



West Midlands Franchise

Invitation to Tender

31 October 2006

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IMPORTANT NOTICE

This document is issued by the Department of Transport (The DfT) pursuant to its functions and duties under the Railways Act 1993, the Transport Act 2000 and the Railways Act 2005 (together the 'Railways Legislation'). The powers of the DfT in relation to franchising and the re-letting of franchises can be found in the Railways Legislation, which can be accessed via [OPSI - Legislation](#).

All references in this document to the DfT include, where appropriate and unless the context otherwise requires, references to the DfT's predecessors and successor(s).

All references in this document to Network Rail include, where appropriate and unless the context otherwise requires, references to Network Rail's successor(s).

This document is not a recommendation by the DfT, or any other person, to enter into or agree to amend a franchise agreement or to acquire shares in the capital of any company which is to operate, or in any parent company of the company which is to operate, passenger rail services or railway assets under the West Midlands Franchise. In considering any investment in the shares of any company or in bidding for the award of the West Midlands Franchise, those who have been invited to submit bids (Bidders), potential contractors, funders and investors should make their own independent assessment and seek their own professional financial, taxation and legal advice and conduct their own investigations into the opportunity of being awarded the West Midlands Franchise and of the legal, financial, taxation and other consequences of entering into the West Midlands Franchise Agreement (the Franchise Agreement).

The information contained in this document (Disclosed Information) has been prepared to assist interested parties in considering whether or not to make a bid proposal (a bid) in relation to the provision of the passenger rail services and other services comprising the West Midlands Franchise and, if so, how to make it. It does not purport to be all-inclusive or to contain all of the information that a Bidder may require. Contracts may also change as a result of the process of migrating the two existing Franchises that will create the West Midlands Franchise. The descriptions of existing and proposed contractual arrangements are of a general nature only. Where the document describes any contractual arrangements, which are not yet in force, those arrangements may change. Any reference to a contract or other document is qualified in full by reference to the entire terms of the contract or document referred to.

Neither the Secretary of State for Transport or his officials, appointed agents or advisers makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Disclosed Information. 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 based on or relating to the recipient's use, or the use by any of its subsidiaries or the respective representatives of any of them in the course of its or their evaluation of the West Midlands Franchise opportunity or any shares in the capital of any Franchisee or any other decision. In the absence of express written warranties or representations as referred to below, the Disclosed Information shall not form the basis of the Franchise Agreement or any other agreement entered into in connection with the award of the West Midlands Franchise or the acquisition of shares in any company or the operation of any railway service (as defined in the Railways Legislation) or in connection with the replacement or acquisition of a passenger rail Franchise.

The only information which will have any legal effect and/or 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 Bidders 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.

This document and the information contained in it is confidential and is being issued only to persons who have entered into an appropriate Franchise Letting Process Agreement (FLPA). Neither this document, nor any part of it nor any other information supplied in connection with it, may, except with the prior written consent of the DfT, be published, reproduced, copied, distributed or disclosed to any person other than in confidence to the recipient's advisers, nor used for any purpose other than consideration by the recipient of whether or not to make a bid. If the recipient does not continue with its interest in the award of the West Midlands Franchise, or if the DfT notifies the recipient that the process has ceased, or that the recipient is no longer being considered for the award of the West Midlands Franchise or otherwise upon request by the DfT, the recipient will promptly return this document and any other information provided in connection with it to the DfT, without retaining any copies or reproductions in any form.

The DfT reserves the right at any time to issue further supplementary instructions and updates and amendments to the instructions and information contained in this document as it shall in its absolute discretion think fit.

Eversheds, Ernst & Young and Jacobs are acting for the DfT, in each case in relation to the award of the West Midlands Franchise, and will not regard any other person as their client or be responsible to anyone other than the DfT for providing the protections afforded to their clients nor for advising any other person on the contents of this document or any matter referred to in it.

The DfT will not be responsible for the costs or expenses of any Bidder in relation to any matter referred to in this document howsoever incurred, including the evaluation of the West Midlands Franchise opportunity, the award, or any bid for the award of the West Midlands Franchise, or negotiation of the Franchise Agreement.

Unless the context otherwise requires, capitalised terms used in this document shall have the same meaning given to them as in the Franchise Agreement.

This ITT document should be read in conjunction with the Franchise Agreement and the National Rail Franchise Terms (NRFT) which will be issued later.

31 October 2006

SECTION 1: INTRODUCTION AND CONTEXT

1.1 Purpose of this Invitation to Tender

This Invitation to Tender (ITT) sets out:

- the West Midlands Franchise proposition for which the DfT is seeking bids;
- how the competitive process will work;
- how Bidders should complete their bids; and
- how the evaluation process will work.

Appendices and a number of documents are attached which set out the requirements for the completion of bids and additional relevant information.

The DfT's aim is for the new West Midlands Franchisee (the Franchisee) to commence operations with effect from 02.00am on Sunday 11 November 2007.

1.2 Scope of the West Midlands Franchise

Train service groups to be operated by the new franchise will be drawn from the existing Silverlink and Central Trains franchises, as follows:

Former Silverlink County Services

- London Euston to Milton Keynes / Northampton
- Bedford to Bletchley
- Watford Junction to St Albans Abbey

West Midlands Services (Excluding Snow Hill Lines)

- Birmingham to Wolverhampton
- Wolverhampton to Walsall
- Birmingham to Coventry / Northampton
- Birmingham to Walsall / Stafford
- Lichfield Trent Valley / Four Oaks via Birmingham New Street to Longbridge / Redditch (Cross City Line)

Former Central Trains Inter-Regional Services

- Coventry to Nuneaton
- Birmingham to Shrewsbury
- Birmingham to Hereford
- Birmingham to Liverpool
- (Euston) Northampton - Crewe

Snow Hill Lines

- Great Malvern/ Worcester/ Stourbridge via Birmingham Snow Hill to Shirley/Stratford and Dorridge/ Leamington Spa
- Stourbridge Junction to Stourbridge Town

As previously advised to Bidders, M40 Trains Limited/ Chiltern Railway Company Limited has been invited to submit a proposal for the operation of the Snow hill Lines as part of the Chiltern franchise.

The DfT requires a consistent level of detail/information for each proposed Priced Option and for each Incremental Option, if submitted, to enable it to make an informed decision. Therefore financial outputs for each option should be automatically produced by use of a 'switch' which will update the financial outputs automatically incorporating the additional requirements and implications of each Priced Option. A 'switch' should also update the financial outputs so that they can be viewed for the West Midlands franchise excluding Snow Hill services. Separate stand alone models will not be accepted.

Priced Options and Incremental Options should be indexed in accordance with the mechanism set out in Schedule 8.2 (Annual Franchise Payments) of the Franchise Agreement.

A map of the West Midlands Franchise area and routes is included as Appendix 1 (Map of the West Midlands Franchise area and Routes).

1.3 The DfT's Objectives for the West Midlands Franchise

1.3.1 To achieve sustainable value for money from the new franchise within the constraints of the overall franchise budget through:

- a reduction in subsidy profile over the franchise term;
- an improvement in resource efficiency;
- an increase in the level of economic benefits delivered by the franchise.

1.3.2 To improve the operational performance of trains in the West Midlands franchise and those of overlapping franchises and to contribute towards national performance targets by:

- building on recent timetable changes and other performance improvements
- improving alignment between the franchise operations and Network Rail's route structure to facilitate joint working

1.3.3 To seek to accommodate current and anticipated future growth in passenger demand through:

- the identification of exogenous growth and strategies for its accommodation and management;
- alignment with the Department for Communities and Local Government (DCLG – formerly the Office of the Deputy Prime Minister) Sustainable Communities Plan;
- initiatives to manage crowding and improve journey quality;
- the generation of more off-peak journeys.

1.3.4 To reflect passenger needs and stakeholder aspirations within the context of the other primary objectives including:

- improving customer satisfaction
- providing a safe and secure environment on trains and at stations;

- promotion of integrated transport solutions and social inclusion by, for example, enhancing passenger facilities, provision for cycle-rail integration and access to stations by all modes;
- seeking to improve accessibility for all to West Midland franchise services and stations;
- co-operation with stakeholders promoting initiatives which may influence the franchise;
- alignment with projects which will affect the franchise including West Coast Main Line route modernisation works, proposed developments at Birmingham New Street and re-signalling schemes;
- alignment with the published West Midlands Route Utilisation Strategy and West Coast Main Line Strategy;
- facilitating locally sponsored increments and decrements.

1.3.5 To realise the benefits to the franchise from the investment made in the West Coast Route Modernisation programme including:

- obtaining best value from the new fleet of Desiro trains
- exploiting the improved infrastructure to increase train service frequency and capacity.

1.4 Closing date for Bids

Bids must be submitted by 12.00 hours GMT on Wednesday 28 February 2007.

SECTION 2: INFORMATION AND INSTRUCTIONS TO BIDDERS

2.1 Franchising Timetable and Process

An overview of the DfT's management process for the letting of a franchise is documented in the Franchise Replacement Process Manual (FRPM), a copy of which is on the DfT website [Rail Franchise Replacement Process Manual](#). The remaining stages of the process for appointing the Franchisee – Bid Preparation; Bid Evaluation and Negotiation; and Mobilisation – together with their indicative timings are set out below.

Table 2-1: Franchising timetable

Stage	Description	Party Responsible	Planned Date
Bid Preparation	Preparation of bids	Bidders	31 October 2006 - 28 February 2007
	Submission of bids	Bidders	By 12.00 GMT on 28 February 2007
Bid Evaluation & Negotiation of Bids	Evaluation of bids, clarification, negotiation and agreement to terms of the Franchise Agreement and related documentation. Secretary of State consent to West Midlands Franchise award	The DfT and Bidder(s)	February 2007 - July 2007
Mobilisation	Prepare for transfer of operations	Franchisee	July 2007 - 11 November 2007

The DfT reserves the right to alter the timetable or the process, or terminate this process at its sole discretion. Bidders will be informed of any such changes.

2.2 Restriction on Communications/Press Releases etc during Franchise Competition

The outcome of a rail franchise competition is of national significance and therefore generates a high level of public interest and media speculation. Bidders should not use media or communication channels in a way which might reflect adversely and unfairly on the industry, its participants or the integrity or outcome of the competition.

Therefore, during the Bid Preparation Phase and until the award of the West Midlands Franchise, the DfT requests that Bidders confine any communications about the competition to communication that is necessary in order to develop their proposals. Until the award of the West Midlands Franchise, Bidders are asked to refrain from comment to national, local and industry media, Passenger Focus, Members of Parliament and stakeholders about matters connected with the West Midlands Franchise competition. If there are compelling reasons to make a public statement or comment then, so far as practicable, the DfT expects Bidders to discuss the content of such statements or comments with the DfT in advance.

2.3 Changes in Circumstances

Bidders (including for this purpose each participant in any joint venture or consortium arrangement) are required to notify the DfT of the occurrence of any of the events listed below (for the purposes of this Section 2.3, a 'Change in Circumstances') promptly, and in any case, no later than 21 days after such Change in Circumstances occurs. A Change in Circumstance means the occurrence of any of the following:

- any change to their corporate structure or the structure of the bid vehicle from that set out in their application to be accredited to receive this ITT. This includes the grant of any options to acquire shares, any agreement relating to the exercise of rights attaching to such shares, and any amendments to a shareholders' agreement, articles of association or similar constitutional documents;
- any changes to the information provided to the DfT as part of the accreditation process; or
- any other changes to their circumstances, or the basis of their bids, which may be expected to influence The DfT's decision on the suitability of the bid vehicle to be the Franchisee for the West Midlands Franchise.

Any such notification shall provide full details of the proposed change, including final form copies of the documentation required to put such change into effect.

The DfT reserves the right to approve or reject such changes (including any changes to the basis on which the Bidder was accredited to receive this ITT), or to impose such conditions as it considers appropriate. The DfT further reserves the right to exclude a Bidder from further participation in the competition where it rejects any such changes.

2.4 Cost of Bidding and Model Audits

Each Bidder will be responsible for all costs, expenses and liabilities incurred by it in connection with the West Midlands Franchise letting process, whether or not its bid and/or associated negotiations are ultimately successful or the process is subsequently varied in any way. Bidders will be responsible for all costs associated with the Modelling Best Practice Confirmation and, if required, Model Audit (each as defined in Section 5.9 (Model Sign-off – Terms of Reference)). Bidders shall bear the risk of errors within the Financial Model, the Record of Assumptions and any associated Operational Models and of any adverse impact this may have on the subsidy or premiums payable. Further information on the requirements in relation to the Financial Model is provided in Section 5 (The Bid; Financial and Economic Elements).

2.5 Preparation of Bids

The DfT expects to receive bids that contain minimal qualifications. Bidders should make full use of all the information provided with this ITT, in the Data Site (as defined in Section 2.6 (Data Site)) and, thereafter, the query process described in Section 2.7 (Query Process).

2.6 Data Site

The DfT has established a 'virtual Data Site' (the Data Site), operated by Merrill Corporation, containing, in electronic form, documents and information specifically relating to the West Midlands Franchise, together with a Central site of information relevant to all three concurrent franchise competitions. These sites will contain data relating to the incumbent operators of the Silverlink and Central franchises respectively. They will remain available throughout the Bid Preparation Phase and until the Franchise award.

2.7 Query Process

All queries and requests for information must be submitted by Bidders in the Microsoft Excel format prescribed in the 19 September 2006 letter from John Gilbert, Divisional Manager, The DfT Rail Contract Procurement to accredited Bidders.

Questions and requests for clarification or additional information should be submitted by e-mail to: westmidlands@DfT.gsi.gov.uk (in respect of West Midland specific issues) or central@DfT.gsi.gov.uk (in respect of Central issues).

2.8 Formulation of Queries

Any query or request for clarification or additional information must meet the requirements stated below. Failure to satisfy the DfT of the value of the information sought may result in the request not being accorded priority attention and/or it being viewed as an unreasonable request for information.

All queries and requests from Bidders for information must be submitted by e-mail in Microsoft Excel format. An electronic template version has been supplied by the DfT to each Bidder.

A Bidder may request that the DfT treat a query and its response as confidential. Any such requests must be made at the time of submission of the query. The DfT will advise the Bidder if it considers that the query cannot be treated as confidential, at which time the Bidder may either withdraw the query or accept that the response may (at the DfT's discretion) be transmitted to the other Bidders.

Bidders should clarify whether or not the information is available on standard industry systems or would be readily available within a Train Operating company (TOC) owned by the Bidder. (The latter only applies to current TOC operators).

Bidders must ensure clarity as to the expected source, scope and format of the material required (e.g. passenger count details by period, by service group for the last year).

Queries from Bidders will be responded to expeditiously having regard to the nature, extent and availability of the information requested. The DfT will endeavour to respond to all queries before bids need to be submitted, but Bidders should note that the DfT cannot guarantee this, especially if queries are received later than ten working days before the required submission date, or if it has not been possible to collate the necessary data for a response.

The DfT reserves the right to transmit to other Bidders (without reference to the identity of the author of the query) the questions (other than those agreed as confidential) asked by, and the answers provided to, any Bidder. This will be done by means of bulletins published periodically on the Data Sites.

2.9 Structure and Format of Bids

Bidders should note that the DfT will evaluate the structural compliance of bids against the structure set out in Table 2-2 (Structure and Format of Bids) on the next page of this document and, following any appropriate clarification, may ask for re-submission or disqualify any bid that does not conform or is deficient in comparison with this structure.

The size of the main text of the bid including the Executive Summary and proposed means of delivery of the Base Service Specification *including all annexes/appendices* will be limited to 2,000 pages; the size of the text relating to Priced Options will be subject to a separate overall size limit equivalent to 50 pages multiplied by the number of Priced Options requested by the DfT; and the size of the text relating to any Incremental Options will be subject to a separate overall size limit equivalent to 2 pages multiplied by the number of Incremental Options proposed by the Bidder. This requirement is summarised in Table 2-2.

The following elements of the bid will be outside the page limit:

- The contents of the financial part as described in Table 2-2;
- The contents of the technical data part as described in Table 2-2;
- The contents of the legal and compliance part as described in Table 2-2; and
- Covers, section dividers and indices.

One page constitutes one printed side of A4. For main text the minimum font size is 11 pt and minimum line spacing is 13pt. Double sided printing will be permitted. Bidders will be encouraged to use a simple presentation style, avoiding expensive bindings, colour photographs and other high cost elements of production which do not directly add value to the substance of the bid.

The DfT reserves the right to advise any Bidder exceeding the page size limit that their bid is non-compliant and not to evaluate that bid unless/until the Bidder informs the DfT which pages they wish to withdraw in order to become compliant within a timescale stipulated by the DfT.

The Base Service Specification for the West Midlands franchise includes the Snow Hill line services and bidders are required to identify, clearly, the financial and operational implications of operating these services such that should the DfT wish to exclude them the bid can be readily adjusted.

Table 2-2: Structure and Format of Bids

Bidders are required to provide the following when submitting their bids:

Part		Hard Copy	Electronic	Size limit
1	Main text			
	Executive Summary Delivery Plans for Base Service Specification (Section 4)	5 copies	4 copies +1 unpriced copy +1 HTM copy	2000 pages including annexes/appendices
	Delivery Plans for Priced Options (Section 6)	5 copies	4+1+1 copies	50 pages x options
	Delivery Plans for Incremental Options	5 copies	4+1+1 copies	None
2	Financial			
	Operational Models and Financial Model (Section 5) including revisions in respect of Priced Options and Incremental Options	5 copies of Financial Model Output Templates	3 copies	none
	Record of Assumptions, Operating Manual, Modelling Best Practice confirmation, Financial Adviser's letter, Confirmation of Bond availability, ROSCO term sheets	5 copies	3 copies	none
3	Technical Data			
	Timetable submissions including: working timetables, rolling stock and crew diagrams and (if appropriate) platform workings in support of Delivery Plans for Base Service Specification, Priced Options and Incremental Options	3 copies	4 copies	none
4	Legal and compliance			
	'Deltaview' mark-up of the Franchise Agreement, including completion of those parts marked 'Bidders to populate' Non-compliance statements Changes in circumstances and competition matters Declaration of conformity Confirmation that bid will be held valid for 275 days from bid return date as specified in Section 2.16	3 copies	3 copies	none

2.10 Timetable submissions

Bidders are required to provide timetable submissions as per the requirements in 3.2.3 of this ITT.

2.11 Incremental Options

The DfT welcomes proposals that enable the delivery of a more efficient service, representing better value for money for passengers and taxpayers (Incremental Options). Such Incremental Options must be presented, fully specified and priced incrementally from the Base Service Specification, and should be self-contained, i.e. not dependent on any other Incremental Option which may be included in the submission.

The DfT requires the Incremental Option to be expressed as a clearly defined commitment, with clear timed plans for implementation that describe the circumstances and conditions under which the Incremental Option can be delivered, the benefits which will be achieved, and (if appropriate) how Bidders will engage with stakeholders in implementing proposals. Bidders will be expected to identify clearly the risks, constraints or other factors which may affect deliverability of any Incremental Option and any ways in which these might be mitigated or overcome.

2.12 Synergies Between Bids

Bidders for different franchises, being competed concurrently, who share the same parent organisation may be in a position to offer operational and cost synergies were they to be successful in more than one franchise. As such synergies would be conditional upon something over which the Bidder has no control, these cannot form part of the Base Service Specification. Bidders are free to propose such synergies as a Bidder Incremental Option should they wish.

2.13 Non-Compliance Statements

2.13.1 Franchise Agreement Non-Compliances

Bidders are required, when submitting their bids, to list in the format set out in the following table, all requirements of this ITT with which they are not able to confirm compliance in full. Full details of the reasons for the non-compliance should be given. Any provision not so listed and detailed will be regarded as having been accepted unconditionally.

Bidders are also required when submitting their bids to list in the format set out in the following table, all clauses, sections and schedules of the Franchise Agreement and associated contractual documents with which they are not able to confirm compliance in full. Full details of the reasons for non-compliance should be given. Any provision not so listed and detailed will be regarded as having been accepted unconditionally.

