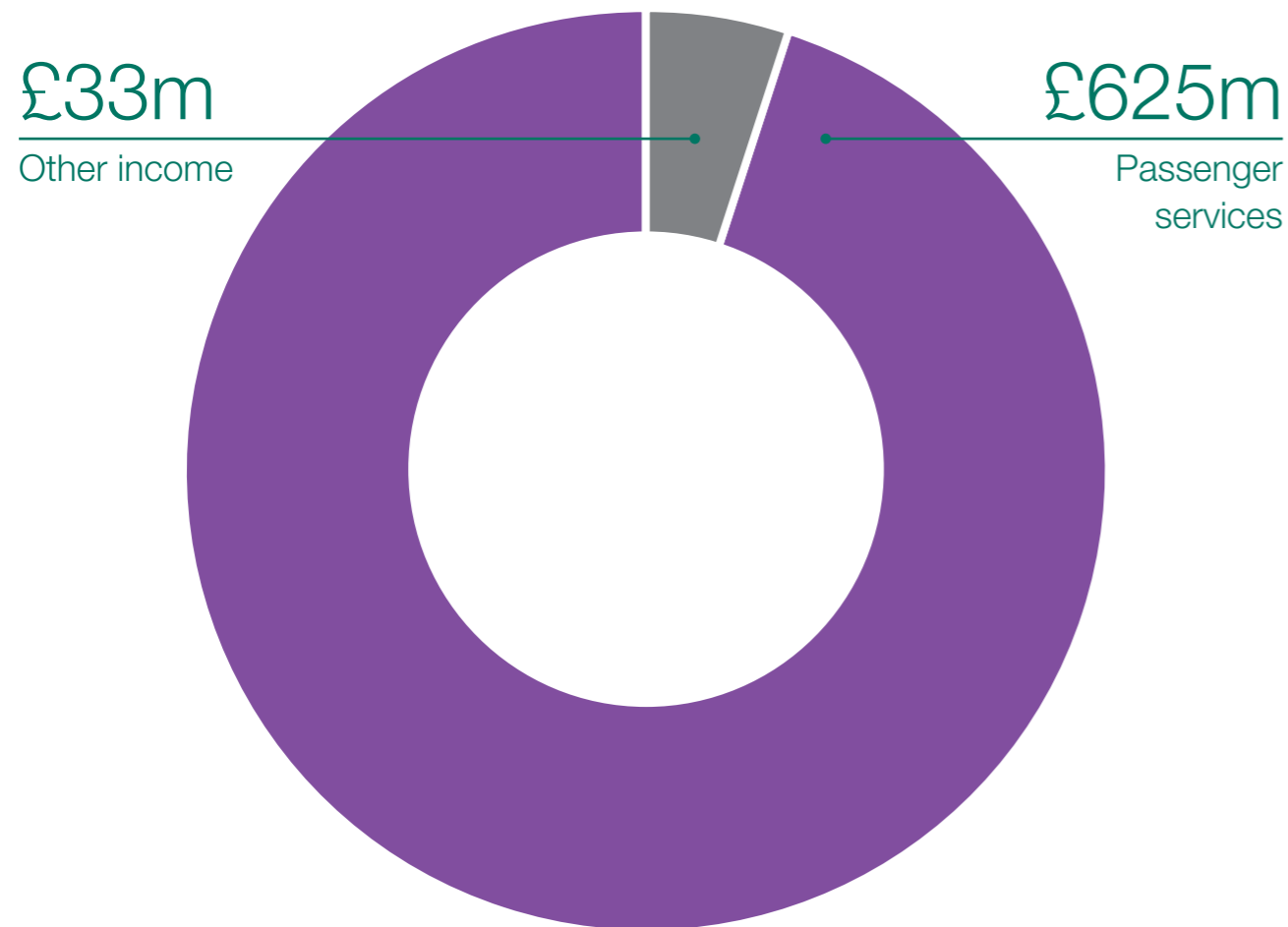
Financial information from February 2012 has been extracted from periodic Abellio Greater Anglia Ltd financial accounts as supplied to DfT and published statutory accounts. Financial information prior to February 2012 has been extracted from published statutory accounts for National Express East Anglia Ltd. All financial information is represented in nominal terms unless otherwise stated, and relates to DfT financial years (ending 31st March annually) unless otherwise stated.

Since Abellio Greater Anglia Limited was formed to manage the franchise and commenced trading on 5th February 2012, revenues from passenger services have increased by 6.6% and 7.0% in the subsequent two years.

Passenger services revenue has increased by 24.6% since 2008/09 when revenues were £501 million. For the year ended 31 March 2014, Greater Anglia generated passenger revenues of £625 million. Greater Anglia also generated £33 million of ancillary revenues.

The breakdown of revenue for 2013 can be seen in Figure 43 below.

Figure 43: Revenue 2013 (year ending 31 March 2014)



Between 2007 and 2013, Greater Anglia benefited from positive growth in passenger journey numbers and therefore revenue.



Annual growth, 2007 to 2013 (CAGR)⁵

+3.5% Journeys

+4.6% Revenue (nominal)

+1.3% Revenue (real)

The Greater Anglia franchise is a premium producing operator, paying £164m over to DfT in 2013 (financial year ended 31 March 2014). During the same year Greater Anglia reported a cost base excluding the premium paid over to DfT of £498 million, up 3.7% from £480 million in 2012. The breakdown of the 2013 cost base can be seen in Figure 44.

£131m

Access and related charges payable to Network Rail

This cost category accounts for 26% of East Anglia's cost base. It relates to both fixed and variable elements, the quantum of which is set by ORR under the Periodic Review mechanism. The costs represented here are based on the previous control period.

