



# **South Central Franchise**

## **Invitation to Tender**

**3 November 2008**

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## IMPORTANT NOTICE

This document is issued by the Department for Transport (the "Department") pursuant to the functions of the Secretary of State for Transport (the "Secretary of State") under the Railways Act 1993 and the Railways Act 2005, as amended.

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

This document is not a recommendation by the Secretary of State, or any other person, to enter into a Franchise Agreement or to acquire shares in a current or prospective franchisee or its parent undertaking. In considering any investment in a franchise, franchisee, prospective franchisee or parent undertaking, you should make your own independent assessment and seek your own professional financial and legal advice.

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The only information which will have any legal effect and the only information upon which any person may rely will be such information (if any) as has been specifically and expressly represented and/or warranted in writing to a successful franchisee in the relevant Franchise Agreement or in any other relevant agreement entered into at the same time as the Franchise Agreement is entered into or becomes unconditional. Nothing in this document is intended to create a contract between the Secretary of State and any Bidder or prospective Bidder.

The Department 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 thinks fit.

Eversheds and Steer Davies Gleave are acting for the Department in relation to the award of the South Central franchise, and will not regard any other person as their client or be responsible to anyone other than the Department 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 Department 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 South Central franchise opportunity, the award, or any bid for the award of the South Central franchise, or negotiation of the Franchise Agreement.

This Invitation to Tender document should be read in conjunction with the draft Franchise Agreement and the National Rail Franchise Terms ("Terms") supplied with it.

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

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**Bidder:** This unredacted version of the document is confidential and is being issued only to persons who have entered into an appropriate Franchise Letting Process Agreement, the terms of which will, in the event of any conflict, prevail over those in this Important Notice. 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 Department, be 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 South Central franchise, or if the Department notifies the recipient that the process has ceased, or that the recipient is no longer being considered for the award of the South Central franchise or otherwise upon request by the Department, the recipient will promptly return this document and any other information provided in connection with it to the Department, destroy any electronic copies not capable of being returned to the Department, and not retain any copies or reproductions in any form.

3 November 2008

## **SECTION 1: INTRODUCTION AND CONTEXT**

### **1.1 Purpose of this Invitation to Tender**

This Invitation to Tender ("ITT") sets out:

- the South Central franchise proposition for which the Department 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 Department's aim is for the new South Central franchise to commence operations with effect from 02.00 hours on 20<sup>th</sup> September 2009.

### **1.2 Scope of the South Central Franchise**

Train services to be operated by the new South Central franchise will comprise services in South London and parts of Kent, East and West Sussex, Surrey and Hampshire. Services covered by the franchise include those between London Victoria and Gatwick Airport, the majority of services on the Brighton Main Line, services along the South Coast and a significant number of high frequency services in South London.

Details of the South Central franchise, its services and resources can be found in the data site.

A map of the South Central franchise area and routes is included at Appendix 1 (List of Franchise Stations and Map of Franchise Area).

### **1.3 The Department's Objectives for the South Central Franchise**

- 1.3.1 To serve and develop suburban, main line and Coastway services and to accommodate current and anticipated future growth in passenger demand and potentially reduce crowding levels.
- 1.3.2 To achieve sustainable value for money for the taxpayer in respect of the franchise.
- 1.3.3 To facilitate the implementation of and realise the benefits to passengers from the Brighton Main Line and South London Route Utilisation Strategies, Thameslink Programme, East London Line extension project and output metrics specified in the High Level Output Specification ("HLOS"), and to effectively manage the process of change that all these projects will involve, including communications to passengers.
- 1.3.4 To maintain and improve the operational performance of the South Central franchise and to contribute towards national performance targets (including the significant lateness targets).

- 1.3.5 To seek to benchmark and improve the overall environmental performance of the franchise.
- 1.3.6 To seek to improve alignment of services and service quality with aspirations of all stakeholders, to improve overall customer satisfaction, specifically in the areas of service quality (both on train and at stations), ticket purchasing and retailing (including smartcards) and information (before and during the journey).
- 1.3.7 To seek to improve accessibility to South Central services and stations, including car parking and access to stations, as well as access for disabled passengers.
- 1.3.8 To facilitate locally sponsored increments and decrements, and specifically to implement the enhanced role of Transport for London ("TfL") in the franchise specification process.
- 1.3.9 To ensure alignment of the South Central service specification with the specification of other train operating companies across the network, especially First Capital Connect and the London Rail Concession (let by TfL).