Table 2-3: Format of Non-Compliance Statement

Document	ITT Sections/Terms and Conditions which have NOT been complied with	Details
<i>ITT</i>		
<i>Franchise Agreement</i>		

2.13.2 Changes in Circumstances and Competition Matters

Similarly, Bidders are required to include in their bids in the format set out in the following table, details of any change in circumstances or competition matters that affect their bidding position.

Table 2-4: Format of Statement of Changes in Circumstances and Competition Matters

Change	Reporting Required
Change in Circumstances	Bidders should include details in response to the instructions contained in Section 2.2 (Changes in Circumstances)
Competition Matters	Bidders should include full details of any matter under consideration, or which may reasonably be expected to be the subject of consideration, by OFT and/or the Competition Commission or the European Commission as referenced in Section 2.3 (Competition Matters)

2.13.3 Secretary of State's Risk Assumptions - Early Discussion

At least one month before submission of the bid, Bidders will be invited to meet the DfT to discuss the Secretary of State Risk Assumptions (SSRAs) that they are likely to include in their submission. Where themes are emerging, this may enable the DfT to prepare a common approach to the proposed SSRAs, which could then be shared with the Bidders across the 3 franchises currently being competed. Bidders may then have an opportunity to reflect the DfT's comments in their final submissions.

2.14 Non-Compliance

If any bid is found not to comply with the DfT's requirements (including whether or not such non-compliance is specified in any Non-Compliance Statement), and/or lacks, in the opinion of the DfT, any information necessary to enable evaluation, or is found to contain inconsistent information, the DfT may:

- evaluate the bid as submitted;
- seek additional information or clarification from the Bidder; or
- reject the bid.

2.15 Presentation and Submission of Bids

Bidders are required to submit numbered copies of their bid, in accordance with the requirements listed in Table 2-2 (Structure and Format of Bids) and in the following formats:

Hard Copies

Hard copies should be contained in ring binders suitably segregated into the number of sets required. Bidders should clearly identify the part and set number (e.g. Part 1 Set 1, Set 2, Set 3, Set 4 and Set 5) and each ring binder must be labelled clearly with the volume name, copy number, the Bidder's name and an index of the contents of the binder.

Five hard copies are required of Part 1, the main text, and Part 2, financial. Three hard copies are required of Part 3, technical data, and Part 4, legal and compliance.

Electronic Copies

Electronic copies should be in CD format. Each CD must be labelled clearly with the part, copy number, the Bidder's name and the contents of the CD. Information is required to be stored in Microsoft Word/Excel 97 (or later) format. Documents should not be submitted in Acrobat, except where unavoidable. All electronic copies should be packaged separately from the hard copy sets and identified as "Additional CDs".

Four electronic copies are required of Part 1, the main text, and Part 3, technical data. Three electronic copies are required of Part 2, financial, and Part 4, legal and compliance.

Additional Electronic Copies

- one electronic unpriced copy of Part 1, the main text, in CD format be labelled clearly with the copy number, the Bidder's name and the contents of the CD. Information is required to be stored in Microsoft Word/Excel 97 (or later) format. This copy, together with one of the Part 3 copies specified above, will be sent by the DfT to Network Rail. Documents should not be submitted in Acrobat, except where unavoidable; and
- one copy of Part 1, the main text, in HTM format to provide full electronic search functionality without changes to data or formatting. **Please note that elaborate navigation is not required.** Bidders may create an HTM version from MS Word by using "File, Save As", then Save as type Web Page, Filtered, (*.htm,*.html)". Further details of the HTM requirement may be obtained from Dale Ward (dale.ward@the DfT.gsi.gov.uk, tel 020 7944 3693)

Bids are to be submitted to:

Nick Seaward
Divisional Manager
Rail Procurement Strategy
Department for Transport Rail Group
3/27 Great Minster House
76 Marsham Street
London SW1P 4DR

by 12.00 hours GMT on Wednesday 28 February 2007.

Bidders should ensure that they complete and include the Declaration of Conformity Statement at Attachment I, part 4, Legal and Compliance section.

No other documents or information shall be submitted with the bid. The bid must be submitted in boxes marked '**CONFIDENTIAL - West Midlands Franchise bid submission in response to ITT**'. The boxes should not be marked in any way that would indicate the identity of the Bidder. Bidders should obtain a formal receipt from the DfT at the time of the submission of their bid.

The DfT requires that Bidders supply each complete set of documentation in a separate box and ensure that an index is provided for the electronic information. The DfT also requires that, for electronic information, the file structure matches the sequence of the hard copy documentation.

Bids received after the DfT's stated date for submissions or which are not duly completed and signed may be disregarded by the DfT. Nevertheless, the DfT expressly reserves the right, in its absolute discretion, to treat any bid as valid and to proceed with the inclusion of any bid notwithstanding any procedural defect in relation to the submission of the bid.

All bids are required to be in English and amounts denominated in pounds sterling.

Bidders will be required to present key elements of their submissions to The DfT on the working day following bid submission.

2.16 Validity of Bids

Bidders shall confirm the validity of their bids including the terms, bid price, and any subsequent changes agreed for a period of 275 days from the date of bid submission.

2.17 Industry Consultation and Disclosure of Information in Bids

Bidders should be aware that, following the submission of bids, the DfT will need to consult HM Treasury, the Office of Rail Regulation (ORR), Network Rail and TFL and relevant PTEs. The DfT may consult such other persons as it considers necessary or appropriate including, but not limited to, its advisers, bodies representing passenger interests (such as Passenger Focus), the Disabled Persons Transport Advisory Committee, affected Local Authorities, PTE's, PTA's, PTE's and Regional Development Agencies or Regional Planning Bodies (collectively referred to as Consultees and each separately referred to as a Consultee).

Accordingly, the submission of bids will constitute permission by the Bidders for the DfT to disclose to any Consultee all or any of the information contained in, or supplied in connection with, such bids, excluding any commercially sensitive material as appropriate and which is clearly marked by Bidders as such.

In addition, Bidders are reminded that in order to develop and agree Track Access Agreements and Station Access Agreements, Network Rail will need to consult, amongst others, passenger and freight train operating companies and that this process may involve discussion of relevant aspects of the bids. Bidders are required to cooperate with these consultations. The DfT may ask Network Rail to comment on such elements of the bids and to address their comments to both the relevant Bidder and the DfT.

In developing their bids, Bidders can expect to be contacted by, and are encouraged to consult with stakeholders relevant to the West Midlands Franchise following the start of the Bid Preparation Phase. It is each Bidder's responsibility to decide on the scope and extent of Stakeholder Consultation but they should note that the DfT may seek views from stakeholders on the state of progress of consultation. Bidders should note that Network Rail will formally advise the DfT of the level of contact and engagement that it has had with each Bidder.

2.18 Evaluation of Bids

Bids must be complete and submitted in accordance with the instructions to Bidders set out in this document. Bids must be compliant with the requirements of the Franchise Agreement. The evaluation of bids shall be conducted in accordance with "[A guide to the railway franchise procurement process](#)" and the detailed Franchise Evaluation Process, applicable to the West Midlands franchise, which will be made available at a later date.

The DfT will evaluate bids and rank them for the purposes of selecting the Franchisee on the basis of the results of each Bidder's Base Service submission only.

The Priced Options and Incremental Options will be evaluated. The results of the evaluation of these proposals will serve to inform the DfT on the procurement options to be pursued with the preferred Bidder, and only after the DfT has made its preferred Bidder decision.

2.19 Management of Rolling Stock Demands Across Midlands Franchises.

In previous franchise procurements the policy on rolling stock has generally been that the Bidders will decide the volume and type of rolling stock required to fulfill their obligations under the Service Level Commitment(s) and meet its other commitments in the Franchise Agreement. This has enabled Bidders to be innovative in the type of rolling stock they use.

In the Midlands franchise procurements, following this approach is complicated (a) by re-mapping of the four franchises into three and the need to provide continuity and certainty of service from Day 1, and (b) by the fact that three competitions are running simultaneously which are in some cases able to use the same rolling stock. A Rolling Stock Leasing Company (ROSCO) may offer units to Bidder A for use on one franchise and Bidder B on another franchise. If they both win, the stock is doubly committed. In this instance the DfT may be faced with at least one winning Bidder who is unable to deliver on its bid.

The DfT is keen to allow Bidders maximum flexibility to develop their own innovative rolling stock requirements and solutions within these constraints. Following consultation with the industry, the following approach has been adopted.

2.19.1 Resolving Multiple Claims On The Same Rolling Stock

Bidders should develop their rolling stock strategies as they see best meets the need of that particular franchise. The DfT will therefore only seek to resolve multiple claims on the same rolling stock after bid submission. To do so, the following approach will be adopted:

- It is intended that prior to bid submission ROSCOs will indicate to Bidders the instances where there is no certainty that rolling stock will be available for a particular franchise;
- As part of bid submission, where their preferred choice of rolling stock may not be available, Bidders should indicate their 'contingency plan' at a high level. This should form part of the response to the Rolling Stock Approach criterion described in Section 4 (Delivery Plans). Binding pricing is not expected in relation to contingency plans but the bid should indicate the likely cost and revenue impacts of such changes together with any other significant changes to the proposal;
- During the bid evaluation, the DfT will cross-check if there are competing demands on rolling stock amongst the leading Bidders in each competition (i.e. this could be more than one Bidder in each competition);
- The DfT will consider, taking advice from Network Rail, whether there is a clear case to allocate particular rolling stock to a route in order to minimise operational performance risk to the network. If a clear case exists this will determine the DfT's rolling stock allocation decision;
- DfT will then ask the Bidders concerned to develop more fully their contingency plan(s) as necessary, producing a revised subsidy/premium line on which they would be prepared to contract. Bidders will have an opportunity to undertake such re-working and will be provided with an indicative timetable showing when this additional response is likely to be required;
- Where allocation decisions have not been determined on the basis of operational performance risk, the DfT will determine the rolling stock allocation between the leading Bidders on the basis of the deliverable permutation offering the best combined subsidy/premium NPV; and
- After this process has been completed, a final ranking within each franchise competition will be made.

Note that Bidders for different franchises who share the same parent organisation need not necessarily deliver bids that are consistent between them.

2.20 Negotiation and Award

Following bid evaluation and clarification, the DfT reserves the right to negotiate with one, some, or all Bidders. There will be no public announcement of a preferred Bidder until after the Franchise Agreement has been signed. Franchise Agreement signature will occur after the London Stock Exchange closes and the Secretary of State has been informed of the identity of the winning Bidder. An announcement will be made to the London Stock Exchange, at 7.00 am the following morning.

2.21 Competition Matters

Bidders were previously advised that, while they are free to submit a 'Notification' to the Office of Fair Trading (OFT) at any stage after qualifying to receive the ITT, they may wish to delay doing so until receipt of further advice from the DfT. The DfT has now taken guidance from the OFT and the Competition Commission following a review of the procedures used during the inquiry into the acquisition by First Group plc of the Greater Western passenger rail Franchise, see: [Final Report Great Western Passenger Rail Franchise](#).

The OFT expects that notification to the OFT will be made following the announcement by the DfT of the identity of the West Midlands Franchisee. The OFT expects the parameters of the Franchise to be reasonably clearly established in order to undertake competitive analysis, which is only the

case after this date. This should also save substantial public and private costs. Notwithstanding this, the OFT strongly encourages any Bidder who believes that a successful bid would give rise to a substantial numbers of overlaps with its other transport interests to contact the OFT as soon as possible, on an informal basis, to discuss the OFT's requirements in the event of a successful bid.

Following signature of the Franchise Agreement, the Franchisee will meet with the OFT to discuss the information the OFT requires in relation to a Notification. The OFT will only commence its inquiry into the award of the West Midlands Franchise following the receipt of a satisfactory submission from the Franchisee. If there are significant overlaps, the OFT will want survey evidence to consider the substitutability of alternative modes of transport in the Franchise area. If necessary the OFT will be happy to discuss further how any such survey should be carried out and how evidence should be supplied.

Following submission of the Notification, the OFT, or after any reference, the Competition Commission, may require undertakings from the Franchisee (and/or any companies within the Franchisee's group) to prevent pre-emptive action which might prejudice any reference or impede any possible future remedies. Such undertakings would be likely to be in relation to the on-going behaviour of the Franchisee (and/or any companies within the Franchisee's group) such as prices and services levels on overlapping modes of transport within the physical area of the West Midlands Franchise. The undertakings may be required until such time as any merger inquiry is concluded.

Where the turnover of parties to a merger exceeds certain turnover thresholds, the merger must be notified to the European Commission under the European Community Merger Regulation ("ECMR") for scrutiny. The European Commission however has previously indicated that it will not consider the merger until such time as the Bidder has been awarded the Franchise. Bidders must inform the DfT promptly if notification to the European Commission may be required. The OFT might seek, under Article 9 of the ECMR, to have the merger referred to the UK competition authorities if it seems likely that the merger might threaten to impede effective competition or if it affects a market within the UK which does not constitute a significant part of the common market. Alternatively, under Article 4(5) of the ECMR, the parties to a merger can ask the European Commission, prior to notification, to have the merger referred to the UK competition authorities for consideration, provided certain criteria are fulfilled. The European Union process may have an impact on the timetable in which the merger can be completed since completion of the deal is prohibited while the merger is subject to European Union scrutiny. The Bidder will co-operate with any inquiry and provide assistance to the European Commission in deciding whether to clear the concentration, or to initiate proceedings and undertake an in-depth investigation. Because completion of the deal is prohibited while the merger is subject to EU scrutiny the potential applicability of the EU regime is relevant to the deliverability of bids. Accordingly in addition to notifying the DfT of its assessment of the risks of the EU regime applying in its bid Bidders must also indicate how it is proposed that the risks will be mitigated and its view of the likely effectiveness of such risk mitigation. The DfT will take this into account in evaluation.

The DfT does not expect to delay entry by the Bidder into the Franchise Agreement if inquiries by the OFT and the Competition Commission are not complete. The Franchisee will be required to sign the Franchise Agreement and (subject to the special circumstances of the EU regime applying discussed above) commence the operation of the Franchise notwithstanding any ongoing competition law processes, investigations or negotiations. Bidders will be at full risk for implementing any requirements mandated by the OFT, the Competition Commission or the European Commission.

If any Bidder is advised by the OFT, the Competition Commission or the European Commission that the award of the Franchise would be subject to any prohibitions, divestments of interests or undertakings the Bidder will inform The DfT as soon as possible and if such requirements would, in the view of the DfT prejudice the Franchise, or any other franchise, the DfT reserves the right to disqualify the Bidder from the West Midlands re-letting process.

2.22 Redactions from the Franchise Agreement

Within four weeks of signature of the Franchise Agreement, the Franchisee will be required to submit to the DfT a list of proposed redactions from the Franchise Agreement, the National Rail Franchise Terms, the Conditions Precedent Agreement and any agreed Side Letters (together the “Franchise Signature Documents”). With reference to Section 73(3) of the Railways Act 1993 (as amended), the Franchisee will include a justification for each proposed Franchisee redaction. The DfT will then consult with the Franchisee to endeavour to agree a list of proposed redactions in advance of the Secretary of State publishing the Franchise Signature Documents on the Secretary of State’s Public Register.

Prior to the commencement of the Franchise, the Franchisee is required to satisfy the conditions as set out in the Conditions Precedent Agreement. Satisfaction of those conditions may involve the entry into, or provision to the DfT, of a number of other Agreed Form Documents and other documents. Following the issuing of the Certificate of Commencement, the Franchisee will again be required to submit to the DfT a list of proposed redactions from these further documents. The DfT will again consult with the Franchisee to endeavour to agree a list of proposed redactions in advance of the Secretary of State publishing these further documents on his Public Register.

Should agreement on a redacted version of the Franchise Signature Documents not be reached by the Franchise Commencement Date, the Secretary of State may, at his sole discretion, publish all or any part of the Franchise Signature Documents, redacted by agreement or otherwise. Similarly, the Franchisee’s consent is not required before the Secretary of State publishes the Agreed Form Documents and any other documents which constitute a ‘Franchise Agreement’ for the purposes of the Railways Act 1993.

Bidders should note that the DfT will also place a redacted copy of the ITT in the public domain following publication of the Franchise Signature Documents.

2.23 Freedom of Information Act 2000

The Freedom of Information Act 2000 (FOIA) came into force on 1 January 2005 and provides a general right of access to all information held by public authorities. The DfT is a public authority. The general right of access to information is then limited by a number of exemptions. On a request for information, the DfT must release that information unless one of the exemptions applies.

With the introduction of the FOIA the DfT has taken the opportunity to review its policies in terms of disclosure of information. As before, Bidders will be offered a de-briefing on their submission. This will now include the Bidder’s results for Section 4 (The Bid; Delivery Plans) and their overall result and ranking vis-à-vis other Bidders. The DfT will not disclose the breakdown of scores, or the scores or rankings of other Bidders.

In submitting their bids in response to this ITT, Bidders are invited to identify which parts, if any, of their bid are provided to the DfT in confidence or which they believe are commercially sensitive. Bidders should provide reasons why such information should not be disclosed following a request for information under the FOIA. Bidders should be aware of the Lord Chancellor's Code of Practice issued under section 45 of the FOIA (which can be accessed at <http://www.dca.gov.uk/foi/codesprac.htm>). This limits the circumstances under which a public authority should agree to hold information in confidence. It could be the case therefore, notwithstanding confirmation that parts of a bid have been provided in confidence or are commercially sensitive, that the DfT will be obliged to disclose those parts.

Bidders' attention is drawn to the provisions of the Franchise Letting Process Agreement (FLPA).

2.24 Debrief for Bidders

Debriefing of Bidders for a franchise is an important element in an open and transparent franchise procurement process. This assists the DfT in the lessons learned process, and provides input that may help shape the development of future franchise procurements. Each Bidder will be invited to a separate debrief session. This session is to help them understand how their bid performed and how future bids could be improved. Following the debrief session Bidders will be advised that they may submit a list of questions to which the DfT will provide a written answer. After that point, a letter of closure will be sent to the unsuccessful Bidder to close the process.

SECTION 3: THE BASE SERVICE SPECIFICATION, INPUTS AND ASSUMPTIONS

This Section sets out the Base Service Specification. Submissions from Bidders should include commitments to meeting this Base Service Specification and explain how they will meet the DfT's objectives and specific requirements as set out in Section 1.3.

Bidders should explain how they will deliver this commitment to meeting the specification and achieving the objectives in the structure. The process for doing this is set out in Section 4 (The Bid; Delivery Plans).

3.1 Franchise Duration

Bidders should note that Appendix 8 of the Franchise Agreement (Figures for Calculation of Annual Franchise Payments) requires them to price for a Franchise Term of 7 years, 10 months and 8 days, as well as the possible seven Reporting Period extension that DfT may unilaterally require, which if applied will take the franchise term to 31 March 2016. The Franchise will otherwise run to 19 September 2015, the last 24 Reporting Periods of which will be conditional upon achieving pre-set performance targets. In the event that these targets are not met, the franchise will terminate on 09 November 2013, with a possible seven Reporting Period extension that DfT may unilaterally require, taking the franchise to 24 May 2014.

3.2 Base Service Specification

The Base Service Specification is the base level of train service that is required to be costed and comprises the delivery of passenger services in accordance with the Franchise Agreement including the Condition Precedent Agreement, the Service Level Commitments (SLC1 and SLC2) and the associated contract documents. The service specification within the Base Service Specification incorporates the following:

3.2.1 Service Level Commitment 1 (SLC1)

From the start of the West Midlands Franchise the level of service the DfT requires to be operated on the West Midlands network is specified in SLC1. SLC1 generally reflects the timetable to be operated by Silverlink County and Central Trains from December 2006. Bidders should be aware that the December 2006 timetable includes minor changes to the current Silverlink County Saturday service and the current Central Trains service between Birmingham Snow Hill and Kidderminster.