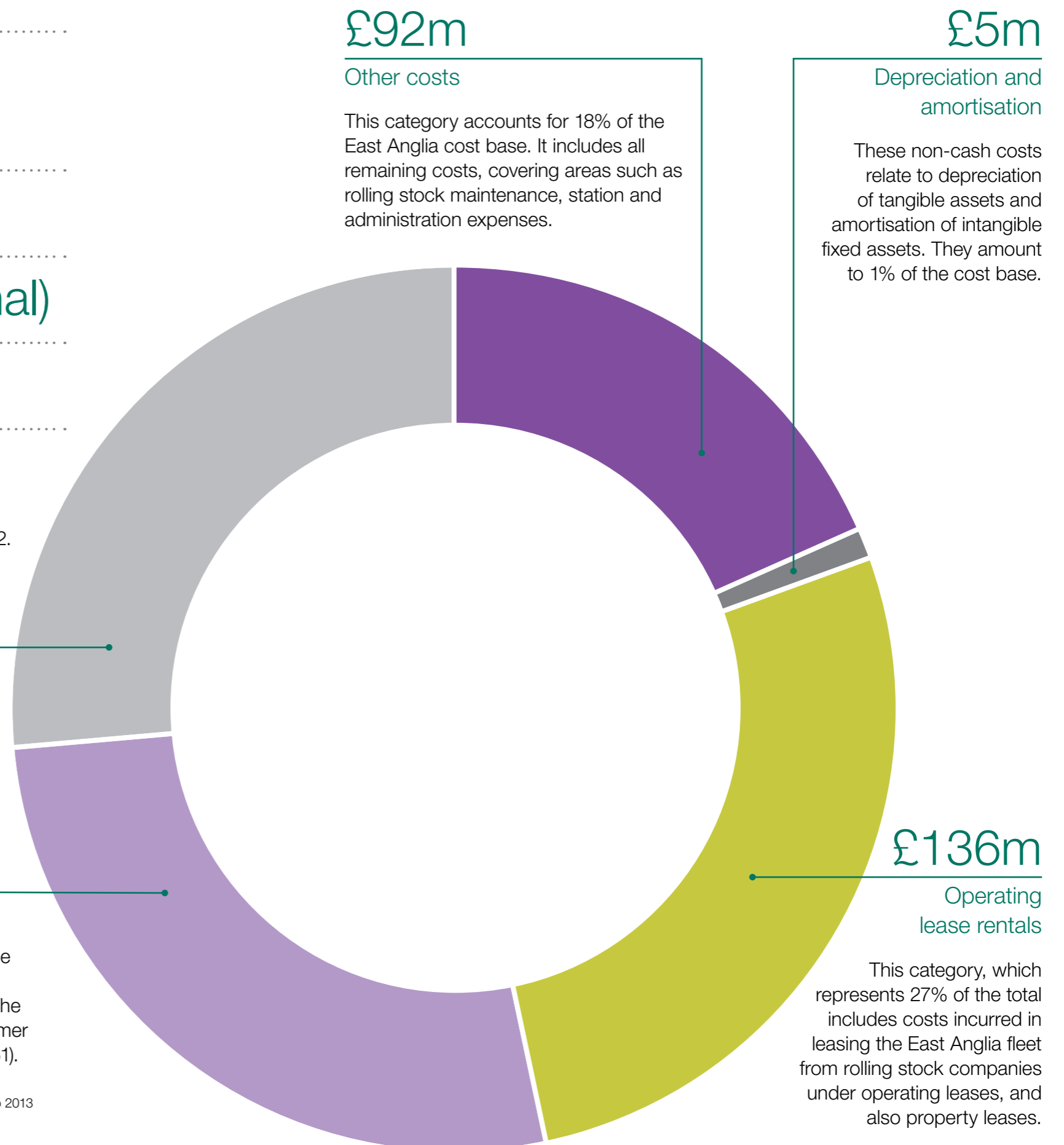
£134m

Staff costs

Covering the salaries and associated employment costs of the current 2,988 staff (last year this figure was 2,927 staff). This cost category accounts for 27% of East Anglia's cost base. The staff number is distributed between operations (1,256), customer services (1,134), engineering (437), and administrative staff (161).

⁵ Journeys CAGR is calculated from 2006/07 to 2013/14 rail years. Revenue growth is calculated from 2007 to 2013 calendar years, and is taken from statutory accounts

Figure 44: Operating Costs 2013 (year ending 31 March 2014)



£92m

Other costs

This category accounts for 18% of the East Anglia cost base. It includes all remaining costs, covering areas such as rolling stock maintenance, station and administration expenses.

£5m

Depreciation and amortisation

These non-cash costs relate to depreciation of tangible assets and amortisation of intangible fixed assets. They amount to 1% of the cost base.

£136m

Operating lease rentals

This category, which represents 27% of the total includes costs incurred in leasing the East Anglia fleet from rolling stock companies under operating leases, and also property leases.






PART C

The specification of passenger services for the new East Anglia franchise will be informed by the public consultation. Rail Executive is committed to engaging widely with all interested parties in the development of the franchise specification for passenger services, and the public consultation forms a critical part of this process. Rail Executive will continue to participate in an ongoing engagement process with relevant stakeholders until proposals are finalised in August 2015. For details of the public consultation, please see <https://www.gov.uk/government/consultations/east-anglia-rail-passenger-franchise>.

Introduction

Franchise Requirements

This section outlines Rail Executive's vision and objectives for the East Anglia franchise and provides further detail of areas that will be looked at in conjunction with the public consultation for developing the Invitation to Tender (ITT).

	Franchise length	Franchise length will be 8–11 years with possible extension of up to one year at Rail Executive's discretion.
	Geographical area	Geographical area is unchanged subject to the devolution of services to Crossrail Ltd and LOROL; and public consultation.
	Key impacts	Key impacts include the devolution and transfer of services; a new Chesterton Station; Bow Junction works, Crossrail Ltd and Great Eastern Mainline Taskforce.
	Capital requirements	Required Parent Company Guarantee will comprise a fixed guarantee (of GBP £40 million at the pre-qualification stage or such higher amount as the Department may decide at the tender stage), plus a further variable guarantee amount which will depend on the level of Franchise Payments bid. The method for calculating this will be set out in the ITT. Further details are set out in the PPD.
	Bonding	Season Ticket Bond is likely to be around £80m. Performance Bond of around £15m. A parent company guarantee may be required in support in respect of the Franchisee's obligation to maintain the stations. Further details will be set out in the ITT.
	Risk and reward	Options currently being considered by Rail Executive include potential full risk transfer, or for sharing risk through a risk sharing mechanism. Further details will be set out in the ITT.



Promoting passenger perspectives in the East Anglia franchise competition

Passenger Focus is pleased to contribute to this Prospectus for the next East Anglia franchise. In our capacity as the independent watchdog for Britain's rail passengers we want to stress the importance of a franchise that places passenger interests at the heart of planning and operations.

Our research identifies the issues that are important to passengers. We recently completed a series of focus groups with passengers across the East Anglia network and also talked to lapsed - or non-users of these rail services. We will use the findings from these structured conversations to build our understanding of current experience and future aspirations. This qualitative research will provide additional insight, and add depth to the hard data derived from the National Rail Passenger Survey and the 2014 Rail Passengers' Priorities for Improvement study.

Over the coming months we will share all our research evidence with the Department and potential bidders, and will continue promoting passenger interests to help shape a successful passenger-orientated franchise.

Passengers' priorities for improvement are remarkably consistent. They want better value for money for the price of their tickets and sufficiently frequent, punctual and reliable services on which they can get a seat. These factors make up the core offer – the things passengers expect to receive when they pay for, and make, their journey.!

Some of the key concerns for passengers on East Anglia are the quality of the trains currently in operation and the availability of seating. The speed of some journeys is also an issue, as is concern about delays and disruption. More broadly, it is important that passengers can easily access information about their services; whether at the journey planning stage, at the station or during travel, particularly if there is any disruption.

The overall passenger experience is influenced by a wide range of factors. So it is important that the franchise specification recognises the full spectrum of passenger needs and the importance of quality in all aspects of service provision. We will be looking to bidders to respond positively and creatively to the opportunities presented by a new franchise as they develop their proposals for the future.

Our research into passengers' understanding of franchising indicates that passengers want a greater say in the process. They want to know what is being purchased on their behalf and they want their views reflected in holding the operator to account for the quality of service they deliver.

Our recent Rail Passenger Trust Survey found that, whilst passengers are fairly positive about rail and their last journey experience, few would recommend it as a way to travel. To build greater trust and confidence amongst passengers it is important not only to deliver a punctual and reliable service, but also to build a stronger relationship with passengers, this being based on communicating openly and honestly and treating customers fairly.

Looking ahead, we are pleased that the National Rail Passenger Survey can play a role in harnessing passenger feedback to drive improvements for the future. Positive plans for passenger engagement and a commitment to transparency of information will also help build trust and confidence.

Passenger fares represent nearly two thirds of the income of the rail industry and East Anglia plays an important role in many peoples' lives as they make trips for work, business and leisure. On behalf of all current and future users of these services, we ask that passenger interests are placed squarely at the heart of the new franchise.

