

15th June 2000

New Prism Deal Paves Way for Wales and Borders Franchise

The Franchising Director has today reached agreement in principle with Prism Rail PLC on the restructuring of the group's current portfolio of passenger rail franchises - West Anglia Great Northern (WAGN), Wales and West, Cardiff Railway, and LTS Rail. This follows talks announced by both parties on 28 April.

The Wales & West and Cardiff Railway franchises will be surrendered on 31 March 2001, instead of early 2004. This will facilitate the SSRA's proposals to create a single franchise for Wales and the Borders, currently the subject of a detailed feasibility study. A decision is expected over the next couple of months.

The effect of the deal on Prism's other two franchises is as follows:

LTS will be retained through to 2011 and Prism may invest £20.5 million on the line in areas to be agreed with the SSRA. In addition, CCTV will be fitted in all of the current order of 46 new trains, to compensate further for their late introduction into service.

WAGN will be separated into two business units: **Great Northern** (Kings Lynn, Cambridge and Peterborough services to Kings Cross, and Welwyn Garden City and Hertford North local services to Kings Cross and Moorgate) and **West Anglia** (Cambridge line and North East London services into Liverpool Street, including Stansted Express).

1. Great Northern will be relinquished on 31 March 2001 to facilitate integration of its services with the £800 million Thameslink 2000 project, which goes to public inquiry later this month.
2. West Anglia will be retained until April 2004, although Prism have indicated that they will co operate with the Franchising Director if he wishes to commence any refranchising process involving West Anglia before this expiry date. The existing subsidy for WAGN will be split between the two businesses.

Commenting on the restructuring deal, Franchising Director and SSRA Chief Executive, Mike Grant said:

"We have always sought in our franchise negotiations to achieve the best possible outcome for passengers and the taxpayer.

"The new arrangements for the three shorter term Prism franchises, which were originally let for seven years, reflect this and will greatly accelerate the

national franchise replacement programme - particularly in Wales, where we are investigating a single franchise. In London, the ability to integrate the Great Northern services will considerably enhance the new Thameslink 2000 proposal.

For LTS, the extra £20.5 million investment, and the commitment to on train CCTV offer real added value for passengers on this busy Essex line".

Note to Editors

The restructuring deal is subject to completion of final legal documentation. It is expected that the necessary amendments to the existing franchise agreement in order to reflect these changes will be finalised by the end of June.

The SSRA has negotiated with Prism two previous passenger dividend packages for LTS passengers. On 21 December 1999, a comprehensive multi £ million package was agreed to compensate for late delivery of 44 new trains. On 12 May 2000, reductions of up to £168 in the cost of season ticket renewals were secured following failure to provide sufficient capacity for passengers.

**For further details contact the Department for Transport Rail Press desk:
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