Bidders should note that operation of the Wolverhampton – Walsall service is not included in SLC1 with effect from the timetable change date in December 2007. Continued operation of the Wolverhampton – Walsall service from that date is included in this ITT as a priced option. With this exception, SLC1 will apply until the December 2008 Passenger Change Date, when SLC2 will be introduced.

3.2.2 Service Level Commitment 2 (SLC2)

SLC2 will commence upon completion of the West Coast Route Modernisation work with effect from the December 2008 Passenger Change Date. A summary of the differences between SLC 1 and SLC 2 are set out in table 3-1.

Table 3-1: Summary of Service Changes between the SLC1 and SLC2 Commitments.

NRTT Table Number	Route	Summary of changes between SLC 1 and SLC 2
91	Birmingham – Liverpool	In SLC2, the service between Birmingham New Street and Liverpool Lime Street is generally increased to 2 trains per hour
69	Cross City Line (Lichfield / Four Oaks – Longbridge / Redditch)	No significant change
70	Birmingham – Walsall/Stafford	In SLC 2, Birmingham to Stafford services will terminate at Rugeley Trent Valley. Journeys between Rugeley Trent Valley and Stafford will be provided by connections to and from the Euston – Crewe “Trent Valley” service.
74	Birmingham – Shrewsbury	No significant change. Alterations are made to services, including those of other operators, between Birmingham New Street and Wolverhampton consistent with the WCML 2008 timetable
71	Birmingham New Street – Hereford	No significant change
70	Wolverhampton – Walsall	Not included in SLC 2
71	Snow Hill Lines (Leamington Spa / Stratford upon Avon – Kidderminster / Worcester / Great Malvern. Stourbridge Jn. – Stourbridge Town)	No significant change
57	Nuneaton – Coventry	No significant change
68	Birmingham – Coventry/Northampton	In SLC 2, the service frequency between Birmingham and Northampton is generally increased to 2 trains per hour. Alterations are made to services, including those of other operators, between Birmingham New Street and Coventry consistent with the WCML 2008 timetable
68	Birmingham – Wolverhampton	In SLC 2, alterations are made to services between Birmingham New Street and Wolverhampton, including those of other operators, consistent with the WCML 2008 timetable.
66/67	Euston – Milton Keynes / Northampton / Trent Valley stations / Stone /	In SLC 2, alterations are made to services consistent with the WCML 2008 timetable. In certain hours, services between Euston and Northampton are extended to Crewe via Trent Valley stations, Stone and Stoke on Trent. Rail replacement

NRTT Table Number	Route	Summary of changes between SLC 1 and SLC 2
	Stoke on Trent / Crewe	bus services will cease between Nuneaton and Stafford. On Sundays, an enhanced service frequency will operate after mid-day between Euston – Tring / Milton Keynes / Northampton.
68A	Stafford – Norton Bridge / Stone / Barlaston / Wedgwood / Stoke on Trent	In SLC 2, rail replacement bus services, provided by the West Midlands franchisee will continue to be operated serving Norton Bridge, Barlaston and Wedgwood stations
64	Bletchley – Bedford	No significant change
61	Watford Junction – St. Albans Abbey	No significant change

Bidders are required to present a submission that clearly shows a complete pathway for every passenger service required by Service Level Commitment 2 (SLC2) and all associated Empty Coaching Stock (ECS) movements required to deliver the passenger train service.

The timetable submissions must be provided in working timetable (WTT) format, using station banks that cover all of the routes contained within the relevant Network Rail Working Timetables, that include all compulsory timing points as listed in the Rules of the Plan (ROTP), and that show linecode and platform allocations at all locations where alternatives exist.

This timetable submission must be supplemented by a supporting commentary, and a complete set of rolling stock diagrams that show how rolling stock will be deployed to form each of the passenger and ECS trains, and how the bidder's depot and stabling strategy is designed to operate.

Because most routes within the West Midlands franchise are shared with other operators, bidders are instructed to reproduce the Network Rail December 2008 timetable plan, provided in the Central Data Site, as the weekday and Saturday SLC2 timetables. There are a few exceptions to this instruction, shown in the bullet-point list below.

Compliant base case timetable guidance is offered as follows:

- Euston – Northampton. No alterations may be made to any part of any path that involves some fast line running. Alterations to stopping patterns of slow line trains may be made provided that there is no consequential impact on the timings of the trains that are required to travel on the fast lines for parts of their journeys.
- Northampton – Wolverhampton. All trains on this corridor must be regarded as fixed as regards their timetable slots. Bidders may propose altered calling patterns if they believe there is a strong case to do so, but it must be recognised that Centro has been involved in the development of the stopping pattern, and should be consulted if any changes are being proposed. Platforming arrangements at Birmingham New St should also be regarded as fixed, but if bidders have alternative views concerning the best rolling stock balances, they should obtain Network Rail's view of the implications of their proposals for the platform

operation of New St before offering the alternative scenario to the DfT as a base case proposal.

- Birmingham – Liverpool. The paths should be regarded as fixed. There is some scope for the alteration of stopping patterns, although all trains must call at Wolverhampton, Stafford, Crewe, Runcorn and Liverpool South Parkway. Again, the calls in the Birmingham/Wolverhampton area have been agreed with Centro.
- Birmingham – Shrewsbury. The paths for these trains are fixed between Birmingham and Wolverhampton, and the calling patterns have been agreed with Centro. Between Wolverhampton and Shrewsbury, the hourly train must call at all stations, but the calling pattern for peak additional is at bidders' discretion.
- Birmingham – Hereford. The paths for these trains are fixed between Birmingham and Stoke Works Junction (as in the December 2006 timetable). Bidders should develop their own timetable proposals for the remainder of the route through to Hereford, taking care not to conflict with Great Western services (which should be assumed to be as in the December 2006 timetable) or with services to and from Birmingham Snow Hill (also as December 2006).
- Snow Hill lines. Base case timetable is December 2006 (ie, SLC 1 continues into SLC 2) with 3 minutes flex
- Coventry – Nuneaton; Bedford – Bletchley; Watford – St Albans Abbey. Bidders to timetable, having regard to freight paths (assumed as June 2006 timetable) and platform availability at Coventry (compatible with NR Dec 2008 timetable).

The evaluation of the base case will focus on the efficiency and robustness of bidders' plans to deliver the NR timetable, developed in accordance with the guidance above. If a bidder has a very strong justification for a proposal that varies the NR timetable (or the above guidance) it is recommended that justification should be presented to The DfT at an early stage in the bidding process, so that a view may be taken of whether or not the variation qualifies as 'compliant' for the purpose of base case evaluation. It would be necessary, too, at this early stage, to obtain Network Rail's view of the deliverability of the variation, especially in respect of any impact it might have on the timetables of other operators. In the event that the proposed variation is not deemed to be a compliant base case proposal, the bidder will have the opportunity to present it as an 'Incremental Option'.

3.2.3 Feasibility timetable

The DfT has developed with Network Rail a Feasibility Timetable (FTT) which meets the requirements of SLC2. This will be placed in the Central Data Site. Bidders must adhere to this FTT as the basis of their proposal and may vary it only as described in 3.2.2 above, and even then only within the constraints of the SLC2 requirements. Bidders are reminded of the need to consult and seek agreement of Network Rail in the development of their proposed timetable.

3.3 Fares and Ticketing

3.3.1 Fares

The standard DfT fares policy will be applied to the West Midlands franchise.

Commuter fares will be regulated in two separate fares baskets, a Birmingham Commuter Basket which will contain full fare singles, full-fare returns and rail-only seasons (or equivalent PTE products) for journeys wholly within the Birmingham PTE area, and a London Commuter Basket containing full fare singles and returns for journeys wholly within the Travelcard zones, full fare singles and returns for journeys from a defined suburban area to any station in the Travelcard zones, and all season tickets between any station in the Travelcard zones and any other station.

In addition there will be one Protected Fares basket, containing Saver Returns (or full fare returns on routes where there was no Saver Return in February 2003) and all weekly seasons not already included in one of the two commuter fares baskets, on all flows where the franchisee is Lead Operator.

All fares baskets will be simplified by removing the lowest value flows (up to 5% of basket value) and all baskets will be subject to the DfT's current fares policy, which increases the permitted aggregate value of the fares baskets by RPI+1% each year, and limits increases in individual fares to no more than RPI+6% year-on-year. Bidders should assume that this policy will apply for the duration of the franchise.

Bidders should assume that standard zonal rail fares will apply across all operators within London from January 2007. Details of these fares will be placed in the Data Site when they become available. Assumptions on future fares levels should be clarified with The DfT.

Other fares will be unregulated, and may be priced or varied at the commercial discretion of the operator, subject to the normal constraints of the Ticketing & Settlement Agreement and other industry arrangements.

Consideration will be given to requests to vary fares regulation on lines designated as Community Rail Lines and Community Rail Services for West Midlands, to develop pricing and retailing when this is done in conjunction with the local rail partnership and stakeholders and can improve the long term value for money of the routes concerned.

3.3.2 Fares Setting and Flows

The West Midlands franchisee will be responsible for setting fares as lead operator using the mechanisms of ATOC's Ticketing and Settlement Scheme. The Data Site includes lists of flows where West Midlands will be lead operator at franchise start.

3.3.3 Ticketing Technology

Bidders must include a change in ticketing technology for the new West Midlands Franchise both within the Greater London Authority (GLA) area and outside the GLA area. This supports the decision to develop and introduce smart ticketing for all surface transport modes, and to initiate the process within the West Midlands Franchise.

Bidders are required to include the introduction of Integrated Transport Smartcard Organisation (ITSO) compliant ticketing throughout the Franchise area on all ticket types no later than January 2010. This is considered fundamental to the ability of the Franchisee to address demand management issues and encourage passengers to move to the shoulders of the peak period or travel only 3-4 days per week.

The Franchisee will provide an ITSO-compliant ticketing system comprising ticketing issuing equipment, readers/validators and appropriate gating throughout the Franchise, including within the GLA area, and any ITSO back-office functionality. This will also require negotiations with other train operators through the Association of Train Operating Companies (ATOC) and the Rail Settlement Plan. The bidder will be expected to supply power and communications equipment and allow for the costs of the ongoing operational aspects of this scheme within their bid submission.

TfL will supply validation equipment for Oyster/ITSO dual capable equipment. This will only apply to stations in zones 1-6. The Franchisee will be expected to cooperate with TfL in the installation of the validation equipment and to supply power and communications equipment and allow for the costs of the ongoing operational aspects of this scheme within their bid submission.

The Franchisee shall work to agree and then join ATOC approved smartcard related ticketing schemes, for ITSO and Oystercard.

Bidders must submit a price for the full acceptance of all zonal Oyster ticket products in Zones 1 to 6 and implementation of an ITSO compliant ticketing system throughout the franchise area no later than January 2010. Bidders can retail Oyster tickets at their own discretion.

In summary:

	<u>Within GLA Area</u>	<u>Outside GLA Area</u>
TfL Zonal Fares	Yes	No
TfL Oyster products accepted	Yes	No
TfL Oyster products retailed	Bidders Discretion	No
ITSO-compliant ticketing	Yes	Yes
Introduction of gating, readers/validators at Bidder's cost	Yes	Yes

3.3.4 Pay As You Go

Smartcards will be introduced across the franchise area by 2010. Fare structures will change to incentivise travel outside the busiest periods of peak time.

Bidders will put in place a smart ticketing system across the franchise area that will accept existing Oyster products in London zones 1 - 6. This means that passengers on West Midlands services in London can use Oyster Pay as You Go products as well as newly available smart tickets.

There will be some changes to rail fares. New ticketing systems in place by January 2010 will mean that the Franchisee can offer flexible tickets to encourage passengers to travel outside of the very busiest times in the peak period

3.3.5 Centrocard (Now marketed as nnetwork Card)

Bidders will be required to enter into the Centrocard (multi modal ticket) Agreement with the West Midlands Passenger Transport Executive (Centro) and local bus companies and act as the rail representative at participant group meetings. A copy of the agreement can be found in the Data Site.

Bidders should note that within the Centro area, season tickets currently sold as Railmaster will continue to be sold as Railmaster, as opposed to point – point seasons. (Now marketed as ntrain card).

3.3.6 Concessionary Fares

In the West Midlands area concessionary travel is available for permanent residents of the West Midlands County. This allows free rail travel to the following categories of people:

- Over 60's
- 16-18 year olds in full time education
- Disabled persons within the categories defined in the Transport Acts 2000 and 1985 as amended.

Centro make a payment to Operators participating in this scheme. Bidders should discuss the financial arrangements with Centro.

In the GLA area permanent residents over the age of 60 years are entitled to free rail travel.

3.4 Service Quality

3.4.1 Customer Services Provision

Currently, Silverlink Trains audits customer service delivery through an audit regime called Silver Service. Silverlink Trains has entered into a contract with a third party for the provision monitoring interaction between staff and customers and visual standards of staff and station presentation.

Within the Centro area the SQUIRE and TIRE regimes currently operate. The former relates to the measurement of the physical condition of stations and trains, the latter measures the level of ticket-less travel. Details of these regimes are located in the Data Site.

Bidders are required to submit their proposals for a Service Quality Management System, in accordance with Schedule 7.2 of the National Rail Franchise terms.

3.4.2 National Passenger Survey

Bidders should note that it is The DfT's intention that twice yearly National Passenger Surveys of the West Midlands Franchise will be conducted by Passenger Focus.

3.4.3 Passenger's Charter

DfT is reviewing its policy in this area, and further guidance will be provided during the bid preparation phase. Bidders are advised that it is likely that the Franchisee will be required to base its compensation regime on a 'Delay, Repay' model, with ticket refunds of 50% for passengers on trains affected by delays between 30 and 59 minutes and of 100% for delays of 60 minutes or more.

3.5 Demand Management and Crowding

3.5.1 Demand

Bidders are required to form their own view of demand for the passenger services and, where this leads to overcrowding, put proposals to the DfT to remedy this. Bidders are expected to consider measures to mitigate overcrowding such as:

- revised rolling stock configuration and deployment;
- train lengthening;
- introduction of new ticketing systems enabling more flexible ticketing arrangements to encourage travel in shoulder-peak periods

The bidder will be able to elect flows on which to apply demand management. Fares Regulation will be adjusted to allow this to happen in line with the Demand Management Principles Document, which has been placed in the Data Site.

Bidders are required to be explicit about the financial and economic impacts of overcrowding and/or unsatisfied demand. Bidders should note the existence of infrastructure constraints including short platforms and stabling capacity at certain locations. Bidders should be aware that Network Rail has included proposals for the development, implementation and funding of platform lengthening and additional stabling schemes in the West Midlands area in its Initial Strategic Business Plan for Control Period 4 (published June 2006). Accordingly, Bidders are required to liaise with Network Rail during the development of their plans and to set out in their bids details of any infrastructure works or other initiatives which have been agreed with Network Rail as being necessary to enable delivery of their plans.

The West Midlands franchise serves a number of stations where sporting events, exhibitions and other attractions generate significant additional demand. Bidders are required to demonstrate how they will provide additional capacity in relation to such events.

3.5.2 Crowding

From the commencement date of the franchise, bidders are required to provide in each peak period on each route capacity equivalent to that provided in the timetable operated from December 2006.

Taking account of their own forecasts of future growth, the base case specification requires Bidders to present a train plan which will provide sufficient capacity such that crowding is maintained within the DfT crowding standard for the duration of the franchise. The DfT standard requires capacity to be provided so that on average:

- There is no requirement for passengers to stand for more than 20 minutes for any part of a journey;
- Standing density should not exceed the train capacity by more than an average of 4.5% in either morning or evening peak or 3% in both peaks combined (the Passengers In eXcess of Capacity regime or PIXC); and
- The train capacity is based on allowing 0.45m² floor area for each passenger.

Crowding should be assessed in relation to arrivals and departures from London Euston, Birmingham New Street, Birmingham Snow Hill (for services to/from the Kidderminster route) and Birmingham Moor Street (for services to/from the Leamington Spa and Stratford upon Avon routes). Bidders should note the requirement to submit a priced option in relation to provision of capacity to meet Centro crowding standards set out in section 6.

3.5.3 Load Management Data

The DfT requires monitoring of train loadings across all days of the week and times of the day. Bidders are required to fit automatic load monitoring equipment to vehicles in the rolling stock fleet used in the Franchise such that a statistically significant sample of data for all services can be obtained and supplied to DfT in an efficient manner. The DfT expects that not less than 10% of the vehicles in a fleet would require to be fitted. Annual passenger counts ("Green Book" counts) are also required to be provided in the autumn of each year on London and Birmingham commuter routes.

3.6 Centro (West Midlands Passenger Transport Executive)

Bidders will be aware that, in accordance with the Railways Act 2005, Centro does not have an automatic right to be a co-signatory to the West Midlands Franchise Agreement and should bid on this basis. However, such status can be granted at the discretion of the Secretary of State. The relationship with PTEs is set out in the detailed DfT guidance note – “The new system for the role of English PTEs in the rail franchising process” available from the DfT website, www.dft.gov.uk.

Bidders should note that, in accordance with the guidance, Centro has formally requested to be a co-signatory to the West Midlands Franchise Agreement.

Bidders should be aware that, as co-signatory to the Central Trains franchise, Centro currently plays an active role in franchise activities including marketing and production of timetable publicity. From November 2007, the West Midlands franchisee will be required to undertake such activities and Bidders are required to set out in their plans how the migration of such activities will be managed. Bidders should also note that Centro branding will be required to be used for publicity materials, at stations and on rolling stock used to provide local services in the West Midlands travel-to-work area. Bidders will be required to cooperate with Centro in promoting services as part of the multi-modal “Network West Midlands” brand. Centro will also retain access to and the free use of existing nominated poster sites at stations.

As the co-ordinator and promoter of public transport in the West Midlands conurbation Centro will receive data in relation to local services in the West Midlands travel-to-work area for planning and monitoring purposes. The franchise operator will be required to put in place systems to provide train miles, customer satisfaction, quality and usage information disaggregated to the PTE area. In addition, the following performance information is to be provided:

- Daily details of punctuality and reliability for all AM and PM peak local services in the travel-to-work area.
- Daily details of Service Recovery incidents.
- real-time performance updates via pager/mobile to designated employees of Centro.
- Period summaries of punctuality and reliability and shortforming on a route by route basis

3.7 Community Rail Strategy

The Secretary of State for Transport launched the ‘Community Rail Strategy’ in November 2004. This sets out ways to increase revenue, reduce costs and increase community involvement in local rail services. The Franchisee for the West Midlands Franchise are expected to participate in the implementation of this strategy as appropriate.

The DfT is keen to see improvements in the financial performance and usefulness of local and rural railway lines through the application of the Community Rail Development Strategy. The Strategy (published in November 2004 and available on the DfT website) sets out pragmatic and practical steps that can be taken to increase revenue, reduce costs and increase community involvement in local and rural railways.

There are four such routes within the West Midlands area:

3.7.1 Stourbridge Line

This is the shortest line on the Network Rail network and does not currently have a formal community rail partnership in place to support development. It is recognised that the current operation provides a useful link between Stourbridge Junction and the Town, however operating costs are high and it is possible that alternative options for providing a rail based service would represent better value for money. The line currently hosts the innovative “Parry People Mover” light rail vehicle which operates an experimental Sunday service. Light rail solutions such as this could represent a way forward for the route and should be considered by Bidders.

3.7.2 Abbey Branch

The Watford Junction - St Albans Abbey line is supported by an active Community Rail Partnership which has been in place for over 12 months. The partnership has been active in publicising the line and seeking to upgrade stations on the line. A key aspiration on the line is a move to a half hourly even-interval service. This would require a passing loop to be installed at Bricket Wood and plans have been produced for a low cost innovative control system for this passing loop and third party funds are available for the investment. Bidders are asked to submit a priced option for the introduction of a half hourly service.