Passenger Focus Research




As part of the Public Consultation and engagement with our stakeholders, Passenger Focus on behalf of the DfT undertook qualitative research in order to establish the views of current passengers: passengers who either do not currently travel by rail in East Anglia or passengers who have travelled by rail in the past but are not currently using rail.

A series of focus groups were held throughout the region together with a number of one-to-one interviews to obtain the views on the following areas:

- The current passenger experience
- Aspirations for the new franchise
- Priorities for improvement; and,
- Non-rail users' reasons for not travelling.

Passenger Focus concluded that the priority for improvement was felt mostly among the core, most frequent passengers. The three main areas which were identified as requiring particular focus were rolling stock, station facilities and service reliability and punctuality. The passengers are looking to gain trust from the TOC which they feel could be achieved by sharing all key performance metrics, without the absence of negatives.

Key priorities for improvement on East Anglia according to Passenger Focus research

-  Unreliable train service
-  Good frequency but would like later services
-  Journey times too long



Pre journey experience

- A range of sites and apps were used but online queries regarding Greater Anglia train services were generally found via National Rail Enquiries, and subsequently re-routed to the AGA website, indicating that the current website was perhaps not particularly user-friendly and informative
- There were strengths and weaknesses identified across the network regarding station access, but bus links were noted in particular as being well perceived. It was felt that Train Operating Companies (TOCs) needed to communicate policy decisions on car parks to passengers, and any negative experience at car parks was seen as an extension of overall service provision
- Increased bike facility investment would be welcomed at stations, but there needs to be an assurance that the on board facilities for bikes are reciprocated
- Modern technology has meant that passenger expectation is a lot higher regarding accuracy and availability of information, but the current information delivered is often deemed to be incorrect and not aligned across channels.



Fares and Ticketing

- Evidence of gaps were identified which would require attention in terms of improving ticketing information and ticket facilities
- There is a desire for the franchisee to promote any advantages on ticket prices, and this contributes to the passengers' perception of good value for money. Whilst traditional views of advanced fares being cheaper, and walk-ups being the most expensive, there is a view that better advance savings exist with other train operators
- Stansted Express has been explicitly noted as a line where passengers lack knowledge of ticket options.



Stations and trains

- There is general recognition that some stations require more facilities than others but basics such as toilets, shelter, information and refreshments should be available at all
- A requirement for staff roles to continue providing tickets, information, security, train despatching and revenue protection still remains, despite the increase of alternative information channels. Staff currently tend to deliver against

expectations in terms of service and network knowledge. However there is dissatisfaction around their visibility and knowledge during disruption as well as security presence during quieter periods

- The age and quality of the rolling stock has created trust issues for a minority, and it is felt that an upgrade and/or refurbishment of older stock could help to meet passenger needs
- Seating issues tended to be specific to route and passenger type rather than across the full franchise network, but it was nevertheless noted
- The need to stand exacerbates negativity and resentment, especially when reflecting the price paid for the ticket. It has been felt as a disincentive for non-users concerned about safety and, for some users is tolerated, as long as the journey is not long.



Service provision

- The service was deemed to be generally unreliable, with dissatisfaction particularly high among frequent commuter passengers
- The frequency of services was perceived as adequate but it is felt that demand for later services would likely increase
- There were some comments about overly lengthy journey times.



Franchise process

- There is a genuine interest from passengers for the TOC to make a noticeable impact on the franchise. Particular attention was placed round improvements regarding ticketing, and having an open and honest relationship between the passenger and the TOC.



Lapsed and non-users

- The perception of lack of control over the travel environment was the main reason behind lapsed and non-rail users using the services. Entrenched mind-sets rather than network-specifics were the main deterrent, but passengers within this category were open to the idea of trialling the train services with sufficient incentive
- Convenience and (relative) cost also influenced decisions.

Rail Executive and Passenger Services objectives



Tackle capacity constraints, grow new markets and support wider housing and economic development plans.



Improve efficiency, spread demand, reduce costs and increase long term value of the railway.



Increase standards in passenger service, railway performance and station facilities.



Improve safety and environmental outcomes.



Improve social inclusion, accessibility and modal integration.

Values



- Joined Up
- Open
- Confident
- Ambitious

Our **Mission** is to lead a **World Class Railway** that creates **opportunity** for people and businesses

Strategic Aims

- Ensuring **PASSENGERS** benefit from a high performing, affordable railway.
- Keep **CITIES** moving and connecting communities at an acceptable cost to the taxpayer.
- Creating the conditions for a flourishing internationally competitive **RAIL SECTOR**, including supply chain.
- Improving international access and growing **FREIGHT** markets.

Franchising Director's Programme Objectives



Develop and realise the full potential within existing rail markets, grow new markets, spread demand and improve seat utilisation, innovate and invest in partnerships to tackle capacity constraints and improve industry planning for demand.



Deliver consistently excellent standards in passenger service, including train and station presentation, passenger information and retail facilities. This can be achieved by using technical innovations and by investing in new solutions where the case merits it.



Invest in and deliver consistently excellent on board and station facilities and services, as well as managing journey disruption in ways that measurably impress passengers, minimise their inconvenience and allow them to make informed and up-to-the minute decisions on travel.



Increase the long term value of passenger railways and their resources and assets. This may be achieved through improvements in overall management, cost efficiency and investment.



Achieve benefits across the industry, including improved efficiency, performance and planning by working jointly or in alliance with other industry members and stakeholders. This will help to reduce industry costs by £3.5 billion a year by 2019, as identified in the Rail Command Paper "Reforming our Railways: Putting the Passenger First".



Work in partnership with central and local government, transport authorities and key stakeholders to deliver affordable and sustainable long term socio-economic benefits for communities served by these passenger railways.



Invest in new solutions that reduce the industry's energy consumption, waste, carbon emissions and other harmful environmental effects.



Seek to invest in and harness the very best in technology, innovation, sustainability and access improvements to provide efficient and inclusive transport for all passengers.



Develop greener strategies for door-to-door journey solutions including better and more efficient connectivity with other transport modes.



Work inclusively with the industry and wider supply chain, involving small and medium enterprises and academic institutions to promote opportunities for economic inclusion.



Work collaboratively with freight operators and logistics businesses to maximise access to the network and to explore commercial opportunities.

To deliver a step change in the **passenger experience** to support regional growth



Franchise Objectives



Help the economy of East Anglia thrive by offering good quality rail services for passengers to and from the region and across the region with service levels that reflect the specific requirements of the different markets served, all while working within the affordability constraints on public funding.



Realise the benefits from rail investment in East Anglia through a transformation in operations and ensure journey time, frequency, reliability and connectivity benefits for passengers are delivered.



Deliver excellence in passenger service through an innovative approach to all aspects of the passenger journey. Achieve consistently high standards of performance in the operation of train services and minimise passengers' inconvenience in the case of disruption.



Secure whole industry efficiencies and help reduce overall industry costs by working in partnership across the rail industry.



Support local communities to help deliver local transport integration, local regeneration and investment in and around stations.



Improve social and environmental sustainability to reduce carbon emissions, use resources effectively and build skills and capability within the business and supply chain.

Developing the Franchise Specification

Franchise Specification

The development of the specification for the East Anglia franchise involves systematic and detailed analysis. Figure 45 below shows the elements that make up the franchise specification and the process for developing the franchise specification.