#### **1.4 Closing date for Bids**

**Bids must be submitted by 12.00 hours GMT on Wednesday 18<sup>th</sup> February 2009.**

## SECTION 2: INFORMATION AND INSTRUCTIONS TO BIDDERS

### 2.1 Franchising Timetable and Process

An overview of the Department's management process for the letting of a franchise is documented in "[A Guide to the Railway Franchise Procurement Process](#)". 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
<b>Bid Preparation</b>	Preparation of bids	Bidders	3 November 2008 - 18 February 2009
	Submission of bids	Bidders	By 12.00 GMT on 18 February 2009
<b>Bid Evaluation &amp; Negotiation of Bids</b>	Evaluation of bids, clarification, negotiation and agreement to terms of the Franchise Agreement and related documentation. Secretary of State consent to South Central franchise award	The DfT and Bidder(s)	19 February 2009 - June 2009
<b>Mobilisation</b>	Prepare for transfer of operations	Franchisee	June 2009 - 20 September 2009

The Department reserves the right to alter the timetable or the process, or to 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 that 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 South Central franchise, the Department 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 South Central franchise, Bidders are asked to refrain from comment to national, local and industry media, Passenger Focus, TfL, Members of Parliament and stakeholders about matters connected with the South Central franchise competition. If there are compelling reasons to make a public statement or comment then, so far as



practicable, the Department expects Bidders to discuss the content of such statements or comments with the Department 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 Department 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 circumstances 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 Department 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 Department's decision on the suitability of the bid vehicle to be the Franchisee for the South Central 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 Department 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 Department 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 South Central 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 5.8 (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 that 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 (Financial Elements).

## **2.5 Preparation of Bids**

The Department 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 Department has established a 'virtual data room' (the "data site"), operated by Connect Internet Solutions, containing, in electronic form, documents and information specifically relating to the South Central franchise and the incumbent operator of the Southern franchise. A separate Gatwick Express site contains information relating to the Gatwick Express franchise up to its incorporation into the Southern franchise in June 2008.

## **2.7 Query Process**

All queries and requests for information must be submitted by Bidders in the Microsoft Excel format prescribed in the 3<sup>rd</sup> September 2008 e-mail from Elisabeth Crabbe, DfT Procurement, to accredited Bidders.

Queries and requests for clarification or additional information should be submitted by e-mail to:

Any query or request for clarification or additional information must meet the requirements stated below. Failure to satisfy the Department 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.

A Bidder may request that the Department treat a query and its response as confidential. Any such requests must be made at the time of submission of the query. The Department 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 Department's discretion) be transmitted to the other Bidders.

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 Department will endeavour to respond to all queries before bids need to be submitted, but Bidders should note that the Department 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 Department 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 South Central data site.

## **2.8 Structure and Format of Bids**

Bidders should note that the Department will evaluate the compliance of bids with the structure set out in Table 2-2 (Structure and Format of Bids) 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 1,500 pages; and the size of the text relating to Priced Options will be subject to a separate overall size limit equivalent to 15 pages multiplied by the number of Priced Options requested by the Department. Bidder-generated Incremental Options will not be subject to a size limit equivalent. 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, font type is standard (i.e. not 'narrow') and minimum line spacing is 13pt. Double sided printing is required where this is practicable. Bidders will be encouraged to use a simple presentation style, avoiding expensive bindings, colour photographs and other high cost elements of production that do not directly add value to the substance of the bid.

The Department 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 Department, within a timetable stipulated by the Department, which pages they wish to withdraw in order to become compliant.

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 2003 (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 un-priced copy of Part 1 the Main Text is required in CD format, 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 2003 (or later) format. The Department will send this copy, together with one of the Part 3 copies specified above, to Network Rail. Documents should not be submitted in Acrobat, except where unavoidable.

One copy of Part 1 the Main Text is required in HTML 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 HTML version from Microsoft Word by using "File, Save As", then Save as type Web Page, Filtered (\*.htm, \*.html)". Further details of the HTML requirement may be obtained from Dale Ward.