3.7.3 Coventry – Nuneaton Line

This service does not currently have a community rail partnership in place and patronage may have been affected as a result of recent periods of bus replacement. As with the Marston Vale line, the DfT would expect to designate the service rather than the line and it is unlikely that designation will

take place before the start of the new franchise as no designation could take place before the establishment of a partnership.

3.7.4 Marston Vale Line

A new community rail partnership is currently being established for this line which runs between Bedford and Bletchley. The route infrastructure has recently been upgraded (primarily to reduce operational costs and facilitate the carriage of more freight) and this may open up the opportunity of service changes to better meet local needs. Further infrastructure enhancements at Milton Keynes may also enable trains to run through to Milton Keynes Central rather than terminating at Bletchley. Bidders should note that a requirement to submit a priced option in relation to this proposal is set out in section 6. There appear to be opportunities for better promotion of the service and potentially some station improvements working with the new partnership. Designation of the service as a Community Rail service is imminent but due to the volume of heavy freight now using the line, it is unlikely that the line itself will be designated.

3.7.5 Other Elements

Elements of the Community Rail Development Strategy can be implemented on non-designated lines. For example, station adoption of smaller stations by individuals or groups could improve their maintenance and attractiveness. Also, building improved links with the local authority could help with signage to stations or integration of the railway into local planning processes.

3.8 Rolling Stock

3.8.1 Existing Fleet

Details of the classes of rolling stock currently utilised by the incumbent TOCs have been placed in the Data Site. A mixed fleet of diesel and electric trains is currently used as shown in Table 3-2 below.

Table 3-2: Central Trains and Silverlink Passenger Rolling Stock, as at September 2006

Class	Traction	Vehicles per unit	Vehicle Length
150	Diesel	2 / 3	20m
153	Diesel	1	23m
158	Diesel	2	23m
170	Diesel	2 / 3	23m
313	Electric	3	20m
321	Electric	4	20m
323	Electric	3	23m
350	Electric	4	20m

The Class 350 Desiro vehicles are covered by section 54 agreements and therefore the DfT will require the Franchisee to enter into a rolling stock lease with the relevant ROSCO on substantially the same terms to that which currently applies.

3.8.2 Changes to Fleet

With the exception of the class 350 “Desiro” vehicles, the DfT is prepared to consider the use of alternative classes of vehicles for the West Midlands Franchise and Bidders must develop their own fleet strategies in relation to total fleet size, disposition, allocation to routes, availability of spares and other considerations.

3.8.3 Changes to Rolling Stock Leasing Arrangements

Following the White Paper published in 2004, the DfT has reviewed the structure of the rolling stock leasing industry and has considered whether and how overall industry costs may be reduced and better value for money obtained.

At the date of issue of this ITT the DfT has made a reference to the ORR under the Enterprise Act (the “**Referral**”). The ORR is not due to report back until the autumn and at this stage the Referral may yet give rise to a number of possible outcomes.

Bidders should note the above and, in preparation of their Franchise bid submission, tender and negotiate for their rolling stock requirements in the normal way.

Bidders, however, should also confirm that they will cooperate with the DfT in ensuring that:

- any benefits regarding rolling stock leasing terms which may arise as a result of the Referral or any associated work by the ORR and/or the Competition Commission are passed through the Franchise Agreement and fully reflected in the subsidy receivable or premium payable to The DfT;
- if the Referral and any associated work by the ORR and/or the Competition Commission reaches a conclusion prior to the selection of the Franchisee, the bidders will facilitate any changes to their Franchise bid submission arising from or necessitated by the outcome of the Referral;
- if the Referral and any associated work by the ORR and/or the Competition Commission reaches a conclusion after signature of the Franchise Agreement, the incoming Franchisee will enact any changes to the Franchise Agreement in accordance with its terms; and,
- the bidders agree that they will provide transparency of all rolling stock leasing costs affected by the Referral or any associated work by the ORR and/or the Competition commission, in order to enable its true value to be established by the DfT.

3.8.4 Electronic Advertising Media

Bidders wishing to propose the use of electronic advertising media, for example video or audio broadcast systems, on trains should make their intentions clear. The impact on the passenger environment of any proposed use of electronic advertising media and the net financial benefit should be separately identified within the Financial Model.

Implementation of any electronic advertising media proposals must be supported by passenger surveys and objective evidence that passengers are receptive to the installation of such systems and the content of the transmitted messages. Bidders will be aware that Electronic Advertising Media is currently in operation on Class 323 units.

Consent by The DfT will be granted only if suitable proposals are made regarding the passenger environment.

3.8.7 Regenerative Braking

Bidders are asked to consider, with Network Rail, the implications of introducing regenerative braking on electrically operated services within the Franchise to reduce energy consumption and reduce costs.

3.9 Performance

3.9.1 Network Rail

Bidders are referred to the DfT's projections for Delay Minutes attributable to Network Rail in their calculations for payments under Schedule 8 of the Track Access Agreement and in forecasts of any associated revenue effect. These figures will be placed in the Data Site and are derived from Network Rail's National Business Plan.

In their calculations for payments under Schedule 8 of the Track Access Agreement and in forecasts of any associated revenue effect, Bidders should develop and justify their projections for Delay Minutes attributable to Network rail and also include an explanation for the differences when these depart from the DfT projections. Bidders should use their own methodology for the calculation of Performance Minutes (Average Minutes Lateness and Deemed Lateness). The Franchisee will be responsible for the cost and revenue implications of any mismatch between their Network Rail performance projections and actual Network Rail performance.

3.9.2 TOC-on-Self

Bidders should provide their submissions based on the delivery of the Delay Minute targets provided in the Data Site. Bidders are expected to provide evidence as to how these targets will be delivered in their Performance Plan.

In developing the target, the following methodology has been applied. Service Delivery data is based on remapped historical data developed by the DfT and Technical Advisors. Using IPPR and PEARS data from the existing TOCs, a series of complex remapping procedures was used to define TOC on Self, TOC on TOC and NR delay. Two years of remapped data has been developed to reflect the new franchise set-up.

The starting target is an MAA of the remapped TOC on Self delay by the end of 2005/6 with a 10% improvement in TOC on Self delay by the start of the franchise. The benchmarks are set to give a 5% linear improvement for the first 5 years of the franchise and then no improvement. The Improvement Plan, Breach and Default have been set to be 7.5%, 15%, and 20% less challenging respectively than the Target figure after 5 years and this absolute difference applied throughout the 5 years. All benchmarks have been rounded to the nearest 250 delay minutes.

3.9.3 Cancellations

Bidders should provide their submissions based on the delivery of the Cancellations targets provided in the Data Site. Bidders are expected to provide evidence as to how these targets will be delivered in their Performance Plan.

The Cancellations data has been calculated as per the definition in the Franchise Agreement with 1 total cancellation counting as 1 Cancellation and 1 part cancellation counting as 0.5 of a Cancellation. All Service Recovery and Force Majeure cancellations have been taken out of the calculation of the benchmarks. The source of the Cancellations data is based on the remapped data supplied by the DfT. These include all Cancellations; therefore the remapped PEARS deemed minutes has been used to identify the split in Cancellations between the TOC and other parties (NR and TOC on TOC). The starting target is based on current performance levels. The benchmarks are set to give a 5% linear improvement over the first 5 years of the Franchise. The Improvement Plan, Breach and Default have been set to be 7.5%, 15% and 20% less challenging respectively than the Target figure after 5 years, and this absolute difference applied throughout the 5 years. All the benchmarks have been rounded to 2 decimal places.

3.9.4

* Where text has been omitted from this document, this is because DfT Rail Procurement has concluded that an exemption from the obligation to disclose information under the Freedom of Information Act 2000 applies (and, where applicable, the public interest would not be served by disclosing the information).

3.9.5 Capacity

The requirement for capacity recording in the new franchise is different from that which currently takes place under the short formation regime. Current short formation “seats to plan” data is not suitable to set a benchmark target. Therefore a standard base target is provided in the benchmark table. The Bidder is expected to demonstrate how this can be improved using their projected train plan and ensuring that sufficient rolling stock is available to run peak and other key services. Monitoring the capacity provision will be based on the availability of vehicles as opposed to seating availability.

From reporting period 06/07, the existing TOCs will provide periodically a report on all short formations by vehicle on a periodic basis. This will be placed in the Data Site assist Bidders with their projections.

3.9.6 Target setting

The targets in the Central Data Site represent the minimum level that the DfT is willing to contractualise. Bidders are invited to propose a target that is more stringent than those provided. These targets will then form the basis of the Franchise Agreement. Offering to contract the more challenging target will receive credit in the performance improvement element of the Operational Integrity/Deliverability evaluation, providing that its deliverability can be supported by suitable evidence.

To allow for any changes in performance between ITT issue and franchise commencement, targets will be recalibrated to reflect actual performance achieved up to 10 November 2007. If the recalibrated targets are tighter than the bidder’s proposal, then these will form the basis of the performance targets in the Franchise Agreement.

3.9.7 Remapped performance data

Recalibrated historic and forecast data for delay minutes, AML's, DML's, Schedule 8 payments and PPM will be placed in the Data Site to assist the bidder in putting together their proposals.

3.10 Security

The DfT is looking to ensure that the rail network provides a safe and secure environment for passengers and staff.

3.10.1 Secure Station Accreditation

Bidders will be required to cost and programme the achievement of Secure Station Accreditation (SSA) for those stations that experience the significant majority of footfall within the Franchise's stations, incorporating an appreciation of the experience of crime at the stations.

The Base Service Specification requires Bidders to deliver SSA for those stations with 80% of the Franchise footfall. Bidders will be required to assess with the British Transport Police (BTP) the security/crime risk at all stations in the Franchise and ensure that their proposals for covering 80% of footfall include all the identified high risk locations.

A priced option for attaining SSA status for 95% of station footfall within the Franchise and meeting those sites identified as high risk locations is required in paragraph 6.1.9 of section 6 of this ITT.

In order to ensure parity between the Chiltern Railways proposal for Snow Hill lines and West Midlands Bidders' submissions the following stations must be included in the bidder's proposal:

80%	95%
Birmingham Snow Hill	Birmingham Snow Hill
Solihull	Solihull
Stourbridge Junction	Stourbridge Junction
Worcester Foregate Street	Worcester Foregate Street
Kidderminster	Kidderminster
Worcester Shrub Hill	Worcester Shrub Hill
Dorridge	Dorridge
Rowley Regis	Rowley Regis
Stratford Upon Avon	Stratford Upon Avon
Stourbridge Town	Stourbridge Town
Acocks Green	Acocks Green
Smethwick Galton Bridge	Smethwick Galton Bridge
Widney Manor	Widney Manor
Yardley Wood	Yardley Wood
Great Malvern	Great Malvern
	Droitwich Spa

	Hall Green
	Shirley
	The Hawthorns
	Jewellery Quarter
	Hagley
	Malvern Link
	Spring Road
	Old Hill

The stations listed in the table above will be required to be awarded SSA in the event that the winner of the West Midlands franchise is successful in securing the Snow Hill Lines. In the event that the proposal submitted by Chiltern Railways to operate the Snow Hill Lines is accepted by the DfT and Chiltern Railways becomes the SFO for these stations, then responsibility to achieve Secure Station Accreditation for these stations will transfer to Chiltern Railways.

3.10.2 On Train Security

The West Midlands operator will be responsible for security on board its trains. Bidders will need to include a brief assessment of current security arrangements at all levels from theft and assault to terrorist threat and they should demonstrate what measures they will take to make improvements. Investment in technological security solutions would be welcome. If financially positive to do so this could be provided as part of a base case; if not it may be offered as an Incremental Option.

3.10.3 Operational Practices

Bidders are asked to assess the impact on passenger perception of personal security of changes to operational practices within the Franchise such as introduction of manned gate-lines at more stations and on-train staff being saloon-based to give an enhanced presence to passengers, checking tickets and providing service information. Bidders should also set out their approach to minimising graffiti and vandalism.

3.11 Reducing environmental impacts and improving sustainability

Although rail is a relatively clean and efficient means of transporting people and freight, as with all modes it must play its part in reducing its environmental impacts and contributing to Government's broader sustainable development objectives (The Government's sustainable development strategy which is entitled "Securing the Future" can be found at: <http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm>). In addition, with over 5 million people living near the railway, TOCs have an important role to play in managing their activities to reduce noise and disturbance to line-side neighbours.

Bidders should set out their approach to the environment including how they would plan to measure and reduce the environmental impact of the rail activities of this franchise including carbon emissions, air quality and noise, but also taking account of the need to conserve resources and to reduce waste and water/land contamination. The DfT would expect to contractualise initiatives that have a positive environmental impact as Committed Obligations.

3.12 Station Facilities

The DfT requires bidders to consider improvements to station environments. At Rugeley Trent Valley, due to the need for interchange for services to Stafford in SLC2, the DfT requires bidders to include the following in the Base Service Specification:

- i. Long Line Public Address System to inform passengers of delays
- ii. Installation of real time information via visual display screens
- iii. Installation of additional and enhanced covered waiting accommodation
- iv. Closed Circuit Television with monitoring and recording capabilities

The DfT would expect to contractualise initiatives that have a positive impact on station environments as Committed Obligations.

3.12.1 Cycling

The Government has adopted the Cycling Policy document produced in 2004 by the Strategic Rail Authority (SRA). This encourages all TOCs to carry folding bikes at all times, to carry non folding bikes wherever possible, whilst recognising that in peak periods there may be circumstances where it is in the best interests of the majority of passengers not to do so, and to supply cycle parking at most rail stations. The policy recommends that TOCs provide sufficient cycle parking at stations so that 95% of all rail journeys start from a station with adequate cycle parking by 2009.

Bidders must submit proposals for improving facilities at stations for cyclists to encourage greater cycle use by passengers. The DfT would expect to contractualise initiatives that have a positive impact on stations to encourage greater cycle use by passengers as Committed Obligations.

3.12.2 Car Parking

The DfT West Midlands Consultation document issued in June 2006, the SRA West Midlands Route Utilisation Strategy and the recently published The DfT Regional Planning Assessment all identify car parking as a constraint at many stations in the Franchise area.

Bidders are required to present proposals for increasing the number of car parking spaces in the Franchise area as part of the wider issue of access to stations, mindful of planning issues and the need to consider other modes and environmental issues.

Information on the following car parking aspects is contained in Appendix 3 of this ITT and should be used as guidance only. Bidders are encouraged to carry out their own research into car-parking.

- Former Silverlink County routes stations where average occupancy is understood to exceed 80%.
- Enhancement schemes that are being developed for car parks at Northampton, Milton Keynes, Tring and Watford Junction.
- In the former Central Trains area outside of the Centro PTE area stations that have average daily occupancy rates in excess of 80%.
- Occupancy figures for 39 station car parks within the Centro PTE area where there are around 6000 car park spaces. It is current Centro policy not to charge for parking at station car parks in the Centro area a number are understood to be full by 0800 hrs on weekdays.
- Details on stations currently operated by Virgin Trains where there are plans to increase car parking.

The process for extending car parks at stations are in the National Car Park Enhancement Principles, which briefly summarised is:

- TOC puts forward business case for extension to the DfT and Network Rail
- Department for Transport evaluate the scheme in economic terms
- Network Rail will design, build and finance the scheme
- Network Rail will recoup the capital cost through the Long Term Charge

It is expected that bidders will make the following commitments with regards car parking on the West Midlands franchise:

1. Submit business cases to Network Rail and the DfT for car park extensions at locations where they believe such a case exists:
2. Work with Centro on proposals for extensions within the Centro area where additional passengers can be accommodated.
3. Submit innovative plans for demand management
4. Provide a comprehensive set of Quality Standards for car parks including:
 - a. Contact number in case of problems clearly displayed
 - b. Barrier system fully operational
 - c. Car park tariffs clearly displayed
 - d. Car Park payment machine working
 - e. Consequences of non-payment clearly and unambiguously displayed
 - f. Car Park clear of potholes
 - g. Parking bays clearly marked
 - h. Disabled and staff bays clearly identifiable
 - i. Car park litter free
 - j. Vegetation in car park adequately controlled
 - k. CCTV operational

5. Car park security should be reviewed at each location with remedial actions committed.

3.13 Track Access Agreements

The Track Access Agreements of Silverlink and Central Trains are not due to expire until December 2008. However, work has commenced on the creation of a West Midlands Track Access Agreement, designed to take effect at the commencement of the new franchise at 02:00 on Sunday 11 November 2007. This TAA will consist of all relevant provisions from the existing Silverlink and Central Trains TAAs, which will, therefore, be terminated on 01:59 on 11 November 2007.

Bidders are advised that the incumbent TOCs will be required to bid, on the Priority Bidding Date in 2007, for an extension of the December 2006 timetable to continue to operate throughout the timetable year from December 2007 until December 2008.

The DfT is working with Network Rail to ensure that a draft Supplemental Agreement to grant the rights necessary for the December 2008 Timetable change will be ready for submission to ORR for approval in summer 2007.

The role of the Franchisee with regards to these Track Access Agreements will be:

- to accept their terms; and
- to discharge the obligations of each and manage each for the benefit of the Franchise.

An assumption will be provided to Bidders in the Data Site regarding the allocation of the Fixed Access Charge from Central Trains to the three new Franchises.

3.13.1 Open access operation

In order to gain a full picture of the requirements for access rights in the December 2008 timetable, the Office of Rail Regulation (ORR) is conducting a capacity review of the area and routes to be served by the Central England franchises. The progress of that review is reported on the ORR website at <http://www.rail-reg.gov.uk/server/show/nav.205>.

ORR intends that the initial results of this review should be available to bidders in good time for them to be able to take account of those results before submission of bids. It is anticipated that access rights for services required by DfT to be operated in fulfilment of SLC2 are likely to be granted, but rights sought for additional services contained in Priced or Incremental Options could be affected by applications from passenger or freight OAOs.

3.14 Depots

The rolling stock presently used on the routes to be transferred to the new franchise is currently maintained at the locations shown in Table 3.14.1 below:

3.14.1 Central Trains and Silverlink Existing Depot Locations

Location	Rolling Class	Stock	Current DFO
Bletchley	321		Silverlink
Northampton	350		Siemens
Willesden (London)	150, 313		Alstom (West Coast Train Care)
Tyseley (Birmingham)	150, 153, 158, 170		Maintrain
Soho (Birmingham)	323		Maintrain
Camden	321		Silverlink
Worcester Shrub Hill	150, 156, 158		Maintrain
Shrewsbury	150, 156, 158		Central

In relation to those depots currently operated by Maintrain, Bidders should assume that the depot leases between Maintrain and Network Rail do not extend beyond 10 November 2007. Accordingly, Bidders are required to engage with Network Rail and Maintrain regarding the possible transfer of DFO status from Maintrain to the West Midlands franchisee with effect from 11 November 2007. Bidders should also note the DfT's assumption that DFO status at Nottingham (Eastcroft) should transfer to the East Midlands franchisee with effect from 11 November 2007.

Bidders should be aware that there is an assumed trading agreement requirement between the West Midlands franchisee, the East Midlands franchisee and New Cross Country franchisee to provide fleet maintenance until December 2008. The assumption limits the maintenance trading agreement requirement to fleet Classes currently maintained at Tyseley that will be operated by the East Midlands and New Cross Country franchisees.

Bidders should be aware that the maintenance of the class 350 Desiro fleet by Siemens is currently carried out in accordance with a Train Service Agreement. The West Midlands franchisee will be required to enter into a new Train Service Agreement with Siemens on terms substantially similar to the current Train Service Agreement.

Bidders should note that in accordance with the West Coast Route Modernisation, infrastructure rationalisation will take place in the Bletchley area commencing in 2009. This will permanently limit access by rail to and from Bletchley depot from that date. Accordingly, Bidders will need to consider the extent to which this depot is used for maintenance activities after this date and include the implications in their bids.

3.15 Stations

The new franchise is expected to be the station facility owner for 146 stations, and trains will call at a further 35 including London Euston, Birmingham New Street, and Liverpool Lime Street which are major stations operated by Network Rail. A full list of stations is attached in appendix 2. Bidders attention is drawn to the exclusion of South Wigston, Hinckley and Narborough, as a result of this route transferring to New Cross Country.