Figure 45: Franchise Specification Development



Government Policy

The starting point for each franchise specification is the consideration of wider government policy as it provides an opportunity to embed and secure these benefits as part of a new Franchise Agreement. These could include such policy areas as:

- Sustainability and environment
- Equalities
- Smart ticketing
- Working with Small to Medium Enterprises (SME's) in the franchisee supply chain.



Market Assessment

Each franchise is specified individually taking into account every aspect of its operating environment. As part of this process we undertake a market review to understand the current franchise in terms of its operating and financial performance and how this aligns to policy options for areas such as performance measures, national rail passenger satisfaction, and capacity.

Public Consultation and Stakeholder Engagement

In developing the franchise specification we undertake significant public and stakeholder engagement to seek views and aspirations of stakeholders which include rail industry partners, elected representatives at a local and national level, local interest groups and passengers.

The East Anglia Public Consultation commenced on the 9 December 2014 and is due to be completed on the 16 March 2015. We will undertake a detailed analysis of the responses to the public consultation which will be fed into the optioning process for the design of the East Anglia franchise.

A response to the public consultation will be published alongside the Invitation to Tender.

In addition to the formal public consultation process, we have met with a number of key stakeholders and held public meetings to hear about future aspirations. This work also includes for the first time, working with Transport Catapult on a number “Innovation Workshops” for the future franchise.

Options

In parallel and in conjunction with the detailed public consultation we undertake an option, assessment and selection process. This process focuses on the market sectors that we have identified and for each of these areas we will develop a long list of options. Responses to the public consultation will help inform Rail Executive's shortlisting of options and specification set out in the Invitation to Tender. The sift will occur according to the Department's published Franchise Process Guide. A copy can be found at <https://www.gov.uk/government/publications/franchise-competition-process-guide>.

It is our aim at this stage to develop a flexible specification subject to any specific requirements that may be informed by the public consultation. We wish to keep the specification as flexible as possible in order to achieve our objective of transforming the East Anglia franchise and we believe that this can only be achieved if we allow bidders to be truly innovative.



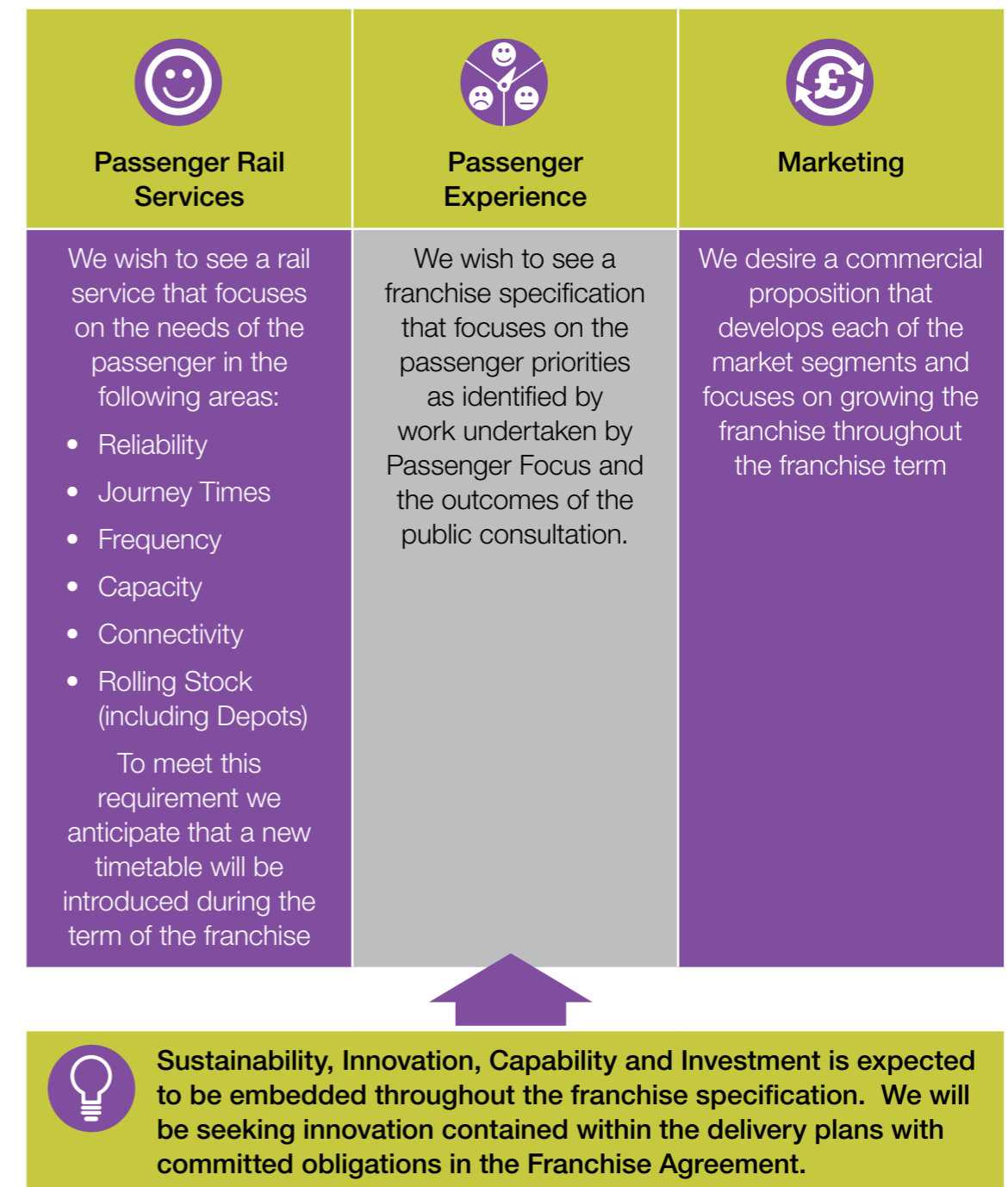
Specification

On completion of the short listing of options, we will develop the East Anglia franchise specification.

To meet our franchise objectives we expect the Invitation to Tender to have focus on the following areas:

- Delivering the Train Services
- Delivering the Passenger Experience.

Figure 46: Draft Outline Franchise Specification⁶



“Ipswich station needs to be completely remodernised because it’s really tired and not the most exciting place to be.”

Ipswich, Rural

⁶ Detail subject to the outcome of the East Anglia Public Consultation



Releasing the Potential

We are ambitious to transform the vibrant and dynamic economy of Norfolk, Suffolk and Essex and to further establish East Anglia as a centre of global business excellence.

With a combined population of three million, Norfolk, Suffolk and Essex are already renowned for their quality of life with spectacular coast and countryside, generating £7 billion a year in tourism alone.

We are also vital to UKplc – being one of only two net contributor regions to the Treasury. We also generate an annual Gross Value added (GVA) of almost £60 billion – expected to increase to £75 billion by 2026 – and boast global expertise in key sectors from financial services to agri-tech, life sciences and energy.

We are home to Europe's biggest insurance cluster with Aviva, Axa, Marsh, Legal and General and Willis Group; BT has its European research and development headquarters here; it has the UK's largest container port and our energy coast has £50 billion of potential investment for nuclear, gas and renewable energy production.