Bids are to be submitted to:

James Smith  
National Networks Procurement Projects  
Department for Transport  
3/29 Great Minster House  
76 Marsham Street  
London  
SW1P 4DR

**by 12.00 hours GMT on Wednesday 18<sup>th</sup> February 2009.**

**Bidders should ensure that they complete and include the Declaration of Conformity Statement at Attachment K, in their Part 4 Legal and Compliance responses.**

No other documents or information shall be submitted with the bid. The bid must be submitted in boxes marked '**CONFIDENTIAL - South Central 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 Department at the time of the submission of their bid.

The Department 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 Department also requires that, for electronic information, the file structure matches the sequence of the hard copy documentation.

Bids received after the Department's stated date for submissions, or which are not duly completed and signed, may be disregarded by the Department. Nevertheless, the Department 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 Department on the working day following bid submission.

*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
<b>1</b>	<b>Main text</b>			
	Executive Summary Delivery Plans for Base Service Specification (Section 4)	5 copies	4 copies +1 unpriced copy +1 HTM copy	1500 pages including annexes/appendices
	Delivery Plans for Priced Options (Section 6)	5 copies	4+1+1 copies	15 pages x options
	Delivery Plans for Incremental Options	5 copies	4+1+1 copies	none
<b>2</b>	<b>Financial</b>			
	Operational Models and Financial Model (Section 5) including revisions in respect of Priced Options and Incremental Options PDF of Templates & outputs of Tier 1 Operational Models	none	3 copies	75MB maximum size per workbook (See Section 5)
	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
<b>3</b>	<b>Technical Data</b>			
	If appropriate, timetable submissions including: working timetables, rolling stock and crew diagrams and platform workings in	3 copies	4 copies	none

	support of Delivery Plans for Base Service Specification, Priced Options and Incremental Options			
<b>4</b>	<b>Legal and compliance</b>			
	'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 2.13	3 copies	3 copies	none

## 2.9 Timetable submissions

Instructions on timetable submissions are in section 3.2.4.

## 2.10 Incremental Options

The Department 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 Department 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 that may affect deliverability of any Incremental Option and any ways in which these might be mitigated or overcome.

The Department is aware that Bidders are likely to assess a range of potential initiatives for the South Central franchise whilst preparing their bids. Bidders may identify initiatives, which they consider to be of merit, but which have failed to achieve the Bidder's financial criteria for inclusion in the Base Case bid. In these circumstances, Bidders are encouraged to submit the initiatives as Incremental Options. The Department will consider purchasing the Incremental Options offered by the winning bidder subject to affordability constraints and economic appraisal criteria.

## 2.11 Non-Compliance Statements

### 2.11.1 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
ITT		
Franchise Agreement		

### 2.11.2 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 2.3 (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 2.17 (Competition Matters)

### 2.11.3 Secretary of State's Risk Assumptions

A limited number of standard Secretary of State Risk Assumptions ("SoSRAs") has been included in the Franchise Agreement issued with this ITT. Bidders are discouraged from proposing their own SoSRAs. Where Bidders do propose their own SoSRAs, the Department may either reflect the cost of the SoSRA(s) in the risk adjusted price of its

proposal, or request that the Bidder price for the withdrawal of the SoSRA(s). If a Bidder does not agree to a request to withdraw the SoSRA(s), the Department may consider the bid to be non-compliant.

Bidders are invited to comment on the draft SoSRAs included in the Franchise Agreement by submitting a written response to James Smith, National Networks Procurement Projects, by 17.00 hours GMT on 1<sup>st</sup> December 2008.

## **2.12 Non-Compliance**

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

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

## **2.13 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.

## **2.14 Industry Consultation and Disclosure of Information in Bids**

Bidders should be aware that, following the submission of bids, the Department will need to consult HM Treasury, the Office of Rail Regulation ("ORR"), its advisors, Network Rail and TfL. The Department will also 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 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 Department 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 Department may ask Network Rail to comment on such elements of the bids and to address their comments to both the relevant Bidder and the Department.