3.15.1 Accessibility

Bidders should demonstrate their approach to improving the accessibility of the railway network, and in particular the access and egress arrangements at stations. In addition to the initiatives for cycling and car parking, Bidders should indicate their plans for wider transport integration and their approach to engaging with local authorities and other stakeholders to improve the journey opportunities and experience for passengers.

Appendix 2 sets out the DfT's approach to encouraging third party investment in stations.

3.15.2 Coleshill Station

In January 2007 a new station at Coleshill is due to open. The only Operator currently scheduled to call at this station from December 2007 is the Operator of the New Cross Country franchise, although the Operator of the West Midlands franchise will be the Station Facility Owner.

There is a Direct Agreement in place between the DfT and Coleshill Parkway Limited. This is located in the Data Site and sets out arrangements in place for the operation of this station.

3.16 Railways for All

The Railways for All Strategy was launched in March 2006. This can be downloaded from www.DfT.gov.uk/access.

This Strategy describes what the rail industry will be doing to improve disabled access. A key part of this is the £370m Access for All funding to deliver access improvements over the next 10 years. This is split into two parts:

- Around £35m per year is targeted at achieving an unobstructed and obstacle free 'accessible route' within Network Rail controlled infrastructure, from at least one station entrance (usually the main one) and all drop-off points associated with that entrance, to each platform and between platforms served by passenger trains. The decision on which stations are addressed is based on footfall, 2001 census and geographic spread. These works are to be developed and delivered by Network Rail.
- Up to £7m per year is available across England, Scotland and Wales as Small Schemes funding to be spent on specific projects developed and delivered by a range of bodies including TOCs, local authorities and other parties.

The stations included in the Strategy to be delivered over the next 3 years by Network Rail can be downloaded from www.DfT.gov.uk/access. This includes stations in the West Midlands area.

This station list will be extended over the course of the West Midlands Franchise and may include other West Midlands stations, although this is not guaranteed.

The specific infrastructure required to achieve an accessible route is to be determined on a station by station basis, however the most likely solution will be the provision of lifts to new or existing bridges/subways. Bidders are requested to consider the additional impact of assisting and

facilitating completion of access improvements at a limited number of stations in the West Midlands area over the course of the Franchise period.

The Small Schemes funding allocation is made on an annual basis with the first round of applications for funding invited in April 2006 for proposals across England, Scotland and Wales. The new TOC may submit bids in line with the process and timelines outlined on The DfT website.

3.17 Disability Discrimination Act

Bidders' attention is drawn to the current requirements in Part 3 and Part 5 of the Disability Discrimination Act 1995 (as amended). Attention is drawn to the Disability (Transport Vehicles) Regulations 2005 which come into effect on 4 December 2006. Those regulations will lift the exemption in Part 3 of the Disability Discrimination Act 1995 for transport vehicles.

Attention is also drawn to the proposed changes to the Rail Vehicle Accessibility Regulations 1998 flowing from the Disability Discrimination Act 2005 which it is proposed to introduce from December 2006. Notably these would set an end date no later than 1 January 2020 for vehicles to comply with the Rail Vehicle Accessibility Regulations 1998 and enable the regulations to be applied to existing rolling stock at refurbishment.

The DDA places a duty on service providers to facilitate reasonable access to their services.

Bidders are requested to explain how, in providing their service, they will meet the requirements of the Disability Discrimination Acts and whether the service provided will exceed that currently available. Where that is the case, Bidders are expected to identify and price this separately. Examples could include, provision of additional platform staff, improvements in processes or procedures or the provision of additional station works. An annual minor works budget should be included for improving accessibility to the value of £250,000. Bidders attention is drawn to Schedule 4, paragraph 2.7 of the National Rail Franchise Terms which requires the Franchisee to establish and manage the Minor Works Budget to fund the carrying out of the Minor Works.

3.18 Mobilisation and Migration

3.18.1 Mobilisation

Bidders must demonstrate their capability, in the event they were to be selected as Franchisee, to carry out an effective mobilisation within the necessary timescales and proceed to commencement of operations on 11 November 2007.

The Franchisee must mobilise with the intention of fulfilling the following aims:

- to ensure the integrity and continuity of existing services;
- to work with other operators, Network Rail, ORR and other stakeholders to ensure a successful handover from the incumbent TOC by the agreed transfer date. This will include, amongst other things:
 - staff transfers; and
 - transfer of supporting assets and finalisation of commercial arrangements.

3.18.2 Migration

The Franchisee must undertake migration within the West Midlands Franchise with the intention of fulfilling the following aim:

- to complete integration activities and establish a single operating entity by December 2008 West Coast timetable date, at the same time, implement significant changes to the timetable.

For clarity, *mobilisation* activities are interpreted in this document as being those leading up to the commencement of operations. *Migration* activities are those relating to the transfer and integration of the existing operations, supporting assets, systems and commercial arrangements to create the new West Midlands Franchise.

3.18.3 Transfer of essential property, rights and liabilities to the Franchisee

It is proposed to transfer property, rights and liabilities that are likely to be required to operate the West Midlands Franchise to the Franchisee via the Start Date Transfer Scheme.

3.18.4 Rolling Stock

The Franchisee will need to agree with the DfT, rolling stock leasing companies and vehicle maintainers as appropriate, new leases and associated contracts for the rolling stock that will enable it to deliver its obligations under the Franchise Agreement. This requirement will be a condition precedent to the start of the West Midlands Franchise.

3.18.5 Rolling Stock to December 2008

From Franchise start in November 2007 to the new timetable in December 2008, it is planned that there will be trading between the West Midlands, East Midlands and New Cross Country for traincrew and rolling stock maintenance. This is particularly the case for services currently operated by Central Trains using Class 15x trains and Class 170 trains which will be split between the three new Franchises. One of the issues involved in planning this is traction knowledge and depot location. In order to give certainty to the Bidders the details of the proposed traincrew trading and fleet allocation and maintenance arrangements to be in place to deliver the operational service from 11 November 2007 will be placed in the Data Site shortly and will form the basis of common bidding assumption for all three Midlands Franchises.

Bidders have the flexibility to propose alternative Rolling Stock for this period (such as bringing in vehicles that may be off-lease), but will have to provide a full explanation of what this may mean if other Franchises are affected and how they would manage any risks to delivery of Day 1 operations given the complexities around traincrew provision, trading and route knowledge. Any such proposals should be discussed with the DfT in confidence during the bid preparation phase.

3.18.6 Rolling Stock Throughout The Franchise Term

For the period of the whole Franchise term, the DfT will only specify use of particular Rolling Stock where it is absolutely necessary to do so. This has been necessary in the case of the Class 220/221 Voyager DEMU train fleet, the arrangements for which are further described below in Section 3.9.5.

3.18.7 Changes to Fleet

The DfT is prepared to consider the use of alternative classes of vehicles for the West Midlands Franchise (subject to Sections 2.19 and 3.8.1 above) and Bidders must develop their own fleet strategies in relation to total fleet size, disposition, allocation to routes, availability of spares and other considerations.

3.18.8 Trading Agreements with London Rail Concession

3.18.8.1 Rolling Stock - Class 313 EMUs

Bidders are to assume that from the 11 November 2007 until the winter timetable change date in 2008, the Concessionaire of the London Rail Concession (LRC) will be committed to supplying (including maintenance and cleaning) 1 x Class 313 EMU, 7 days per week to cover the Watford Junction – St. Albans Abbey service on behalf of the West Midlands Franchisee. Bidders should note that this commitment may be extended up to the summer 2009 timetable change date.

There will be no commitment for the LRC to supply any class 313 unit beyond the summer 2009 timetable change date. Bidders should include within their Bids, a cost (at a reasonable market rate) to the Operator of the LRC in return for that EMU.

The Concessionaire will be responsible for presenting the trains at Watford Junction for use by the Franchisee of the West Midlands Franchise.

3.18.8.2 Rolling Stock - Class 150 DMUs

Bidders are to assume that from the 11 November 2007 until the winter timetable change date in 2008, the Concessionaire of the London Rail Concession (LRC) will be committed to supplying (including maintenance and cleaning) 2 x Class 150 DMUs, 6 days per week (Monday – Saturday) to cover the Bedford – Bletchley service on behalf of the West Midlands Franchisee. Bidders should note that this commitment may be extended up to the summer 2009 timetable change date. Bidders should assume that all movements of the DMUs between Bletchley and Willesden Train Maintenance depot will be undertaken by train crew of the West Midlands franchise. Bidders should include within their Bids, a cost (at a reasonable market rate) to the Operator of the LRC in return for the provision of the DMUs. Bidders should also note the requirement in section 6 for a priced option regarding alternative rolling stock provision for this service for this period to inform DfT / TfL decisions regarding the need for such interim hire of rolling stock.

Additional trading arrangements are required to be put in place between the West Midlands franchisee and LRC and information on this is available in the West Midlands Data site. Some key examples are;

3.18.8.3 Traincrews - Drivers for Watford Junction – St Albans Abbey services.

From 11 November 2007, up until the winter timetable change date in 2008, the Concessionaire of the LRC will be committed to provide drivers to the franchisee of the West Midlands Franchise for Watford Junction – St. Albans Abbey services and any associated empty stock movements, in line with current Silverlink Metro driver diagrams.

Bidders should note that this commitment may be extended up to the summer 2009 timetable change date. There will be no commitment for the operator of the LRC to supply drivers beyond the summer 2009 timetable change date.

Bidders should include within their Bids, a cost (at a reasonable market rate) to the Operator of the LRC in return for the supply of those drivers.

3.18.8.4 Traincrew Supervision

Bidders should assume that from the 11 November 2007, for a period of 12 months, the Concessionaire of the LRC will be committed to supply supervision and rostering facilities based at Watford Junction for conductors of the franchisee of the West Midlands Franchise in line with the current arrangements.

3.18.8.5 Traincrew Accommodation

Bidders should assume that from the 11 November 2007, for a period of 12 months, the West Midlands franchisee will be committed to supplying traincrew accommodation, at Watford Junction station, to the Concessionaire of the LRC in line with the current arrangements.

3.18.9 Employees

3.18.9.1 Transfer of Undertakings (Protection of Employment)

Bidders should assume that the transfer of the Incumbent TOCs' businesses and the entry into the Franchise Agreement will constitute the transfer of an undertaking for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 1981 as amended 2006 (TUPE). Bidders should note the Maintrain depot position.

3.18.9.2 Pay and Pensions

Bidders are required to confirm acceptance of the terms and conditions relating to pensions contained in Schedule 16 (Pensions) of the Franchise Agreement. This confirmation should be included in responses to Section 4 (Operational Integrity/Deliverability).

Bidders should not assume that DfT will provide any indemnity regarding any payments that may be required under the Railways Pensions (Protection and Designation of Schemes) Order 1994 (SI 1433) or otherwise.

The Franchisee will become the Designated Employer for:

1. the current Central Trains Section of the Railways Pension Scheme (RPS), which will consist of all the active members who will not be transferring to the East Midlands or

New Cross Country Franchises, and 60% of the deferred pensioners and pensioners of the current Central Trains Section: and

2. the current Silverlink Section of the RPS, consisting of all the active members who are not transferring to the TfL Concession, and all the deferred pensioners and pensioners of the current Silverlink Section.

Exact numbers are not known at present, but bidders should assume that numbers will be determined during the bidding process.

Bidders are required to set out their approach to managing the existing pension schemes within the context of there being no need for merger of sections at day one. Instead the existing sections will continue, with the current schedule of contributions remaining in place until the results of the December 2007 valuation are known.

All assumptions should be clearly stated.

Subject to meeting their obligations under the Railway Pension Scheme, at the end of the Franchise Term the Franchisee shall have no responsibility for any deficit in the scheme (other than contributions due and payable before the end of the Franchise Term by the Franchisee) and have no right to benefit from any surplus which may exist in the relevant section.

3.18.10 Operational and regulatory requirements

3.18.10.1 Railway Safety Case

Existing rail safety regulations changed in April 2006 as a result of the European Railway Safety Directive (2004/49/EC) and following the introduction of the Railways and Other Guided Transport Systems (Safety) Regulations 2006 (provisional name) (the Regulations). These will replace the existing safety cases with safety certificates for rail undertakings (i.e. TOCs).

The Franchisee will be required to obtain a comprehensive Safety Certificate for the West Midlands Franchise as a condition precedent to the commencement of the West Midlands Franchise. The Franchisee shall be responsible for maintaining the Safety Certificate for the term of the West Midlands Franchise.

Bidders are expected to engage with the HMRI during the Bid Preparation Phase. Further information on the content and administration of railway Safety Cases can be found at the following website: [http://www.rail-reg.gov.uk/Regulation & certification - : Office of Rail Regulation](http://www.rail-reg.gov.uk/Regulation%20and%20certification%20-%20Office%20of%20Rail%20Regulation)

3.18.10.2 Licensing

As a condition precedent for the start of the West Midlands Franchise, the franchisee will be obliged to apply for, and secure, licences and a related Statement of National Regulatory Provisions to operate railway assets within Great Britain. Typically, this process can take up to 16 weeks to complete, allowing for consultation and due process. ORR normally requires appropriate safety authorisations to be in place prior to the final issue of these licences."

Further information on the issue and administration of licences can be found at the following website: <http://www.rail-reg.gov.uk/>

3.18.10.3 Railway Safety Group

The Franchisee will be expected to become a member of the 'Railway Safety Group' and, as such, the DfT will expect it to engage proactively as a member of that Group. In particular, this requires the Franchisee to engage in:

- the consultation process for new standards (both railway group standards and any ATOC 'Codes of Practice');
- the process of generating the 'Railway Safety Group Safety Plan' (RSGSP); and
- the delivery of an appropriate contribution to that RSGSP. TOCs are required to produce an Annual Safety Plan that should be available on request to the DfT and ORR.

The Franchisee will also be expected to participate in industry groups and committees addressing the domestic, European and research safety agenda of the Railway Safety Group. The DfT has an expectation of full engagement in safety at both Franchisee and parent company level.

3.18.11 Access

3.18.11.1 Station and Depot Access Agreements

Arrangements for gaining access to stations and depots operated by other TOCs are covered by access contracts between the Facility Owner and any beneficiaries wishing to use the facility. Access contracts are regulated under the Act and are subject to approval or direction by ORR, which has produced a number of template access contracts for use by TOCs.

Bidders should be aware that ORR is implementing the revised station access regime from July 2006. Whilst the basic principles of the stations access regime will remain the same, the detailed arrangements between Network Rail, Facility Owners and other users (beneficiaries) of stations will alter. This will vary the types of lease that are available, and the responsibilities within those leases. Bidders will be expected to consider these arrangements, and ways in which these can be exploited to develop opportunities. Bidders should contact ORR for further information.

3.18.11.2 Track Access Agreements

The current Track Access Agreements held by the incumbent TOCs, and the arrangements to put in place a new TAA for the West Midlands franchise, are detailed in Section 3.13. Details of the existing Track Access Agreements can be found in the Data Site and on the ORR website.

3.19 Projects affecting the West Midlands Franchise

Bidders should be aware of projects which may affect the West Midlands Franchise. The franchisee will be required, via standard industry processes, to cooperate with the following projects and any others which may arise during the life of the franchise. The Franchisee will have a general obligation in the Franchise Agreement to cooperate with The DfT, Network Rail and other stakeholders with respect to the development and implementation of possible future projects.

3.19.1 Network Rail schemes

3.19.1.1 West Coast Route Modernisation schemes including;

Bletchley area signalling renewals and network simplification

This was originally planned for completion by December 2008. The scheme relates to the re-signalling and simplification of areas clear of the main lines. It is therefore not critical for the December 2008 timetable and resource priorities have been focussed elsewhere. The work is now expected to be completed during 2009/10.

Milton Keynes station remodelling

The station will be remodelled by December 2008 as part of the West Coast Route Modernisation. An additional bay platform will be provided to accommodate potential for Bedford – Bletchley services to be extended through to Milton Keynes.

Rugby remodelling

This scheme will provide additional capacity and improved line speeds at Rugby by December 2008.

Trent Valley Four Tracking

As part of the West Coast Route Modernisation, there are plans to increase the number of lines on the Trent Valley route to 4 by the end of 2008.

3.19.1.2 Birmingham New Street redevelopment “Gateway” project

Birmingham City Council and Network Rail, with partners Advantage West Midlands and Centro, are developing proposals for a major redevelopment of Birmingham New St station. If funding is obtained, the construction works at the station could cover the period 2008-2013. The scheme is intended to provide additional passenger handling capacity and enhanced concourse areas in conjunction with commercial redevelopment.

3.19.1.3 Resignalling schemes

Coventry area re-signalling

In 2007 this re-signalling scheme will take place in parallel with other schemes to deliver the remaining line speed improvements on the Rugby – Birmingham line.

West Midlands area re-signalling schemes

Network Rail is developing a programme of re-signalling schemes covering various routes in the West Midlands including the Stratford upon Avon, Wolverhampton, Walsall and Stourbridge – Hartlebury areas which may be implemented during the period of the franchise.

GSM – R

Network Rail has initiated a Network Change to renew all of the United Kingdom's (UK) radio systems with GSM-R. This is to reflect the fact that the frequencies at which the current radio systems operate will no longer be available from 2012.

A pilot study is scheduled to take place in Strathclyde later in 2006, and a wider national roll-out is expected to commence in 2007 subject to the successful completion of the trial.

The exact details of infrastructure availability and hence the roll out of GSM-R in the Franchise area is still to be finalised detailed plans should be available by April 2007. It is anticipated that all of the infrastructure will become available mid 2009 to mid 2010 and hence the changeover to GSM-R can commence.

Bidders must include a price for the supply and installation of GSM-R to the New Cross Country Rolling Stock fleet, and details of the notice period required to implement the Option. As part of the fitment costs those associated with the training of staff to the use and maintenance of the GSM-R equipment, costs associated with any ROSCO approvals and the removal/making good of the legacy radio systems should be included. Bidders will be required to work cooperatively with Network Rail in order to ensure an efficient changeover to the GSM-R system. First of class designs are currently being developed by Network Rail.

Bidders should note that if this Option is contracted it effectively removes the vehicles from the G1 Network Change process and no compensation would be available for this project.

The detailed documentation on GSM-R can be located in Section 17.4.1 of the Central Data Site, this includes copy of the current Network Change Notice and the Heads of Agreement for the Supply of GSM-R mobiles by Siemens. Bidders should discuss precise timings of the roll-out with Network Rail as this will be developed during the bid period.

European Rail Traffic Management System

Network Rail is leading the cross-industry programme addressing the scale and pace of the introduction of the European Rail Traffic Management System (ERTMS) within the UK. The migration from existing conventional signalling to ERTMS is designed to optimize the benefits and to avoid undue disruption to the performance of the railway.

The Cambrian Line will be the first UK project and should be operational in 2008. It will provide essential experience of delivering and operating a cab signalling system compliant with European standards and is intended to validate operating rules and migration aspects of the European Train control System (ETCS) subsystem.

Precise dates for the implementation of ETCS on the routes covered by this Franchise are not yet known and will depend upon the emerging national implementation programmes and the outcome of projects and activities in the UK and abroad. Co-ordination may be required between the Franchisee, ATOC, Network Rail and the rolling stock leasing companies to manage the successful transition within the context of the national rollout strategies. Bidders should understand that a decision to implement this cab signalling system would lead to additional training for drivers and potentially other staff and that co-operation may be required from the Franchisee during the feasibility and planning stages before formal issue of a Network Change Notice.

3.19.2 The DfT promoted schemes

Inter City Express project

Inter City Express Programme (ICEP) is the programme for replacement of the existing High Speed Train Fleet with a new train that can deliver the flexibility, performance and carrying capacity the railway will need to 2040 and beyond. ICEP is being led by the DfT.

There will be a requirement for the West Midlands franchisee to fully cooperate with the ICEP which, it is anticipated, will reach an advanced stage of development during the currency of the franchise.