We are leaders in innovation, research and education – Norwich Research Park is one of Europe's biggest concentrations of research in environment, health and plant science; the Knowledge Gateway at the University of Essex is set to become a leading location for research and business; and in Chelmsford, Anglia Ruskin's newly opened Business Innovation Centre for medical and advanced engineering, will nurture fledgling ventures to market.

Fundamental to success is the quality and reliability of the Great Eastern Mainline (GEML). It's the golden thread that runs through our economy and is a vital link for passengers and commuters as well as for employees, visitors and students. It must be a standard bearer to the world that inspires business confidence in East Anglia.

Our Challenge

For far too long the GEML has suffered from the effects of under investment. The key issues for passengers are that trains are often too slow, crowded and unreliable.

Thirty million passenger journeys are made annually on the GEML (excluding Metro services south of Shenfield). Currently 18% of passengers arriving at London Liverpool Street in the morning peak hour already have to stand. Forecasts show that demand for rail travel on the GEML into Liverpool Street from stations in Essex is expected to grow by 52%, with demand from stations in Suffolk and Norfolk expected to grow by 32%.

The GEML has some of the UK's oldest carriages (average age 25 years) and is one of the slowest mainlines in the UK. The average speed of services on the GEML from London to Norwich is 63mph. This means locations along the route are at a competitive disadvantage compared to other centres in the UK. For instance, it takes less time to

travel from London to Stoke on Trent (146 miles), London to Nottingham (126 miles), and from London to Bristol (118 miles) than it takes to get from London to Norwich (115 miles). A journey from London to York, a total of 188 miles, only takes six minutes longer than it does to travel the distance from London to Norwich.

The current performance of the GEML services is amongst the worst in the Greater Anglia franchise, with only 84% of trains running to time against a target of 93% (published performance over the last 12 months). This reflects the issues associated with operating older carriages and infrastructure which is in need of investment.

Our rail network also operates with some of the lowest subsidies in the country; Greater Anglia is the second least subsidised railway company in the UK, receiving only 1.5 pence per passenger mile, against a national average of 12.5 pence per passenger mile. The level of investment for GEML services is disproportionate to the costs that commuters and passengers pay, delivering poor value for money for passengers using those services.

The current constraints on the road and rail networks within the GEML corridor provide a very real barrier to realising the full growth potential across the area. It is therefore of vital importance that the proposals to improve the GEML in terms of infrastructure and service provision are progressed, otherwise there is a very significant risk that the growth potential in the corridor will not be achieved.

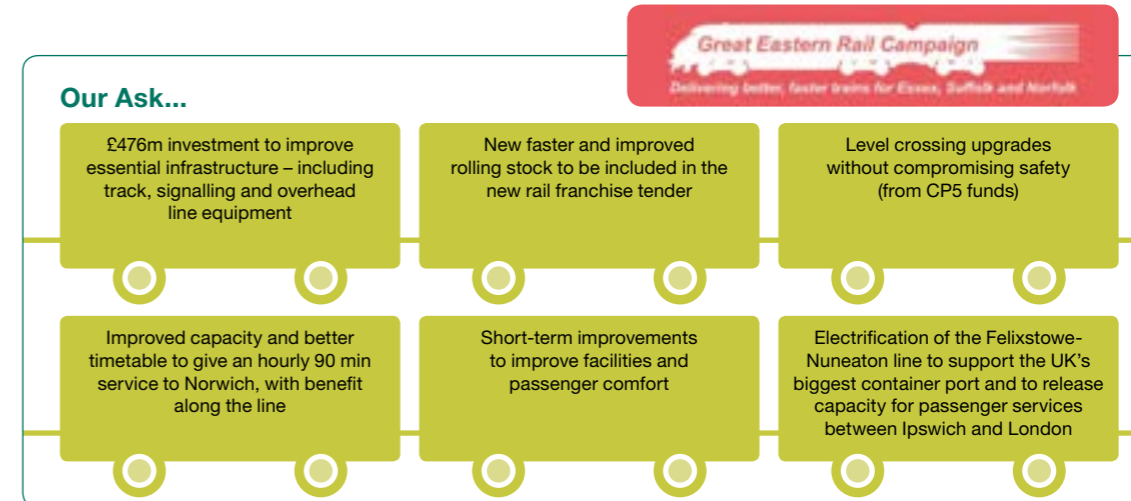
Taskforce Targets Improvements

The Chancellor visited East Anglia in November 2013 and recognised that the rail service on the GEML isn't fit for purpose. He set up a Taskforce to define how we could have a faster, better journey between Essex, Suffolk and Norfolk; and provide a rail service that is fit to meet the demands and ambitions of our international 21st Century economy.

Work started immediately. The Taskforce included MPs, business leaders, the train operator Abellio Greater Anglia, and Network Rail. It was supported by an expert Working Group that provided technical advice and information. The focus was on short-term improvements as well as on the quality of service we require in years to come.

The Taskforce focused its work on the following three key areas:

- Rolling stock (what can be done to improve or replace rolling stock);
- Infrastructure (what needs to be done to improve line speed, including how best to minimise speed restrictions at level crossings without compromising safety; and is the quality of track good enough);
- Timetable (options for improving running times but without reducing passenger service standards and assessing the impact of freight services).



Releasing the Economic Potential

Research has shown that delivering improvements on the GEML will generate:

- £4.1 billion in direct economic benefits, rising to £4.5 billion once wider agglomeration and productivity benefits are included
- An additional £1.3 billion of capital investment along the route
- A total of 3,145 full-time construction jobs will be created
- Create around 8,200 new jobs in Norwich, just under 10,000 new jobs in Ipswich, some 16,000 new jobs in Chelmsford and 14,000 new jobs in Colchester
- Council tax revenue will increase by £15 million annually
- Business rates will increase by £10 million per year
- Journey time savings are estimated at £8.9 million annually for residents and business passengers along the route – equivalent to £276 million over a 30-year period
- For every £1 invested to upgrade the GEML, a return of £9.50 will be generated
- When comparing the economic benefits with the cost of £476 million, the scheme provides a Benefit to Cost Ratio of between 8.6 and 9.5 – both of which represent exceptionally high value for money.

The Great Eastern Rail Campaign

In July 2014, the Great Eastern Rail Campaign was launched, encouraging all rail passengers and businesses to ask for greater investment in the GEML and to provide evidence in support. A campaign website was created and supported by an extensive poster and leaflet campaign at all stations along the route. It gained strong momentum and overwhelming support. Over 100 of the region's most senior business and education leaders supported the campaign, representing more than 111,000 employees and students across Essex, Norfolk and Suffolk. More than 1600 commuters and rail users joined the online campaign.

The campaign was endorsed by leading financial and professional services' businesses, such as Aviva, Axa, Willis Group, BDO, PwC and Mills & Reeve solicitors, who rely on the service to connect with business partners, offices and passengers in London, across the UK and internationally. It was backed by commercial agents, such as Savills and Arnolds Keys, developers including

Targetfollow and construction companies such as Kier Group, who believe increased connectivity will encourage growth in property developments and the redevelopment of key sites in towns and cities across East Anglia.

It was also endorsed by leisure and tourism organisations and businesses, such as Visit East Anglia, the National Trust, Newmarket Racecourse and Gough Hotels, who own landmark attractions and hotels in Ipswich and Bury St Edmunds, as an improved rail service will bring more visitors to the area.