In developing their bids, Bidders can expect to be contacted by, and are encouraged to consult with stakeholders relevant to the South Central 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 Department may seek views from stakeholders on the state of progress of consultation. Bidders should note that Network Rail will formally advise the Department of the level of contact and engagement that it has had with each Bidder.

## **2.15 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 the Department's [A Guide to the Railway Franchise Procurement Process](#) and [Franchise Evaluation Process Charts](#).

The Department 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 Department on the procurement options to be pursued with the preferred Bidder, and only after the Department has made its preferred Bidder decision.

Bidders are asked to submit a cost for two continuation years, to 22<sup>nd</sup> July 2017. The Department will take into account 50% of the risk adjusted NPV of this subsidy/premium when evaluating each bid.

## **2.16 Negotiation and Award**

Following bid evaluation and clarification, the Department reserves the right to negotiate with one, some, or all Bidders. There will be no public announcement of the 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 07.00 hours the following morning.

## **2.17 Competition Matters**

The Office of Fair Trading ("the OFT") expects that notification to the OFT will be made following the announcement by the Department of the identity of the South Central Franchisee. Notwithstanding this, the OFT strongly encourages any Bidder who believes that a successful bid would give rise to a substantial number 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 South Central 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 service levels on overlapping modes of transport within the physical area of the South Central 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 Department 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 Department 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 Department will take this into account in evaluation.

The Department 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 Department as soon as

possible and if such requirements would, in the view of the Department prejudice the franchise, or any other franchise, the Department reserves the right to disqualify the Bidder from the South Central reletting process.

## **2.18 Freedom of Information Act 2000**

The Freedom of Information Act 2000 ("FOIA") provides a general right of access to all information held by public authorities. The Department is a public authority. The general right of access to information is then limited by a number of exemptions. When someone requests information under FOIA, the Department must release that information unless one of the exemptions in that act applies.

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 Department in confidence or are commercially sensitive, such that they may be exempt from disclosure under FOIA. Bidders should provide reasons why such information should not be disclosed in response to any request.

Bidders should be aware of Code of Practice issued by the Secretary of State for Constitutional Affairs under section 45 of the FOIA: [Section 45 FOIA](#). 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 Department will be obliged to disclose those parts.

Bidders should note that the Department will place a redacted copy of the ITT in the public domain at the same time as it is supplied to Bidders.

Bidders' attention is drawn to the relevant provisions of the FLPA.

## **2.19 Redactions from the Franchise Agreement and Associated Documents**

In accordance with the purpose and intent of FOIA, the Department publishes all Rail Franchise Contracts on the "Public Register" section of its website ("the Public Register"). Additionally, in accordance with s73 of the Railways Act 1993 (as amended), the Secretary of State is required to keep a register of franchise documents for the reference of the Office of Rail Regulation and Scottish Ministers ("the Section 73 Register").

Within four weeks of signature of the Franchise Agreement, the Franchisee will be required to submit to the Department a list of proposed redactions from the Franchise Agreement, the Conditions Precedent Agreement and any agreed Side Letters (together the "Franchise Signature Documents").

The Franchisee may request that any such redaction is made in respect of the Public Register, the Section 73 Register, or both. For each redaction, the Franchisee should specify the exact text it proposes should be redacted, and justify the redaction with reference to the criteria in s73(3) of the Act, and/or the exemptions in Part II of FOIA, as appropriate. The Department 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 Public Register and the Section 73 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 Department, of a number of other Agreed Form Documents and other documents. Within thirty calendar days of the date on which the Certificate of Commencement is issued, the Franchisee will again be required to submit to the Department a list of proposed redactions from these further documents in the manner described above. The Department 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 the Public Register and Section 73 Register.

Should agreement on a redacted version of any document not be reached, the Secretary or State may, at his sole discretion, nevertheless place that document on the Register subject to such redactions (if any), as he considers appropriate.

## **2.20 Debrief for Bidders**

Debriefing of Bidders for a franchise is an important element in an open and transparent franchise procurement process. This assists the Department 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 Department will provide a written answer.

## **2.21 Variations to the Franchise Agreement**

Bidders' attention is drawn to the variation provisions in Schedule 19 section 1 of the Terms and the ability of the Secretary of State to amend the Service Level Commitment pursuant to Schedule 1.1 of the Terms. The Secretary of State reserves the right to require variations to the Franchise Services and/or the manner in which Franchise Services are required to be delivered, and any consequential changes to the Terms.