3.19.3 Centro promoted schemes

Cannock Line improvements (“Showcase”)

Centro is developing a scheme to upgrade the Cannock Line involving station improvements including longer platforms at various stations and provision of booking offices at Hednesford and Cannock.

Snow Hill station second access

Centro is currently constructing a new second entrance to Snow Hill station which is likely to open in Autumn 2007. Centro has undertaken to fund the additional ongoing operational expenditure associated with this scheme in relation to the existing Central Trains franchise and wishes to discuss this issue with Bidders in relation to the West Midlands franchise

Station enhancement schemes

Centro funds an ongoing programme of station enhancement schemes in the West Midlands area. The West Midlands franchisee will be required to co-operate with the implementation and operation of such schemes

Park and Ride enhancement schemes

Centro funds an ongoing programme of park and ride enhancement schemes in the West Midlands area. The West Midlands franchisee will be required to co-operate with the implementation and operation of such schemes

3.19.4 Other Local Authority / third party promoted schemes

Bromsgrove station enhancements

A package of improvements to the station including platform extensions, potentially funded by Local Authorities, Centro and Network Rail.

Watford Junction Station Redevelopment

Hertfordshire County Council plans to redevelop Watford Junction station, including alterations to the front of the station and the car park.

Tring Station Gateway Project

Hertfordshire County Council proposal for station booking office redevelopment.

Northampton Station Development

A potential major office development sponsored by West Northamptonshire Urban Development Corporation which could provide additional car parking capacity for the station and generate additional commuting to/from Northampton

Brinsford proposed new station

A developer promoted station North of Wolverhampton on the line to Stafford which could provide a significant park and ride facility.

East-West rail

A consortium of Local Authorities led by Buckinghamshire County Council is developing proposals for the re-instatement of a direct East-West rail link between Oxford and Cambridge via Milton Keynes and Bedford. Effort is currently focussed on the Bedford-Aylesbury/Oxford part of the route and proposals are being developed for a regular service between Bedford/Milton Keynes and Aylesbury/Oxford. A study has commenced to take the development of the project up to Networks Rail's GRIP Stage 2 level of feasibility.

Croxley Rail Link

Hertfordshire County Council, in conjunction with London Underground Ltd, is developing plans to re-route and extend the Metropolitan line to Watford Junction using Network Rail's disused Croxley Green to Watford Junction branch line.

Bricket Wood passing loop

Hertfordshire County Council, in conjunction with Network Rail and the Community Rail Partnership is developing plans to provide a passing loop at Bricket Wood to enable the introduction of a twice hourly service on the Watford Jn. – St. Albans Abbey branch. Bidders are required to provide costs for the operation of such a service as a priced option - see section 6.

3.19.5 Car Parking.

As set out in Appendix 3 car parking capacity enhancement schemes are being pursued at a number of stations in the Franchise area including West Coast stations where Virgin West Coast Trains is the Station Facility Operator (SFO).

3.20 London 2012 Olympic and Paralympic Games

Bidders should note that the Franchise Agreement requires the Franchisee to co-operate and consult as reasonably required with the London 2012 Olympic Bid Team, the Secretary of State, Transport for London, Network Rail, the British Transport Police and any other relevant party in connection with any arrangements directly or indirectly connected with the Games. The Franchise Agreement will include undertakings in relation to advertising.

SECTION 4: THE BID: DELIVERY PLANS

4.1 Introduction

The DfT requires Bidders to show how they will deliver the Franchisee's obligations contained in the Franchise Agreement and how this will meet the objectives of the West Midlands Franchise. In line with paragraph 20 of the DfT document [“A Guide to the Rail Franchise Procurement Process”](#), the DfT requires Bidders to produce three principal delivery plans, setting out how they intend to improve the reliability, reduce the cost and increase the revenue of the service.

4.2 Required Response

4.2.1 Plans and Criteria

Bidders are required provide the three principal delivery plans by submitting responses to fourteen operating criteria. Table 4-1 shows the fourteen operating criteria and suggested component items. It should be noted that the list of component items is not intended to be exhaustive but the DfT will expect Bidders to at least consider these elements when developing their proposals. Bidders may wish to introduce further components. For the avoidance of doubt, this section of the Invitation to Tender requires a specific response to each of the fourteen operating criteria, and only these will be assessed.

Bidders are required to provide a separate response in respect of each operating criterion covering the contribution made by that criterion to the overall Performance, Cost and where relevant, Revenue Plans. The DfT evaluators will read across the Performance, Cost and Revenue elements in respect of each operating criterion so there is no need to repeat information within the response for the same criterion.

Bidders are not required to provide a response in relation to all three principal delivery plans in respect of every operating criterion. Table 4-2 shows the minimum acceptable coverage which is required by The DfT. Bidders may submit plan responses in relation to operating criteria not considered essential by The DfT if they consider this helpful to the understanding of their solution.

Bidders are required to structure their plans and operational models to provide clarity on the resourcing, costs and revenues associated with each of the 4 Train service groups defined in section 1.2 of this ITT.

Bidders are required to show key service quality projections for each of the train service groups, i.e. performance and crowding (PIXC).

4.2.2 Executive Summary

Part 1 of the bid should also include an Executive Summary which describes the Bidder's vision for the West Midlands franchise and how the DfT objectives for the franchise will be met. The Executive Summary should outline the proposed approach and indicate the relative importance placed by the Bidder of each of the fourteen operating criteria.

4.2.3 Performance Plan

The Performance Plan should address the business performance of the proposed franchisee. Whilst the ability to deliver improved operational performance in terms of punctuality and reliability forms an important component of business performance, the Performance Plan also needs to address how the DfT specification and objectives will be delivered.

4.2.4 Annexes and Appendices

Bidders may include annexes and appendices to their response which should be clearly referenced in the main text. Bidders are reminded that any annexes or appendices are subject to the size limits described in Section 2.9 (Structure and Format of Bids).

4.2.5 Cross Referencing

The DfT evaluators will follow cross references to specific identified components of the response in relation to other operating criteria e.g. the response in relation to Security & Environmental might cover the contribution made to security by station gating but cite specific paragraphs of the Ticket Sales & Revenue Protection response in order to describe the solution proposed and provide evidence of its deliverability. No credit will be given for unspecific general references e.g. "further evidence on this issue is provided in our Ticket Sales & Revenue Protection response".

4.3 Evaluation Process

4.3.1 General

The DfT will assess each response according to the Office of Government Commerce (OGC) and European Foundation for Quality Management (EFQM) guidelines. The Franchise will be awarded to the Bidder who offers the DfT the best, robust proposition, in terms of price and reliability, for operating the Base Service Specification.

The DfT has not attributed any level of relative importance to the fourteen operating criteria and they will be weighted equally. The DfT will assess the overall risk to delivery of the performance, revenue and cost principal delivery plans. Evidence from the revenue and cost plans will also be used to inform the DfT's risk adjusted view of the premium or subsidy offered by the Bidder and the assessment of the financial risk of the bid.

Bidders' attention is drawn to the guidance on risk assessment which is set out in paragraphs 21 and 22 of "A Guide to the Rail Franchise Procurement Process".

4.3.2 Evidence

The DfT requires evidence that the Delivery Plans are sound and achievable. Bidders are not expected to repeat evidence of their general competency as a transport operator which will have already been submitted and assessed as part of the EFQM evaluation undertaken at the Accreditation stage. However, evidence is required of deliverability of the specific plans presented for the new franchise, which may be in the form of relevant examples from other operations. The more ambitious the improvement offered by the Bidder, or the more innovative its approach, the greater the need for evidence to support the bid.

4.3.3 Application of RADAR®

The Delivery Plans will be evaluated using the RADAR® process. Bidders are encouraged to identify the RADAR® components of their response in respect to each operating criterion, which will be applied as follows:

RADAR® component	Contents	Weighting
Results	A short statement of the desired outcome - this should be derived from The DfT specification and objectives	0%
Approach	The Bidder's description of the outcomes which will be achieved and why. This component should include analysis of the existing position supporting the approach proposed and the expected future results.	25%
Deployment	How the outcomes proposed by the Bidder will be delivered. In addition to describing what resources are required and how they will be deployed, this component should include evidence that promised improvements can be secured.	40%
Assessment	What KPIs the Bidder will measure in order to ensure the delivery of outcomes.	10%
Review	How the business is structured and what processes are in place to react if the desired results are not achieved, this component should consider the risks to delivery and how the Bidder would manage and mitigate them.	25%

The weightings adopted for each RADAR® component reflect the application of this system to Delivery Plans for a new business. RADAR® scoring is the evaluation method used to score for the European Quality Award.

Table 4-1: Operating Criteria for West Midlands Franchise

The Operating Criteria should be submitted in the sequence shown but, the DfT has not attributed any weighting or relative importance to these criteria. Components are not an exhaustive list.

Title	Components
Franchise Management	Corporate structure Business planning Approach to Quality management inc SQMS Interface with major projects Stakeholder Management Community Rail Olympics 2012
Human Resources & Staffing	Total Establishment, Headcount Organisation charts (Summary) Job descriptions (where change is proposed) Management accountability & Delegated authorities Safety responsibility statements Internal communication Performance management & Review process Recruitment & Selection Career planning & Succession Training, development Relations with trade unions Reward policy and expected salary and wage inflation Pensions
Market Position & Fares	Market position & offer Market analysis and exogenous growth Marketing Plans Fares structure Premium & Standard fares Off peak fares Concessionary fares Multi Modal Schemes and fares Fares basket management Customer fares information
Car Parking & Other Revenue	Car Park demand Car parking provision and pricing Car park maintenance Car park upgrades New car parks Co-operation with other parking providers On train catering (delete??) Other on board services Premium product services Property portfolio incomes Retail space income Commercial advertising Inter-TOC trading
Ticket Sales & Revenue	Ticket vending machines

Protection	<ul style="list-style-type: none"> Ticket office systems ITSO On train sales On line sales Other sales outlets Monitoring and assessment of service levels Improvement plans New sales channels Collaboration with other parties Availability of fares information Revenue protection Revenue Protection resources and training
Demand Management & Crowding	<ul style="list-style-type: none"> Data capture Data analysis Peak Hours - On Train Peak Hours - On Station Seasonality Fares - based solutions Train Planning/ Rolling Stock Initiatives Management of crowding Timetable development Other Initiatives and Mitigations
Rolling Stock Approach	<ul style="list-style-type: none"> Rolling stock approach & policy overview Fleet composition for Franchise term Fleet deployment (with respect to service groups & demand forecasts) Fleet utilisation Fleet improvement programmes Cost assumptions including fuel costs Management and quality principles Environmental issues Rolling Stock fall back plans
Depots & Train Maintenance	<ul style="list-style-type: none"> Depot & Maintenance approach & policy overview Depot arrangements Facilities at stabling locations Outsource service and maintenance arrangements (if applicable) Fleet preventative maintenance arrangements Reactive maintenance (depot and line of route) Quality systems Supply chain and spares management Staff utilisation Train cleaning procedures Train Presentation Standards Timescales for repairs Checking and monitoring Environmental issues
Timetable Plan & Resources	<ul style="list-style-type: none"> Compliance with Network Rail timetable 2008 Variations beyond the area where timetable compliance is required Timetable Planning process Train plans Unit diagrams including stabling Rostering approach & systems Indicative staff diagrams

	Spare cover / Utilisation levels Locations Driving standards management Compliance with NR standards Route and traction learning
Performance Improvement	Data collection & analysis Use of benchmarks (All) Performance Initiatives JPIP development process Network Rail interface Information sharing Day to day control arrangements Train Reporting Control centre arrangements Contingency planning Severe weather & leaf fall Engineering Access & Network restrictions Other service and station disruption risks Rescue capability
Stations & Access	Management Structure Ticket Office opening times Rostering approach & systems Staff Duties & responsibilities Spare cover/utilisation levels Dealing with emergencies & contingencies Monitoring of service levels Station Presentation Standards Management of non SFO stations Station Maintenance and Repairs Station Enhancement and investment Timescales and Upgrades Transport Integration Initiatives Provisions for cycles DDA related initiatives
Customer Information & Services	Station information On-train information Real time information initiatives Literature Process of reviewing and revising customer targets Communicating targets to customers Other information sources Maintenance of current systems Proposals for future improvements Signage and advertising Data integrity and accuracy Disruption information Information for customers with disabilities Customer Services Organisation structure Complaints handling policy and process Passenger Charter information provision Compensation & Refunds policy and process

<p>Security & Environmental</p>	<p>Station security On-train security Depots & sidings security Car park security Security of staff Security of customers Trespass and vandalism Terrorism Assessment of potential new risks and mitigation Improvement commitment Liaison with law enforcement agencies Co-ordination with Network Rail Use of private security contractors Staff training Security Accreditation Overall environmental approach and policy Energy efficiency including driver education Noise and light pollution Managing waste and recycling Water/land contamination and biodiversity Interface with Network Rail</p>
<p>Mobilisation & Migration</p>	<p>Management arrangements Mobilisation programme to Dec 08 Skills and resources Liaison with industry stakeholders Safety Certificate for Nov 07 Licences Industry IT systems Track access Station Access Trading Train Crew/Rolling Stock/Rolling Stock Maintenance Maintenance Depots Rolling Stock TUPE Pensions Switch from trading to in-house Dec 08 Implementation - ops issues Dec 08 Implementation - staff issues Dec 08 Implementation - customer issues Dec 08 Implementation - consultation on new timetable</p>

Table 4-2: Minimum acceptable coverage of Operating Criteria to achievement of the Principal Delivery Plans

Operating Criteria	Principal delivery plans		
	Performance	Revenue	Cost
Franchise Management	■		
Human Resources & Staffing	■		■
Market Position & Fares	■	■	■
Car Parking & Other Revenue	■	■	■
Ticket Sales & Revenue Protection	■	■	■
Demand Management & Crowding	■	■	■
Rolling Stock Approach	■		■
Depots & Train Maintenance	■		■
Timetable Plan & Resources	■		■
Performance Improvement	■	■	■
Stations & Access	■		■
Customer Information & Services	■		■
Security & Environmental	■		■
Mobilisation & Migration	■		■

SECTION 5 : THE BID: FINANCIAL AND ECONOMIC ELEMENTS

5.1 Introduction

The DfT requires Bidders to provide information that will enable it to evaluate bids from a financial and economic perspective. This Section details how Bidders should achieve this and how the information should be presented for evaluation.

5.2 Financial Model and Operational Models

Each Bidder is required to submit and include as part of their bid, a Financial Model and all Operational Models that support that Financial Model (together, the Models), along with all relevant financial information. This must demonstrate the financial consequences of its business and operational plans over the Franchise Term from 11 November 2007 (start of rail period 9 of rail year 2007/08) to Saturday 19 September 2015 (end of period 6 of rail year 2015/16), including an optional 7 period extension at the end of the franchise period

The objective of the Financial Model is to calculate the financial outputs specified in Appendix 8 (Figures for Calculation of Annual Franchise Payments) to the Franchise Agreement. The Financial Model must be capable of repeating this calculation, using whatever Revised Inputs are agreed or determined to be relevant, if and whenever a Change occurs during the Franchise Term. It is essential, that the Financial Model, and in turn the Operational Models that inform the Financial Model, have this functionality.

More specifically, the Financial Model should be capable of calculating each of the following specific outputs in the circumstances described above:

- Target Revenue (as set out in Appendix 2 (Target Revenue expressed in real 2007-8 terms) to the Franchise Agreement); and
- Franchise Payments (comprising the fixed and variable cost and revenue elements and the profit margin set out in Appendix 8 to the Franchise Agreement, expressed in 2007-8 terms).

These outputs should change automatically following the running of any sensitivity or variation. However, the Financial Model should have a functionality to freeze the Target Revenue as set out in Appendix 2 to the Franchise Agreement so as to allow simulation of Revenue Share / Revenue Support Adjustments triggered by revenue sensitivities.

The output schedules of the Models should be in the format of the Templates provided in Attachment F (the Templates). The Models should be presented in Microsoft Excel format, with workings and formulae intact (i.e. non input cells should not be 'hard-coded' with values), and be capable of running on a post - 1997 Microsoft Windows operating system. Six copies of the Models should be submitted in hard copy with the inputs and the financial statements and other outputs formatted as per the instructions in Sections 5.6 and 5.7 below. These printouts should also include the Financial Statements for all Priced Options (and Incremental Options if submitted).

5.2.1 Financial Model and Operational Model Principles

The Models submitted by the Bidders must be in line with best practice in accordance to the principles of Separation, Consistency, Integrity and Linearity described in section 5.9.

No rows, columns, cells or worksheets of the Models should be hidden or password protected. Protecting worksheets without passwords to avoid accidental changes to inputs or calculations is permissible, provided it does not reduce the transparency or usability of the Models. Grouping rows or columns is permissible, but hiding rows, columns or worksheets is not permissible.

Where possible, Bidders are requested to avoid the use of macros in order to aid model transparency. The use of macros should be limited to areas where they add to the user friendliness of the Models (e.g. print macro) or aid the achievement of other requirements of the Models (e.g. avoid circularity or to transfer data between Models). Where macros are required, their function should be clearly explained.

Although best practice would dictate that a consistent formula is used in each column, there are a number of circumstances where a model can be made more transparent by changing the formulae across an array. Provided it is made clear (even when printed out and the formulae can not be seen) that the calculation method is different, two cases have been identified when the formulae can differ:

- to allow a different approach to the treatment of forecasts before the West Midlands Franchise commences (ie 2005/6 to 11 November 2007), for the first part-year of the Franchise up to 31 March 2008 and the part-year at the end of the Franchise period from 1 April 2015 up to 19 September 2015 compared to the full years in the Franchise Term; and
- to allow units, indices and other useful modelling 'flags' to be included in the columns before the first forecast year.

It is not acceptable to break the best practice conventions to allow for other factors, such as, but not limited to, part years (e.g. due to the West Midlands Franchise not commencing on the first day of the RSP year or a change to the Timetable), or demand build-up.

5.2.2 Models to be Submitted

The Models should preferably be self-contained within their own respective spreadsheets. Where there are cross-links between the Models these should be stored together electronically with a clear explanation of the links. All appropriate Operational Models that support the calculations within the Financial Model are required to be submitted. This will include but not be limited to workings and calculations linking the Financial Model inputs and outputs.