The campaign was also supported by colleges and universities across the region, including the University of East Anglia, City College Norwich, Norwich University of the Arts, University Campus Suffolk and University of Essex, whose students rely on rail connectivity and backed by leading retailers such as John Lewis, Jarrolds and the region's shopping centres, as a more reliable and faster rail service will support the growth of our town and city retail centres.

Success and Momentum

In December 2014 the Chancellor George Osborne and Transport Secretary Patrick McLoughlin announced that the government will support the key recommendations of the GEML Taskforce's report as it moves forward with the next Anglia franchise. The Transport Secretary has asked Network Rail to continue developing improvements to the speed of the line over the next few years, in recognition of the fact that East Anglia's growing economy needs a better rail service.

Next Steps

The Taskforce and rail campaign now move into project delivery to ensure the improvements are delivered on time and to the high specifications set out in the report and to which the Government has agreed.

Can we help?

The co-chairs of the Taskforce, and key supporters, would be pleased to discuss the business case and the detail of the report accepted by government. We will be very demanding of the high standards of service we expect from the new franchise operator, but we will also be a constructive business partner and critical friend too. The future growth of our economy and the interests of millions of passengers depend on it.



EAST ANGLIA FRANCHISE COMPETITION

Network Rail welcomes the opportunity to provide information for the East Anglia Franchise prospectus. The following information is aimed to provide an overview of the key business areas and strategic plans for the East Anglia route.

We strongly support longer franchises and look forward to working with the future franchisee in alliance with our local Network Rail teams, and other stakeholders to manage the rail business in a collaborative manner and improve industry efficiency and effectiveness.

The East Anglia franchisee will be a key customer and we are very committed to working with the future operator to meet the growing capacity and performance challenges to improve rail services in East Anglia.

Control Period 5 Plan for the Anglia Route

There is a significant programme of enhancement schemes planned for CP5. The principle enhancement projects are:

- Great Eastern Main Line Capacity Enhancement - Bow Junction Remodelling
- West Anglia Main Line (WAML) Capacity Enhancement
- Reopening of Lea Bridge Station
- Ely North Junction Remodelling
- Felixstowe to Nuneaton Capacity Enhancement
- Gospel Oak – Barking electrification
- Line Speed Improvements on the Great Eastern Main Line to support the “Great Eastern Main Line Taskforce” objectives.
- Crossrail

There is also a significant programme of renewal schemes planned for CP5, including plain line track renewals, switch and crossing renewals and replacement of overhead line equipment.

Performance

Performance on the network is currently below target. Network Rail would like to work with the DfT and East Anglia franchisee to support improvement in performance on the Anglia Route. Network Rail support having aligned performance objectives between Network Rail and the new franchisee, to support providing the best performing railway for the end user.

Network Availability

Network Rail welcomes working with the new franchisee to agree how to provide access to enable us to carry out a major programme of improvement works in the safest and most cost effective way, while minimising disruption to the end user.

Safety

Safety remains a top priority. Network Rail's safety vision is ‘Everyone home safe every day’ It is our belief that outstanding safety performance and outstanding business performance go hand in hand.

Environment

Network Rail considers that the re-franchising process affords the industry a unique opportunity to address the issue of effluent being discharged on the rail network. Addressing this unpleasant issue would result in an improved environment for passengers, railway staff



and line-side neighbours. We welcome the fact that DfT has already committed to the installation of retention tanks during this franchise.

Efficiencies

Network Rail is challenging financial targets in CP5 and will need to work closely with the East Anglia Franchisee to achieve the greatest taxpayer value for money, in both its capital investments and day to day management of its operations.

Traffic Management

The Romford Railway Operating Centre (ROC) will open in May 2015.

Network Rail would like to work with the new franchisee to support and deliver its future Digital Railway aspirations and to further deploy Traffic Management across the Anglia Route.

Stations

Under the 99 year lease arrangements the franchisee is responsible for planning and undertaking all maintenance and renewal activities of the station assets.

Longer Term Anglia Route Plans

Anglia Route Study – Draft for Consultation

Key industry parties as well as wider local stakeholders with an interest in the Anglia route have assisted in the production of the Anglia Route study, Draft for Consultation which was published on 5 November 2014. The route study identified future demand and connectivity outputs and assessed where the infrastructure would need to change to deliver these outcomes. On-train crowding on peak services into London Terminals and delivering freight growth were identified as the primary constraints.

The study identifies a range of choices for funders for Control Period 6 (2019-2024) and beyond to 2043 to address these constraints, comprising train lengthening and additional services to increase capacity.

Crossrail 2

Crossrail 2 is the proposed new high-frequency, high-capacity rail line running through London and into Surrey and Hertfordshire linking into the West Anglia Main Line which would involve four tracking of the West Anglia Main Line. It would add much needed capacity to London's rail network and support economic regeneration.

Crossrail 2 is still in early stages of development and the high level programme indicates construction activities in the 2020s with an initial opening date of 2030.

There are a number of challenges and opportunities on the Anglia Route. Network Rail looks forward to working with DfT, potential bidders and other stakeholders to manage the rail business in a collaborative manner to deliver a better service to our end users.

Paul Harwood
Strategy and Planning Director, South

Priorities for the new East Anglia Franchise



InterCity

- Rolling Stock and depot strategy
- Journey times, frequency, calling patterns and connectivity
- Reliability – infrastructure and rolling stock
- Passenger experience at stations and on train
- Fares and ticketing



Stansted Express

- Journey times, frequency and calling patterns
- Fares and ticketing
- Service offer



Great Eastern

- Journey times, frequency and calling pattern
- Improving value for money
- Better connectivity or additional through services with rail and other transport modes
- Rolling stock and depots to meet capacity requirements
- Passenger experience at stations and on train



West Anglia

- Journey time, frequency and calling patterns
- Ticketing and fares
- Rolling stock and depots
- Improving value for money
- Calling at new stations
- Performance



Rural/Regional

- Community rail partnerships
- Frequency and connections to the rest of the network
- Regional growth

Innovation, Capability and Sustainability

Innovation

The rail industry is very much alive to the concept of innovation playing its part in delivering a great passenger experience and driving performance up. The Department is looking for a bidder that will contribute by embedding innovation throughout its East Anglia business that meets our aspirations for excellence, transformation and growth.

We continue to work with Innovate UK, Transport Systems Catapult, Future Railway and RSSB to build a comprehensive support framework for innovation in the rail sector, and we expect the East Anglia franchisee to demonstrate those values and behaviours that will deliver the most innovative franchise to date.

The Department believes that passenger excellence and high operational standards will come from innovative organisations and people. We intend to ask bidders how they can raise the bar in innovation capability through leading and developing great people, learning from other industries and embedding innovation tools and techniques into their organisation. This should link to outcomes around exceptional passenger service, efficient operation and industry cost reduction. We will expect the bidder to set out how it will measure innovation progress in its organisation, and how it will measure benefits realised from lifting innovation capability. We would expect the bidder to be striving to achieve Innovation Maturity Level 5, becoming an industry exemplar.

We expect to pick up a strong theme of innovation woven throughout its response, with examples of how the bidder will work in partnership with a wide range of stakeholders, to undertake research, run pilots and demonstrators, and develop great services and products that will benefit its passengers, and the wider rail industry. This should include how they will collaborate with the supply chain in bringing new technologies, processes and products to the market.



Rail Executive will be looking for innovation in bids throughout the life of the franchise. Investment in innovation will be key, and we will help facilitate this through a refreshed Residual Value mechanism, and possible extension of the Innovation in Franchising fund. We would expect bidders to seek other funding sources for innovation, including from its own revenues.

