

# **Railways: South Western Franchise**

## **The Parliamentary Under Secretary of State for Transport (Tom Harris):**

The Department announced on 22 September, the award of the South Western rail franchise to Stagecoach South Western Trains Limited (Stagecoach Group plc) for a period of 10 years from 4<sup>th</sup> February 2007.

Stagecoach has undertaken to pay the Department for Transport a premium of £1,191m NPV over the life of the franchise. The franchise has been awarded for 10 years, with the final three dependent on service performance achieving preset targets, including further performance improvements.

The South Western Franchise combines two existing franchises, South West Trains and the Island Line, both currently operated by Stagecoach plc. South West Trains operates the busy commuter routes into London Waterloo, and serves destinations in south-west London as well as places further afield such as Bournemouth, Bristol, Exeter, Paignton, Plymouth, Portsmouth, Reading, Salisbury, Southampton and Weymouth. Island Line is a much smaller business, serving five towns between Ryde Pier Head and Shanklin over 14km of track.

The Department has awarded the franchise in line with the requirements set out in the Invitation to Tender (ITT), a commercially confidential document issued to bidders in March 2006. A supporting Stakeholder Briefing Document was published at the same time setting out the specification included in the ITT.

The current timetable operated will remain largely unchanged. However, there are a number of improvements including a second train each hour to Weymouth from Waterloo, a new Salisbury - Romsey service via Southampton and Southampton Airport Parkway and additional late evening and Sunday services on several London suburban routes.

The new operator has addressed the continuing growth in passenger demand by redeploying the existing rolling stock, initiating a refurbishment programme to increase capacity on the suburban fleet and investing in additional rolling stock.

Smartcard technology will be rolled out by 2009, so that passengers will benefit from electronic ticketing across the franchise area. This will include the acceptance of existing Oyster products in London zones 1 - 6. This means that passengers on South Western services in London can use Oyster Pay as You Go products as well as newly available smart tickets.

Fare structures will change to incentivise travel outside the busiest periods of peak time, and in conjunction with the rolling stock initiatives, will address the key objective of accommodating future demand levels. The introduction of Smartcards will facilitate the ability of the operator to offer flexible tickets to support this goal. Regulated fares will continue to be consistent with Government fares policy, whilst Stagecoach will continue to have flexibility to make changes to unregulated fares.

£40m investment in enhancements at stations will be delivered. Waterloo station and 13 other stations in the franchise area will be gated. Extra security measures, including more visible staff and CCTV at all stations and on all trains, will be introduced.

The Department required bidders to submit a number of priced options as part of their bids. Stagecoach has been asked to ensure that 95% of the passenger franchise footfall will travel through stations that have been granted Secure Station Accreditation.

Stagecoach will also operate an hourly Waterloo-Exeter service once Network Rail has built the necessary infrastructure, expected to be by December 2009. Until this new service can be implemented, existing services operating west of Exeter to Plymouth and Paignton will continue to run.

## South Western Franchise

The current two trains per day operation between Bristol and Waterloo will be retained throughout the new franchise.

New GSM-R radio equipment will also be fitted to all units in line with Network Rail's programme of updating radio systems across the network.

The decision on the future of the Island Line has been deferred to allow time for more extensive discussion with key stakeholders as to the most appropriate way forward, and recognising the recent Community Rail designation of the railway.

Further work is also needed to assess the most appropriate use of the platforms at Waterloo International once Eurostar operations vacate in late 2007.

In summary, the successful bid has addressed the objectives for the South Western franchise. Performance will increase to 92.5% by 2009/10 (93.3% by the end of the franchise), demand growth will be accommodated through capacity and ticketing initiatives, and stakeholder aspirations have been reflected in the timetable. The franchise improves security on trains and at stations, and offers value for money to passengers and taxpayers.