The Operational Models should include but not be limited to:

- a demand/revenue model. The demand/passenger revenue forecasting model must at least disaggregate demand and revenue into the ticket types and Service Groups contained in the Templates. Any further dis-aggregation of demand and revenue into more detailed flows or segments is at the discretion of the Bidder. The demand/revenue model also needs to clearly show the demand forecasting input assumptions, demand forecasting elasticities and impact on

demand and revenue from each of the following items. This should include, but not be limited to, such factors as:

- macro-economic factors, including competition with cars (disaggregated into individual factors where appropriate);
 - timetable changes, showing the different share of demand which is obtained from abstracted and generated effects. (Note, for reference purposes an indicative draft set of the timetables to be assumed to be operated by the West Coast, East Midlands and West Midlands franchises will be files in the Data Site);
 - real fare increases;
 - performance improvements;
 - marketing;
 - revenue protection initiatives;
 - station retailing initiatives;
 - crowding constraint, for the base and priced options; and
 - other investments or initiatives;
- the crowding model used to model the impacts of crowding on the franchise, with outputs showing the effect of each option on crowding throughout the franchise. In cases where it is not practicable to provide the crowding model used, a detailed summary of crowding impacts by link, service, and option should be provided instead. In all cases the information supplied should be sufficient to verify the crowding metrics “key indicators” supplied separately.
 - an economic appraisal model, comparing the economic benefits of the priced options compared to the base. This model should include the facility to present the results of the appraisal in the DfT standard formats and summaries, including but not limited to Transport Economic Efficiency tables and Appraisal Summary Tables;
 - an ‘other-revenue’ model detailing forecast revenues in addition to those revenues identified above – this list is not exhaustive, and should be considered as guidance only but could include catering costs, service contract revenue and passenger charter payments.
 - a cost model that includes the following as part of one Operational Model. The following is not exhaustive and should be considered as guidance only:
 - a staff forecasting model showing the split by staff categories (e.g. drivers, station maintenance crew) and how these form the basis of the forecast of wage, pension and other staff remuneration costs in the Financial Model;
 - a sales/distribution model showing the split by sales channel (for both journeys and revenue) for passenger revenue;
 - an other operating cost model, covering the other operating costs which would be generated. The sources of assumptions on key drivers such as changes in fuel unit costs over the franchise, increases in wage rates and other exogenous factors should be clearly identified.
 - a rolling stock model showing the split by rolling stock classes and showing separately fixed, mileage or reliability performance based components of the lease charges. The split of capital and non-capital rentals should also be shown; and
 - a regulated facilities model showing the split between fixed access charges and variable access charges, track related, station and depot related, access and leases charges;

- a performance model, showing forecast Delay Minutes, Average Minutes Lateness and Deemed Minutes Lateness, attribution of Delay Minutes, Average Minutes Lateness and Deemed Minutes Lateness between the Franchisee (in the form of both TOC-on-Self and TOC-on-TOC) and Network Rail, the impact on the Public Performance Measure and the basis upon which any performance receipts and payments are calculated. Periodic performance receipts and payments between the Franchisee and Network Rail should be shown separately. All assumptions relating to the performance model including rates and benchmarks and any performance improvement schemes and associated calculations should be clearly explained;;
- where required, a capital funding model, showing the detailed total investment plan for all funding of infrastructure, other works and schemes that support the Bidder's proposals and that reflects the precise details of their own funding arrangements.

Clear instructions on how to operate the Models, including any model assumptions should also be provided, in the form of an Operating Manual and Record of Assumptions (see Section 5.8).

5.2.3 Sensitivities

The Models must be flexible and capable of supporting sensitivity analyses, a Priced Option switch, if submitted, an Incremental Option switch, and a switch to exclude incremental costs and revenues if Snow Hill services were not included in the franchise. Bidders must take this into account in determining the most appropriate structure for the Models.

The Models should, as a minimum, be capable of supporting a sensitivity analysis ('stress tests') on the following basis:

Parameter	Sensitivity Functionality
Total revenue	Percentage, absolute and compounding basis over franchise term
Total operating costs	Percentage, absolute and compounding basis over franchise term
Taxation rates	Percentage change in rate in any year
Interest rates	Percentage change in rate in any year
RPI	Percentage change in index in any year
AEI	Percentage change in index in any year

For a percentage sensitivity, the percentage should be specific to a year. For example, a percentage sensitivity of -2% of total revenue in Year 2 would reduce total revenue in that year by 2%. An absolute sensitivity would change total operating costs or total revenues by an absolute monetary amount, for example £500,000, in any specified year. Finally, a percentage change on a compounding basis would aggregate the percentage sensitivity year on year. For example a compound sensitivity of -2% in total revenues from year 1, would relate to a 2% decrease in total revenues in year 1, followed by 4.04% decrease in year 2, 6.12% decrease in year 3 and so on over the Franchise Term.

To illustrate the robustness of the Models, the Operating Manual and Record of Assumptions must include a table demonstrating the sensitivity of the Models to the changes to total operating costs and total revenues. The table shall show the year in which the first lock-up and first breach is

triggered for (i) a 1% compounding increase in total operating costs and (ii) a 1% compounding decrease in total revenues. In addition, the table shall state the (iii) values of the absolute decrease in total revenues to trigger a lock-up in Year 3 and a breach in Year 3, and (iv) the values of the absolute increase in total operating costs to trigger a lock-up in Year 3 and a breach in Year 3.

The functionality to reproduce these results should be contained within the Models with appropriate documentation to facilitate verification by the DfT.

The Models should incorporate the Revenue Share/Revenue Support mechanism set out in Schedule 8.1 (Franchise Payments) to the Franchise Agreement and the dividend lock up mechanism set out in Schedule 12 (Financial Obligations and Covenants) to the Franchise Agreement. Where applicable, these mechanisms should be automatically activated when running the above sensitivities to the Financial Model and reflected in the financial statements. To this end the Financial Model should have a functionality to freeze the Target Revenue as set out in Appendix 2 to the Franchise Agreement so as to allow simulation of Revenue Share / Revenue Support Adjustments triggered by sensitivities. Bidders should note that revenue share and revenue support calculations should be separately disclosed in the financial model calculations.

The DfT requires that the Models form a robust basis for pricing Changes which may occur during the Franchise Term. The capability of the Models to price Changes will be considered as part of the evaluation, as a minimum, the following will be examined:

- Changes to Regulated Fares policy RPI+X (including any impact on crowding or unregulated fares).

5.3 Generic Bidding Assumptions

Bidders are to use the following assumptions in preparing their bids:

- financial forecasts are to include calculations of the tax liabilities of the subject company in accordance with UK GAAP and any applicable tax law. Complete integrated tax computations should be included in the Financial Model to the extent that any group, consortium or other form of relief or sale of losses is clearly stated within such model;
- the units to be used in bid submission are clearly set out in the Templates provided;
- the default prices stated in the Models should be nominal but when real prices are required these should be deflated to 2007/8 prices;
- the tables listed below should be completed in 2007/8 prices:
 - Target Revenue table set out in Appendix 2 (Target Revenue (expressed in real terms)) to the Franchise Agreement; and
 - Franchise Payment table set out in Appendix 8 (Figures for Calculation of Franchise Payments) to the Franchise Agreement.
- Bidders should assume a Retail Prices Index of 2.7 per cent per annum and an Average Earnings Index of 4.4 per cent per annum shall apply from 01 April 2008 and annually thereafter. (Bidders should adopt their own inflation and AEI assumptions prior to then and such assumptions should be clearly identified);
- the real discount rate to be applied is 3.5 per cent;

- net present values of the revenues, costs and Franchise Payments will be discounted back to the start of the franchise (11 November 2007);
- Bidders should assume that the Franchise will commence on 11 November 2007;
- for the purposes of calculating net present values, Bidders should assume the following timings for cashflows:
 - 20 January 2008 for the part-year 11 November 2007 to 31 March 2008;
 - mid-year cashflows (30 September) for full Franchisee years (1 April – 31 March), and
 - 25th June 2015 for the part-year 1 April 2015 to 19 September 2015.
- the West Midlands Franchise financial year commences on 1 April of each year;
- Revenue Support levels and thresholds are as per the Franchise Agreement (Bidders are free to propose their own levels and thresholds for Revenue Share);
- there will be no changes to the Track Access Agreement and charging methodologies as a result of any reviews conducted by ORR during the Franchise Term (Bidders should use CP3 rates as specified by ORR until the end of CP3 and assume that they are held constant in real terms thereafter); and
- the methodology for calculating Franchise Payments should be applied consistently on an annual basis, in accordance with the Franchise Agreement.

5.4 Financial Model and Operational Models Structure

The Models should be structured to allow the user to choose a scenario from the Base Case Specification, Priced Options (and Incremental Options if submitted) by use of a ‘switch’ applied to the Base Case Specification. Separate stand-alone models will not be accepted.

Bidders are required to include a switch to allow Snow Hill services costs and revenues to be excluded from the base case. This switch should exclude only those cash flows which would not be incurred if Snow Hill services were not included in the West Midlands franchise.

The switch should enable the user to select the required scenario without the need for additional modelling or worksheet adjustments. This switch will be the tool to select the inputs of the required case and ‘run’ them through the calculations and subsequently present the results in the financial outputs of the Financial Model. The Operating Manual and Record of Assumptions should clearly explain the method by which the switch selects the case of the different scenarios.

The Financial Model must also have a further “index switch” that allows the user to apply/remove the effect of RPI so as to view the financial outputs in both nominal and real terms.

Where relevant, the DfT has anticipated that certain rows in the Financial Model are necessary for Bidders to provide their own cost or revenue titles (these are generally labelled as ‘Spare’), but for evaluation and logistical reasons, it is also critical to minimise any significant deviation from the Template structure. Deleting or inserting rows or columns to the Templates is not permitted and will be deemed to be non compliant.

The model should be presented in annual terms, with year-ends coinciding with the Department’s 31 March accounting year-end (as demonstrated on the templates). Part-year periods will be disclosed at the start and end of the franchise (from 11 Nov 2007 to 31 March 2008 and from 1

April 2015 to 19 September 2015), and for the optional 7-period extension at the end of the Franchise term.

Any changes to the Financial Model after bid submission will need to be clearly logged and traceable, including an audit trail in the Financial Model itself.

5.5 Priced Options and Incremental Options

The DfT requires a consistent level of detail/information for each proposed Priced Option and for each Incremental Option, if submitted, to enable it to make an informed decision. Therefore financial outputs for each option should be automatically produced by use of a 'switch' which will update the financial outputs automatically incorporating the additional requirements and implications of each Priced Option. Separate stand alone models will not be accepted.

Priced Options and Incremental Options should be indexed in accordance with the mechanism set out in Schedule 8.2 (Annual Franchise Payments) of the Franchise Agreement.

5.6 Financial Templates

The DfT requires that the output from the Models follows the Templates in Attachment F. The DfT realises that Bidders may wish to expand the level of detail provided within the Models beyond these minimum requirements and expects that this is done in such a way as to remain consistent with the format of the Templates. The level of detail provided should be sufficient to give full transparency of all components of cost and revenues.

The outputs in the Templates should be linked to the calculation cells/input cells where appropriate and in such a manner as to facilitate both the understanding of the Financial Model and tracing of core assumptions used in the Financial Model. Bidders can either add worksheets to the Templates or copy the Templates into their own models. It is imperative that Bidders ensure the ranges defined are also transferred.

The format of the profit and loss account, cash flow statement and balance sheet are required to be set out in the manner stipulated by the Templates.

The DfT reserves the right during the evaluation process to clarify and request further levels of detail from Bidders where it feels it is necessary for the completion of that process. Any derogation from the requirements of the Templates as set out in this ITT must be agreed with the DfT in advance of the return of any bid. Please note derogation is not the norm.

Bidders should note that any types of revenues or costs that it wishes to include under a catch all heading of 'Other' should not exceed £500,000 (nominal prices) in any year. Where a Bidder anticipates that such revenues or costs will exceed this amount, they should each be separately identified in a separate spare row and not listed under the heading 'Other'.

The Templates shall be populated in full, with outputs from the Models specified in years that are consistent with the rail financial year. To this end relevant worksheets in the Templates are structured with columns that are headed with periods that represent the rail industry year to 31 March of each year.

The West Midlands Franchise runs part year from 11 November 2007 to 31 March 2008 and part year from 1 April 2015 to 19 September 2015. In order to accommodate the difference between the rail year and the part years identified above, the relevant worksheets in the Templates provide two extra columns where Bidders should derive the part year elements from the full year columns. In addition, extra columns will be provided in the Templates for the part-year related to the first Franchise break-point, the optional 7-period extension following this, and the optional 7-period extension following the expiry of the full Franchise term.

The following table sets out the worksheets contained in the 'Template' and a brief summary of each worksheet's content and status.

Table 5-1: Worksheets contained in Template

Sheet	Content	Status
Front	Contents, legend	Bidder free to use/update/delete
Vb	Used for Comparator Model	Bidder must not alter
Map	Aid navigation	Bidder free to use/update/delete
Version	Aid version control	Bidder free to use/update/delete
Control	Suggested scenario control sheet	Bidder free to use/update/delete
Inputs>>		
Financing Inputs	Template for forecasts of selected option(s)	Bidder free to use/update/delete
Calc Sheets>>		
Financing Calcs	Blank sheet for financial calcs	Bidder free to use/update/delete
Templates>>		
Ass 1off	Template for forecasts of selected option(s)	Bidder must not alter (with exception of cell G21)
Ass Yr-Yr	Template for forecasts of selected option(s)	Populate but do not alter structure
CAPRI Pax Revenue	Template for forecasts of selected option	Populate but do not alter structure
Other Revenue	Template for forecasts of selected option	Populate but do not alter structure
Staff Costs	Template for forecasts of selected option	Populate but do not alter structure
Other Operating Costs	Template for forecasts of selected option	Populate but do not alter structure
Rolling Stock Company (ROSCO) Costs	Template for forecasts of selected option	Populate but do not alter structure
NR Costs	Template for forecasts of selected option	Populate but do not alter structure
Performance Regimes	Template for forecasts of selected option	Populate but do not alter structure
TOC Capex	Template for forecasts of selected option	Populate but do not alter structure
Outputs>>		
Detailed P&L	Template for forecasts of selected option	Populate but do not alter structure
P&L	Template for forecasts of selected option	Contain formulae, do not alter structure
CF	Template for forecasts of selected option	Populate but do not alter structure
BS	Template for forecasts of selected option	Populate but do not alter structure
Eff	Calculates the total impact of all selected options	Contain formulae, do not alter structure
Franchise Agreement Numbers	Templates tables for insertion in the Franchise agreement	Populate but do not alter structure

The Templates do not make any provisions for NPV analysis. Bidders should set up their own calculation sheets for NPV calculations in their Financial Model.

5.7 Operating Manual and Record of Assumptions

The Operating Manual and Record of Assumptions is required to accompany the Models and shall contain all financial and operational assumptions used. The Operating Manual and Record of Assumptions shall explain and discuss the inputs of the Model, including the base unit cost for each input and provide detailed instructions for operating the Models and also include the following:

- description of each Model, its structure and capability;
- explanation of the flow of data through the Financial Model and the interfaces with the Operational Models submitted. This may be presented diagrammatically with supporting narrative as appropriate;
- description of the purpose and operational characteristics of each worksheet and how it interacts with the Models;
- instructions on how to input data, select assumptions and calculate the financial outputs;
- instructions on how to run sensitivities;
- a table setting out the changes required in the variables in Section 5.2.3 to trigger a breach of the financial ratios and to trigger a lockup as per Schedule 12 (Financial Obligations and Covenants) of the Franchise Agreement;
- a table setting out the percentage of total Franchise other revenues, other operating costs and ROSCO costs (PVs over the Franchise Term) that are earned from or paid to HQ, group or other affiliates;
- instructions on how to optimise and produce financial outputs, in the required format;
- an explanation setting out the basis upon which the Franchise Payments have been calculated;
- an explanation of the basis of Snow Hill services costs and revenues allocation; and
- where macros (or other visual basic functions) have had to be used, a description of any macros used in the operation of the Models, the reason for their use and how they impact on the results.

The Operating Manual and Record of Assumptions is required to contain all financial and operational assumptions used in the pricing of the bid including those assumptions used in the pricing of any Priced Options (and Incremental Options if submitted) and should be at a similar level of detail to that provided in the Models. It is required to be submitted in Microsoft Word format and is to be contained within one electronic file. Bidders can store their assumptions in Microsoft Excel files, but these should be transferred to a Microsoft Word file prior to submission.

The Operating Manual and Record of Assumptions should confirm and explain all of the linkages between the Models and should also set out clearly the basis on which the Franchise Payments have been calculated.

Bidders are to note that the Models and the Operating Manual and Record of Assumptions will become agreed form documents under the Franchise Agreement and will be Placed in Escrow pending their release to be used by parties should a Change occur during the Franchise Term.

5.8 Financial Structure and Funding

Each Bidder is required to:

- detail the total investment plan for all funding of infrastructure, other works and schemes that support its proposals, including explaining its linkage with the Financial Model;
- submit precise details of its own funding arrangements and detail the exact nature of relationships with any funding partner or underlying financial securities provided by third parties;
- provide details of the providers of the Performance Bond and Season Ticket Bond, including term sheets from the Bond Provider(s) in order to demonstrate that the requirements of the Franchise Agreement have been met;
- submit a statement from the relevant Bond Provider accepting the form of the Performance Bond as set out in the Franchise Agreement;
- submit a statement from the relevant Bond Provider accepting the form of the Season Ticket Bond as set out in the Franchise Agreement;
- demonstrate how the initial Performance Bond and Season Ticket Bond values, included in the bid, have been calculated;
- demonstrate how ongoing working capital requirements, as forecast in the Financial Model, will be funded;
- for each Franchise commitment made in the bid (or groups of commitments if appropriate), submit a funding plan with full details of its linkage with the Financial Model, each source of funding, including rights and obligations of each type of funding and details of agreements with the organisations providing funding. For each source, a letter of support and term sheet must be provided from the underwriting financial institution setting out the terms and conditions (including all condition precedents, fees, repayment profile, basis of interest rate calculation) of the finance;
- incorporate in its funding plans, an investment profile as detailed in the Templates providing for each proposal category (Base Case Specification and Priced Options (and Incremental Options if submitted)) and by investment category;
- submit a letter from its financial adviser(s) confirming that:
 - the funding plans for all aspects of the bid have been developed to a stage that will allow funding to be made available to the Franchisee on execution of the Franchise Agreement;
 - financial adviser support of the funding proposition has been provided in the knowledge of the terms and conditions set out in the term sheets of the finance providers;
 - the funding plans are accurately reflected in the Financial Model;
- confirm the interest rates and contractual terms of any inter-company debt funding, subordinated loans or other funding arrangements between or to be between the Franchisee and any affiliate or third party; and
- provide details and assumptions for interest earned on cash deposits.

5.9 Model sign-off - Terms of Reference

5.9.1 Modelling Best Practice Confirmation

Each Bidder must provide an independent Modelling Best Practice Confirmation report on all sections of the Models, co-addressed to the DfT and that Bidder, as part of its bid submission. The Best Practice Confirmation is not considered to be an audit of the Models.

All costs associated with the preparation of the Modelling Best Practice Confirmation are for the Bidder's account only.

The Modelling Best Practice Confirmation must provide confirmation in adequate detail that the Models have or provide for:

- **Separation** of inputs, calculations and outputs;
 - Inputs: should include data and assumptions but no calculations;
 - Calculations: should include individual calculations that support each line of all outputs and reports. There should be no duplication of calculations nor should input cells be hard-coded in the calculation sheets; and
 - Outputs: should not include any hard-coded input cells or calculations except for sums and check totals.

Data inputs, calculations and output areas should be completely separate and clearly labelled. The Modelling Best Practice Confirmation must document the high level patterns of data flow within the Models and include a flow chart of the main data flows between worksheets and workbooks;

- **Consistency** of formulae across rows and down columns and across worksheets. the Models should have time periods across the columns and calculations down the rows. This should be consistent in all worksheets. There are two areas where consistency is most important:
 - Columns: the same column should be used for the same period in each worksheet; and
 - Rows: a row will contain only one formula, copied across all columns.

The Modelling Best Practice Confirmation must provide a review of the Models' structures by means of spreadsheet maps, which give a visual representation of the worksheet structure and layout, highlighting elements of the worksheet layout that warrant further investigation (however, as this is not as detailed as a Model Audit: each unique formula is not checked);

- **Integrity** of financial statements (that there are no balancing figures). The Modelling Best Practice Confirmation must provide an assessment of the extent and effectiveness of internal and/or error checks contained within the Models and detail any internal control checks that indicate errors; and
- **Linearity** of calculation flow (that there are no circular references);

- **Macros**, where required, their function should be clearly explained.

5.9.2 Model Audit

Following bid submission and prior to contract award the DfT will request one or more Bidders to obtain an independent audit of the Models (the Model Audit) on all sections of the Models. The Model Audit shall be prepared for the benefit of the DfT and the Bidder and shall be co-addressed to them. All costs associated with the preparation of the Model Audit are for the Bidder's account only. Bidders must obtain the DfT's acceptance (not to be unreasonably withheld) of their choice of independent model auditor and its agreement to the definition of the Financial Model for determining the scope of the audit. The DfT will expect to receive the audit report within ten working days of it being requested of the Bidder.