Over the next few months, the Department will be working with the passengers and stakeholders of East Anglia to gather their innovative ideas for services and products. The Department will be looking for a bidder to take forward this passenger based research, converting great ideas into real tangible benefits.

Sustainability

Rail Executive and Passenger Services believe that sustainable development is central to the vision of a world-class railway. The rail industry has published ten sustainable development principles. We strongly support these and want to see them embedded in the East Anglia franchise.

The Rail Industry Sustainable Development Principles

- Passenger driven
- Putting rail in reach of people
- Providing an end-to-end journey
- Being an employer of choice
- Reducing our environmental impact
- Carbon smart
- Energy wise
- Supporting the economy
- Optimising the railway
- Being transparent

We will be looking for a franchise delivery partner who puts sustainable development at the heart of their proposition, both improving the sustainability of its own operations and focusing on the positive impact it can have on the communities it serves.

Driving Growth and Innovation

East Anglia Rail Franchise



focus success improve agreement
 collaborative change we
 future test lead strive trust resource spirit
 partner adapt customer focus visionary ambition
 open do culture together aspirer accept satisfy
 learn world-class group integrate champion
 teach knowledge open minded

This will include:

- Meeting challenging targets on carbon emissions, waste and recycling and resource consumption
- Adopting sustainable procurement practices
- Focusing on delivering an integrated transport offering, investing in infrastructure and information and working with other providers
- Understanding and acting where it can have the greatest impact on local communities and economically disadvantaged groups
- Supporting and growing community rail
- Demonstrating support for economic development
- Delivering a more inclusive, affordable and accessible service
- Supporting equality, diversity, health and wellbeing and development of the workforce
- Having a long-term outlook, with regard to benefits beyond the franchise life
- Building a closer relationship between passenger services and freight/logistics businesses to promote carriage on the railway.



Rail Executive is working closely with RSSB to develop a sustainable East Anglia franchise proposition and will be undertaking research in the region to develop the specification



Rail Executive is working closely with RSSB to develop a sustainability vision for the East Anglia franchise proposition and will be undertaking research in the region to develop the specification for the Invitation to Tender and Franchise Agreement. This research will focus on defining the key needs, objectives and priorities for the socio-economic and community development of East Anglia and how the franchise can best deliver or support these, including around accessibility. It will also set a detailed environmental baseline for the franchise and outline the opportunities for further mitigation and improvement.

These will provide a far greater level of understanding of what is possible than has been the case in previous competitions. Given this Rail Executive expects bidders to set a new benchmark in the sustainability of their bids and to target achieving world class sustainable development performance.

Finance Specification

Capital requirements

Rail Executive currently expects that the franchisee will have to procure:

- A season ticket bond in the region of £80 million calculated in accordance with the Franchise Agreement formula
- A performance bond in the region of £15 million, sized to reflect re-letting costs and bonded by a third party
- A Parent Company Guarantee, of which up to 50% must be bonded by a suitable third party financial institution or institutions with a financial rating of A-/A3 or higher, providing that the parent passes the financial tests set out in the PQQ; if the parent fails this test, then 100% of the support must be bonded. Such bond(s) will only be called where the provider of the Parent Company Support does not fulfil its obligations. However there will be a fixed amount of £40 million Parent Company Guarantee required at the pre-qualification stage and the right has been reserved to increase this amount at the Invitation to Tender stage to an amount higher than £40 million. An additional variable amount to be guaranteed calculated as a percentage of the excess of franchise payments bid over a defined profile of payments. The method for calculating the size of this variable guarantee will be confirmed in the Invitation to Tender.

A Parent Company Guarantee in respect of stations may be required. This will be confirmed in the Invitation to Tender.

Maintenance of liquidity ratios

Rail Executive currently anticipates that the liquidity ratio tests to be applied to the new franchise will be the same as those set out in Schedule 12 of the Franchise Agreement used for recent franchises and will define trigger points for lock-up (where the operator will be prevented from making distributions) and for an event of default.



Residual Value Mechanism

The franchise agreement may include a mechanism for recognising the residual value of investments made during the franchise which have a commercial value beyond the term of the franchise and which may not provide a commercial return during the life of the franchise.

Profit share

We recognise that profit is the reward for the risks that a franchisee takes in delivering a franchise. However, Article 4 (Mandatory content of public service contracts and general rules) of EC Regulation 1370/2007 (EC 1370 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road) states that, in relation to public service contracts awarded in accordance with EC 1370/2007:

“the parameters on the basis of which the compensation payment, if any, is to be calculated... must be established in advance in an objective and transparent manner... in a way that prevents over compensation.”



Provides information about the bid process and the evaluation

The Bid Process

Background

The re-franchising process for the new East Anglia franchise commenced with the publication of the Rail Franchising Prior Information Notice (PIN) in October 2014, which set out dates for the publication of the OJEU, ITT, contract award and franchise start. It continued with a public consultation which commenced 9 December 2014.

The Rail Franchising Competition Guide, published in June 2013, describes the generic processes Rail Executive intends to follow for a franchise competition. We expect that the competition for the East Anglia franchise will be run broadly in line with these processes. Any deviations from this process will be communicated with bidders at the earliest possible point and the final process will be set out in the ITT. In the event of any discrepancy between the Rail Franchising Competition Guide, the Prospectus and the ITT, the ITT shall prevail.

We intend that the successful bidder will become a party to a Franchise Agreement agreed between the successful bidder and the Secretary of State. Rail Executive reserves the right to change its process at any time. The process set out in this Prospectus is an indication of Rail Executive's current intention only. The final process will be set out in the ITT.

Procurement Approach

The two overarching concepts presented in the Rail Franchising Competition Guide are:

Buying “the right thing” and “in the right way”

Deciding what to buy and on what commercial terms to give the best outcome, and demonstrating that the proposition for the purchase is fully sound. In order to buy “the right thing”, the development of the specification for the East Anglia franchise involves systematic and detailed analysis and optioning of the main aspects.

In line with other major projects, Rail Executive uses the rigour and discipline of the 5-Case Transport Business Case to justify and test the efficacy of the specification. We consult extensively with stakeholders and have engaged potential suppliers early in the process to test our thinking and to get ideas and feedback.

Running a procurement process that provides confidence to all parties

Such a process complies with applicable procurement law, is transparent and predictable to the market and the public and is operated with full integrity. It introduces the commercial tension required to obtain best price and quality response from the market.

The Procurement Timeline

An indication of the proposed franchise letting timetable for the East Anglia franchise is given on the following page. This is intended as a guide and we reserve the right to depart from the timetable, including omitting one or more stages, or adding one or more additional stages at any time.

The Procurement Process

Rail Executive has submitted for publication a Contract Notice in the Official Journal of the European Union which provides more information about the procurement process. Bidders may seek to prequalify for this procurement. The procedure Rail Executive intends to adopt to evaluate bids will be set out in more detail in the ITT.

The franchise contract to be let is a ‘public services contract’ (in the form of a services concession contract) within Regulation 1370/2007. The Government aims to award all public service contracts on the basis of a competitive tendering procedure in accordance with Article 5(3) of the Regulation except where it considers that the use of the exceptions in Articles 5(5) and 5(6) of the Regulation apply.

This contract will be awarded in accordance with the requirements of Article 5(3) of Regulation 1370/2007 which requires that ‘the procedure adopted for competitive tendering shall be open to all operators, shall be fair and shall observe the principles of transparency and non-discrimination.’



Franchise letting timetable

OJEU Publication	February 2015
Shortlisting Bidders	June 2015
Invitation to Tender	August 2015
Contract Award	June 2016

Regulation 1370/2007 does not prescribe the procedures which are to be followed when selecting a new franchisee. It is therefore open to Rail Executive to set its own procedure, provided that it meets the principles of transparency and equal treatment.

The Contract Notice which Rail Executive is publishing is entirely voluntary. Please refer to section V1.3 (“Additional Information”) of the Contract Notice published in the Official Journal of the European Union for Rail Executive’s statement on the application of the EU Procurement Directives in the respect of the East Anglia procurement.

The Secretary of State is required under Section 26(3) of the Railways Act 1993 not to issue an ITT to any person unless it considers that such person has the appropriate financial position and managerial competence, and is otherwise suitable to be the franchisee. Accordingly, Rail Executive will hold a PQQ process from which a shortlist of persons who will receive the ITT will be made.

We have prepared a Pre-Qualification Questionnaire (PQQ) which addresses these competencies in the context of East Anglia. The PQQ questions seek evidence of previous experience to demonstrate a competency required to deliver this contract.

The Pre-Qualification Process Document (PPD) describes the process for pre-qualification to receipt of an ITT. This includes details of how potential Applicants register, raise clarification questions; prepare their responses to the PQQ and submit the application. Applicants are required to sign a Franchise Letting Process Agreement before they can either access the clarification portal or submit their proposal.

A bi-lateral process will take place with applicants



We intend that shortlisted bidders will then have approximately four months in which to prepare and submit their bids.

Evaluation Process

The franchise will be awarded to the bidder who submits the most economically advantageous tender. The award criteria will take into account the price, quality and deliverability of the bid. More details about the award criteria, including the weighting, will be published in the ITT. Bids for the East Anglia Franchise will be evaluated independently.

Delivery Plans

Rail Executive anticipates that bidders will be required to demonstrate, through submission of a number of Delivery Plans, how they will meet our specification for the franchise. We will use these plans and other supporting evidence submitted by bidders in accordance with the ITT to assess quality and deliverability. The specific requirements for Delivery Plans will be published in the ITT.

Delivery plans will contain the following building blocks:

- Delivering the Train Services; and,
- Delivering the Passenger Experience.

Financial Deliverability

The evaluation process will include an assessment of the financial robustness of each bid. Rail Executive is finalising the details of this assessment but we expect it may include an adjustment to the price used in the award decision to take into account our assessment of the financial risk arising from the bid. The details of the financial robustness assessment will be included in the ITT.

Quality of Bids

Rail Executive is seeking ambitious and innovative bids. If appropriate, the evaluation criteria for the competition may offer bidders the opportunity to exceed our minimum requirements in certain areas. The evaluation of bids is likely to take into account quality, (in terms of the credibility of meeting and, if appropriate, exceeding Rail Executive requirements), the benefits that will be delivered and the robustness and resilience of the plans. The 'quality' requirements and process for evaluating them will be set out in the ITT.

Contracting Committed Obligations

Rail Executive will be responsible for the drafting of committed obligations based on bidders submissions.

Glossary

ATOC	Association of Train Operating Companies
CAGR	Compound Annual Growth Rate
DfT	Department for Transport
DMU	Diesel Multiple Unit
EMU	Electric Multiple Unit
GVA	Gross Value Added
ITT	Invitation to Tender
MAA	Moving Annual Average
NRPS	National Rail Passenger Survey
OJEU	Official Journal of the European Union
ORR	Office of Rail Regulation
PIN	Prior Information Notice
PPD	Pre-qualification Process Document
PPM	Public Performance Measure
PQQ	Pre-qualification Questionnaire
RSSB	Rail Safety and Standards Board
SFO	Station Facility Owner
SME	Small to Medium Enterprises
TOC	Train Operating Company
TPH	Trains Per Hour

Important Notice

This document is not a recommendation by the Secretary of State or any other person, to enter into any agreement or to make any investment decision. In considering any investment in a franchise, each Applicant should make their own independent assessment and seek their own professional financial and legal advice.

The Document does not purport to contain all of the information that a prospective franchisee or shareholder may require nor has it been independently verified. Neither the Secretary of State, nor any of his employees, agents or advisers, makes any representation or warranty (express or implied), and no such representatives have any authority to make such representations and warranties, as to the accuracy or completeness of the information contained in the Document or other information provided.

All such persons or entities expressly disclaim any and all liability (other than in respect of fraudulent misrepresentation) based on or relating to any such information or representations or warranties (express or implied) contained in, or errors or omissions from, this document or other information or based on or relating to the recipient's use of this document or other information, or the use by any of its affiliates or the respective representatives of any of them in the course of its or their evaluation of any franchise or the shares of any franchisee or prospective franchisee or any other decision. The information in this document or other information shall not form the basis of any franchise agreement or any other agreement entered into in connection with the replacement of a passenger rail franchise or acquisition of shares in a franchisee.

The only information which will have any legal effect and the only information upon which any person may rely will be such information (if any) as has been specifically and expressly represented and/or warranted in writing to the franchisee in the relevant franchise agreement or in any other relevant agreement entered into at the same time as the franchise agreement is entered into or becomes unconditional. Nothing in this document is intended to create a contract between the Secretary of State and any bidder or prospective bidder. The Document does not constitute an Invitation to Tender ("ITT"). In due course, the Secretary of State expects to issue an ITT for the East Anglia Franchise. An ITT will be issued to an applicant only if they successfully qualify on the basis of the process set out in OJEU Notice, PQQ and PPD.

Legal, technical and financial advisers will be acting for the Secretary of State in relation to the letting of this franchise and will not regard any other person as their client or be responsible to anyone other than the Secretary of State for providing the protections afforded to their client or for advising any other person on the contents of this document or any matter referred to in it.

No contract or legal obligation shall result from any disclosure of information or other communication by the Secretary of State in connection with this Prospectus, including the issue of an ITT, or from the reliance of any person on any information so disclosed or any such communication. No disclosure of information or other communication by the Secretary of State in connection with this franchise letting process will constitute an offer or an acceptance by or on behalf of anyone.

The only obligations which are intended to come into existence pursuant to this Prospectus are those intended to arise from a duly executed written agreement on the face of which it is apparent that such an agreement is intended by all parties thereto to be a Franchise Agreement for the purposes of the Railways Act 1993 and the Railways Act 2005 and any contracts ancillary to such an agreement. No legal relations are intended to arise until such a resulting Franchise Agreement is signed. The subject matter of this Prospectus shall have contractual effect only if and to the extent it is contained in the express terms of the Franchise Agreement and any ancillary documents.

The Secretary of State is not and shall not be liable for any expenses, costs or liabilities incurred by those expressing an interest or negotiating or tendering for a franchise agreement or any other agreement entered into in connection with such franchise agreement, or their associated entities or any other person. The Secretary of State reserves the right not to award a contract, to make whatever changes it sees fit to the structure and timing of the procurement process (including issuing updates and amendments to this PPD), to cancel the process in its entirety at any stage and, where it considers it appropriate to do so, make a direct contract award pursuant to Article 5(6) of Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) Nos 1191/69 and 1107/70.



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