The DfT requires the Model Audit to confirm:

- whether the Financial Model has been constructed appropriately so as to materially achieve the objective that it was designed to meet, insofar as its logical integrity under the Base Case assumptions and input data is concerned, including the conversion of real values to nominal values;
- whether the tax charge, liabilities and payments calculated by the Models, on the basis of the assumptions made in the Operating Manual and Record of Assumptions appear materially consistent with current understanding of existing UK tax legislation;
- whether the key accounting assumptions in the Models and the Operating Manual and Record of Assumptions appear materially consistent with current understanding of UK GAAP and financial reporting standards;
- whether the calculation of the Annual Franchise Payments is in accordance with the terms of the Franchise Agreement;
- whether the calculation of the financial ratios is in accordance with Schedule 12 (Financial Obligations and Covenants) of the Franchise Agreement;
- whether the Models have been developed in a well structured manner to acceptable standards;
- whether assumptions and input data in the Operating Manual and Record of Assumptions have in all material respects been consistently reflected in the Models;
- Priced Options (and Incremental Options if submitted): the DfT will require an audit to be performed on any or all of these sections of the Financial Model; and
- robustness testing: the DfT may provide the preferred Bidder with no more than five tests for the purposes of understanding robustness of the stress test. The Model Audit will test the logical integrity of the arithmetical operations in the Financial Model formulae and calculations under the assumptions and input data for the specified test. A robustness test is defined as a change in one or more variables.

5.10 Other Information Required

Bidders should show separately the costs involved and assumptions made in relation to pension contribution rates, both employer and employee.

Trading with affiliated companies should be detailed where greater than £100,000 (nominal prices) per annum in the relevant plan(s) and Operating Manual and Record of Assumptions.

Bidders are expected to refer to the Franchise Agreement attached to this ITT at Attachment C. Bidders attention is drawn in particular to the Appendix (Incentivising Long Term Investment) to Schedule 9.3 (Runs of the Financial Model) of the Franchise Agreement for guidance on the DfT's approach to incentivising long-term investment.

Bidders' notice is drawn to the affordability constraints that apply to the rail industry. Regardless of the value for money aspect of any given investment proposal, the DfT will only consider such proposals if its budget allows. Bidders should bear in mind that financial support for such proposals from the DfT is likely to be extremely limited.

SECTION 6: PRICED OPTIONS

6.1 Requirement to submit Priced Options

Bidders are required to submit bids for the Priced Options which are set out below, in addition to the Base Service. These Priced Options may be included in Appendix 4 of the Franchise Agreement. They will be assessed for both deliverability and financial and economic impact in line with the requirements laid out in Sections 4 (Delivery Plans) and 5 (Financial and Economic Elements). Bidders should ensure their bids in respect of the Priced Options identified in this Section 6 allow DfT to make appropriate evaluations. For example, a Priced Option that requires a different approach to the plan to deliver the Base Service, as set out in its response to the requirements of Section 4, should provide details and show how the Priced Option will be delivered, using the same structure as appropriate. Bidders are reminded of the page size limits relating to Priced Options which are described at Section 2.9 (Structure and Format of Bids). Bidders should mark-up the Franchise Agreement as appropriate in relation to each Priced Option

6.1.1 Centro Crowding Standards

Taking account of their own forecasts of future growth, Bidders are required to cost and present a train plan which will provide sufficient capacity such that crowding is maintained within the Centro crowding standard on local services currently sponsored by Centro in the West Midlands area for the duration of the franchise. The Centro standard for weekday peak periods is that passengers should not stand for more than 15 minutes and that standing should not exceed the seating capacity of the train by more than an average of 10% with no more than 35% standing on any individual service. At other times there should be no standing.

6.1.2 Walsall - Wolverhampton service

Bidders are required to submit a bid for operation of the Walsall – Wolverhampton service from the timetable change date in December 2007 for the remaining duration of the franchise on a similar basis to the timetable operating in December 2006.

6.1.3 Birmingham - Rugeley Trent Valley service

Bidders are required to submit a bid for provision of a half hourly off-peak service between Birmingham and Rugeley Trent Valley. Bidders should be aware that Network Rail is undertaking a study to identify whether infrastructure works are required on the route to ensure sufficient capacity for passenger and freight services.

6.1.4 Extension of Birmingham – Shirley service to Whitlock's End

Bidders are required to submit a bid for extension of all existing Birmingham – Shirley services to Whitlock's End. Implementation of this option is subject to Network Rail provision of a crossover at Whitlock's End as part of the planned re-signalling programme.

6.1.5 Watford Junction - St. Albans Abbey service

Bidders are required to submit a bid for provision of a half-hourly service between Watford Junction and St. Albans Abbey. Implementation of this option is subject to a satisfactory business case and completion of third party funded infrastructure works. In line with the Community Rail Strategy, bidders are expected to be innovative in relation to the rolling stock and train crew provision for this service.

6.1.6 Extension of Bedford - Bletchley services to Milton Keynes Central

Bidders are required to submit a bid for extension of Bedford - Bletchley services to Milton Keynes Central from December 2008. Implementation of this option is subject to a satisfactory business case, completion of Network Rail infrastructure works and the availability of satisfactory paths on the WCML between Bletchley and Milton Keynes Central. Bidders are required to liaise with Network Rail regarding the availability of such paths.

6.1.7 Alternative Rolling Stock for Bedford - Bletchley Service

For the base specification, arrangements have been made with TfL for the London Rail Concessionaire to hire two class 150 units to the West Midlands franchisee for operating the Bedford – Bletchley service between November 2007 and December 2008. This option requires Bidders to make alternative rolling stock provision for this period to inform the DfT / TfL decisions regarding the need for the interim hire of rolling stock.

6.1.8 Introduction of the Global System for Mobile Communications - Railways (GSM-R)

Network Rail has initiated a Network Change to renew all of the United Kingdom's (UK) radio systems with GSM-R. This is to reflect the fact that the frequencies at which the current radio systems operate will no longer be available from 2012.

A pilot study is scheduled to take place in Strathclyde later in 2006, and a wider national roll-out is expected to commence in 2007 subject to the successful completion of the trial.

The exact details of infrastructure availability and hence the roll out of GSM-R in the Franchise area is still to be finalised detailed plans should be available by April 2007. It is anticipated that all of the infrastructure will become available mid 2009 to mid 2010 and hence the changeover to GSM-R can commence.

Bidders must include a price for the supply and installation of GSM-R to the New Cross Country Rolling Stock fleet, and details of the notice period required to implement the Option. As part of the fitment costs those associated with the training of staff to the use and maintenance of the GSM-R equipment, costs associated with any ROSCO approvals and the removal/making good of the legacy radio systems should be included. Bidders will be required to work cooperatively with Network Rail in order to ensure an efficient changeover to the GSM-R system. First of class designs are currently being developed by Network Rail.

Bidders should note that if this Option is contracted it effectively removes the vehicles from the G1 Network Change process and no compensation would be available for this project.

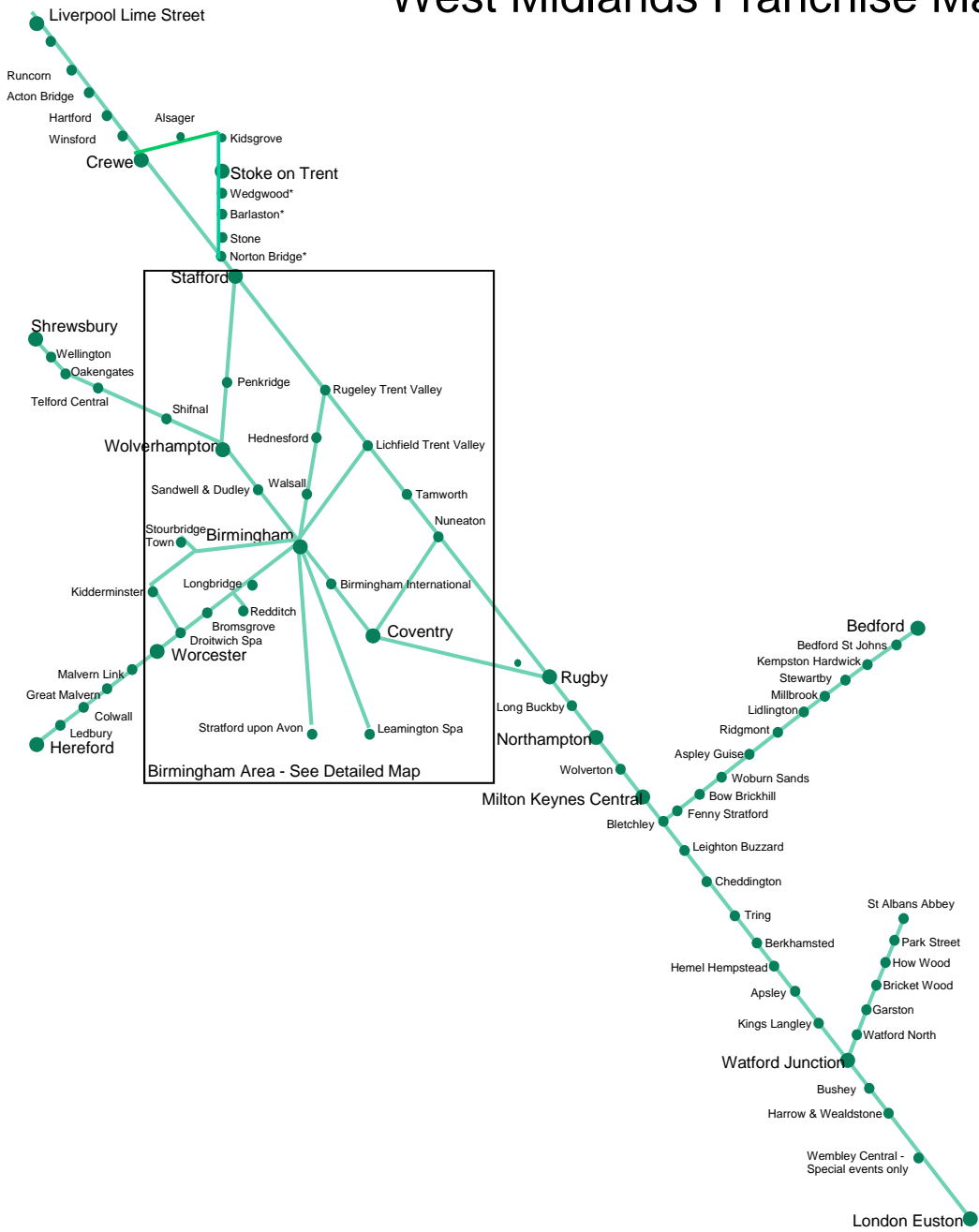
The detailed documentation on GSM-R can be located in Section 17.4.1 of the Central Data Site, this includes copy of the current Network Change Notice and the Heads of Agreement for the Supply of GSM-R mobiles by Siemens. Bidders should discuss precise timings of the roll-out with Network Rail as this will be developed during the bid period.

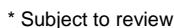
6.1.9 Secure Station Accreditation

A priced option for attaining SSA status for 95% of station footfall within the Franchise area including meeting those sites identified as high risk locations and those listed in the table in 3.10.1 above is required to be submitted.

APPENDIX 1: MAP OF THE WEST MIDLANDS FRANCHISE AREA AND ROUTES

West Midlands Franchise Map





APPENDIX 2 – STATIONS

The following is a list of stations at which the West Midlands Franchisee will call. Stations where the West Midlands Franchisee will be the SFO are denoted by *. Bidders should note that Coleshill, Wilnecote and Water Orton stations will be operated by the West Midlands Franchisee, although only New Cross Country services will call at those stations.

London Euston – Birmingham New Street

London Euston
Wembley Central (for special events only)
Harrow and Wealdstone
Bushey
Watford Junction*
Kings Langley*
Apsley*
Hemel Hempstead*
Berkhamsted*
Tring*
Cheddington*
Leighton Buzzard*
Bletchley*
Milton Keynes Central*
Wolverton*
Northampton*
Long Buckby*
Rugby
Coventry
Birmingham International
Birmingham New Street

Watford Junction – St. Albans Abbey

Watford Junction*
Watford North*
Garston*
Bricket Wood*
How Wood*
Park Street*
St. Albans Abbey*

Bletchley – Bedford

Bletchley*
Fenny Stratford*
Bow Brickhill*
Woburn Sands*
Apsley Guise*

Ridgmont*
Lidlington*
Millbrook*
Stewartby*
Kempston Hardwick*
Bedford St. Johns*
Bedford

Birmingham New Street to Wolverhampton

Birmingham New Street
Smethwick Rolfe Street*
Smethwick Galton Bridge*
Sandwell and Dudley*
Dudley Port*
Tipton*
Coseley*
Wolverhampton

Birmingham New Street to Coventry / Northampton

Birmingham New Street
Adderley Park*
Stechford*
Lea Hall*
Marston Green*
Birmingham International
Hampton – In – Arden*
Berkswell*
Tile Hill*
Canley*
Coventry
Rugby
Long Buckby*
Northampton*

Coventry to Nuneaton

Coventry
Bedworth*
Nuneaton*

Birmingham New Street to Walsall / Stafford

Birmingham New Street
Duddeston*
Aston*
Witton*
Perry Barr*
Hamstead*
Tame Bridge Parkway*
Bescot Stadium*

Walsall*
Bloxwich*
Bloxwich North*
Landywood*
Cannock*
Hednesford*
Rugeley Town*
Rugeley Trent Valley*
Stafford

Birmingham New Street to Shrewsbury

Birmingham New Street
Smethwick Rolfe Street*
Smethwick Galton Bridge*
Sandwell and Dudley*
Dudley Port*
Tipton*
Coseley*
Wolverhampton
Bilbrook*
Codsall*
Albrighton*
Cosford*
Shifnal*
Telford Central*
Oakengates*
Wellington*
Shrewsbury

Birmingham New Street to Hereford

Birmingham New Street
University*
Bromsgrove*
Droitwich Spa*
Worcester Shrub Hill*
Worcester Foregate Street*
Malvern Link*
Colwall*
Ledbury*
Hereford

Birmingham New Street to Liverpool

Birmingham New Street
Tipton*
Coseley*
Wolverhampton
Penkridge*
Stafford
Crewe
Winsford*
Hartford*
Acton Bridge*
Runcorn
Liverpool South Parkway
Liverpool Lime Street

London Euston / Northampton – Nuneaton / Crewe

London Euston
Watford Junction*
Milton Keynes Central*
Nuneaton*
Polesworth*
Atherstone*
Tamworth*
Lichfield Trent Valley*
Rugeley Trent Valley*
Stafford
Norton Bridge*
Stone*
Wedgwood*
Barlaston*
Stoke On Trent
Alsager
Crewe

**Lichfield Trent Valley / Four Oaks via Birmingham New Street to Longbridge / Redditch
(Cross City Line)**

Lichfield Trent Valley*
Lichfield City*
Shenstone*
Blake Street*
Butlers Lane*
Four Oaks*
Sutton Coldfield*
Wylde Green*
Chester Road*
Erdington*
Gravelly Hill*
Aston*
Duddeston*
Birmingham New Street

Five Ways*
University*
Selly Oak*
Bournville*
Kings Norton*
Northfield*
Longbridge*
Barnet Green*
Alvechurch*
Redditch*

**Great Malvern/Worcester / Stourbridge via Birmingham Snow Hill to Shirley / Stratford and
Dorridge / Leamington Spa (Snow Hill Lines)**

Great Malvern*
Malvern Link*
Worcester Foregate Street*
Worcester Shrub Hill*
Droitwich Spa*
Bromsgrove*
Barnet Green*
University*
Hartlebury*
Kidderminster*
Blakedown*
Hagley*
Stourbridge Junction*
Lye*
Cradley Heath*
Old Hill*
Rowley Regis*
Langley Green*
Smethwick Galton Bridge*
The Hawthorns*
Jewellery Quarter*
Birmingham Snow Hill*
Birmingham Moor Street
Bordesley*
Small Heath*
Tyseley*
Acocks Green*
Olton*
Solihull*
Widney Manor*
Dorridge*
Lapworth
Hatton
Warwick Parkway
Warwick
Leamington Spa
Spring Road*

Hall Green*
Yardley Wood*
Shirley*
Whitlocks End*
Wythall*
Earlswood*
The Lakes*
Wood End*
Danzey*
Henley-in-Arden*
Wootton Wawen*
Claverdon*
Bearley*
Wilmcote*
Stratford-Upon-Avon*

Stourbridge Junction to Stourbridge Town

Stourbridge Junction*
Stourbridge Town*

APPENDIX 3 – CAR PARKS

1. Former Silverlink County routes stations where average occupancy is understood to exceed 80%. are shown in the table below, together with the current number of spaces provided.

Station	Spaces
Northampton	656
Milton Keynes	875
Tring	326
Leighton Buzzard	535
Watford Junction	719
Hemel Hempstead	496
Wolverton	106
Berkhamsted	384

2. Sponsors for planned Station Car park enhancements

Car Park Location	Sponsor
Northampton	Silverlink Trains
Tring	Hertfordshire County Council
Watford Junction	Hertfordshire County Council
Lichfield Trent Valley	TBA
Tamworth	TBA
Milton Keynes	Milton Keynes Council

3. In the former Central Trains area outside of the Centro PTE area the following stations have average daily occupancy rates in excess of 80%:

Station	Spaces
Lichfield City	68
Kidderminster	224
Lichfield Trent Valley	92
Stratford Upon Avon	72
Redditch	156

There are no known plans for extensions at any of these car parks.

4. Occupancy figures for 39 station car parks within the Centro PTE where there are around 6,000 car park spaces. It is current Centro policy not to charge for parking at station car parks in the Centro area a number are understood to be full by 0800hrs on weekdays

The following information has been provided by Centro.

Car Park Name	Capacity	Average Daily Occupation
Acocks Green	130	in excess of 100%
Berkswell	82	75
Bescot Stadium	121	15
Blake Street	155	in excess of 100%

Canley	94	90
Chester Road	149	in excess off 100%
Coseley	87	in excess of 100%
Cradley Heath	243	in excess of 100%
Dorridge	93	in excess off 100%
Dudley Port	36	30
Four Oaks	275	in excess off 100%
Hall Green	105	100%
Hampton in Arden	68	65
Kings Norton	213	in excess of 100%
Langley Green	30	17
Lea Hall	28	in excess of 100%
Longbridge	0	n/a
Lye	16	8
Marston Green	96	in excess of 100%
Northfield	205	in excess of 100%
Old Hill	51	22
'Olton	87	in excess of 100%
Rowley Regis	380	in excess of 100%
Sandwell & Dudley	374	270
Selly Oak	376	320
Shirley	80	in excess of 100%
Smethwick G.B	77	17
Solihull	286	in excess of 100%
Stourbridge Junc.	797	580
Sutton Coldfield	320	in excess of 100%
Tame Bridge	231	in excess of 100%
The Hawthorns	182	130
Tile Hill	171	in excess of 100%
Tipton	55	in excess of 100%
Whitlocks End	109	in excess of 100%
Widney Manor	266	in excess of 100%
Wylde Green	50	in excess of 100%
Yardley Wood	100	in excess of 100%
Butlers Lane	0	n/a
Total	6039	

5. Details on stations currently operated by Virgin Trains where there are plans to increase car parking as follows:

Station	Current Capacity	Proposed Capacity
Birmingham International	1390	2122
Coventry	420	869
Crewe	500	885
Rugby	470	693
Stafford	250	558
Stoke	260	605
Wolverhampton	400	512

For updates on these Virgin Trains proposals, Bidders are advised to utilise the clarification process.

ATTACHMENTS

- A West Midlands Franchise Service Level Commitment 1**
- B West Midlands Franchise Service Level Commitment 2**
- C West Midlands Franchise Agreement ***
- D National Rail Franchise Terms ***
- E Conditions Precedent Agreement ***
- F Service Quality Standards**
- G West Midlands Financial Templates**
- H West Midlands Stakeholder Consultation Document**
- I Declaration of Conformity Statement**

** Bidders to note that the West Midlands Franchise Agreement, National Rail Franchise Terms and Conditions Precedent Agreement are to be supplied by the end of November 2006.*