In particular, variations may result from changes to the specification or timing of committed projects affecting the South Central franchise. Further information on the committed projects: East London Line; Thameslink Programme; Platform Lengthening Schemes; and other committed national rail projects is provided in section 3.3.1.

Variations will not necessarily be restricted to the effects of committed projects. However, any changes required will be such as a reasonably competent and professional operator of the franchise could, in all relevant circumstances, reasonably be expected to be able to deliver and will be generally consistent with the overall scope of the franchise proposition taking into account the need to be able to vary the nature, quantity and manner of delivery of franchise services in response to circumstances relating to the development of railway infrastructure and services and other relevant financial, economic and technical developments and the implementation of developing rail policy.

## **SECTION 3: THE BASE SERVICE SPECIFICATION: INPUTS AND ASSUMPTIONS**

Bidders are expected to refer to the draft Franchise Agreement and Terms supplied with this ITT, in particular to the Appendix (Incentivising Long Term Investment) to Schedule 9.3 (Run of the Financial Model) of the Terms for guidance on the Department'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 Department will only consider such proposals if its budget allows.

### **3.1 Franchise Duration**

Appendix 8 of the Franchise Agreement (Figures for the Calculation of Annual Franchise Payments) requires Bidders to price for a franchise length of 5 years and 10 months, with the franchise ending on 25<sup>th</sup> July 2015. The final year of the franchise will be subject to various performance targets as outlined in the Franchise Agreement benchmark tables.

The franchise can be extended by up to two years, although this would be solely at the Department's discretion. The Department will seek a 'continuation price' from Bidders for this two-year period, to an end date of 22<sup>nd</sup> July 2017, which will see the December 2013 train service specification continued by up to two years. Fifty per cent of the present value of risk-adjusted premium/subsidy for this two year period will be included in any assessment of overall franchise value.

Bidders are required to price a further continuation of up to seven reporting periods taking the latest possible end date to 3<sup>rd</sup> February 2018. This will not be included in any assessment of franchise value.

### **3.2 Service Specification**

The Base Service Specification comprises the delivery of passenger services in accordance with the Franchise Agreement including the Condition Precedent Agreement, the Service Level Commitments (SLC1, SLC2 and SLC3) and the associated contract documents. The service specification within the Base Service Specification incorporates the following:

#### **3.2.1 Service Level Commitment 1**

From the start of the South Central franchise the level of service the Department requires to be operated on the South Central network is specified in Service Level Commitment 1 ("SLC1"). The December 2008 timetable that will be operated by Southern (including Gatwick Express and the Redhill - Tonbridge route) reflects the contents of SLC1.

SLC1 will run until the May 2010 Passenger Change Date, with some adjustments to accommodate changes driven by the introduction of the Integrated Kent Franchise Service Level Commitment 2 in December 2009.

### 3.2.2 Service Level Commitment 2

Service Level Commitment 2 ("SLC2") will be implemented at the Subsidiary Change Date in May 2010 and will relax the South Central service commitment sufficiently to permit the introduction of the East London Line extension services.

Network Rail has developed a 16 hour weekday SLC2 suburban and mainline timetable (as far as Keymer Junction, Hove and Horsham) that Bidders are expected to deliver. Bidders are expected to develop this timetable into a 24/7 version covering the full geographic scope of the franchise. Changes to this timetable may be proposed where they do not materially impact on the timetable structure. Any more significant changes should be withheld until the December 2010 change date; opportunities for such changes are more likely to exist in respect of services to/from areas south of Stoats Nest Junction, rather than in the London area.

Bidders are free to submit their own proposals for Coastway services as long as they adhere to the outputs defined in SLC2.

### 3.2.3 Service Level Commitment 3

Service Level Commitment ("SLC3") will be implemented in October 2012. The only change from SLC2 will be the reduced requirement to operate peak trains to and from London Bridge in recognition of the start of major works in connection with the Thameslink Programme. The main impact of these works will be reduced track capacity on the approaches to, and reduced platform availability at, London Bridge (Low Level). Network Rail's plans envisage that the nine platforms that are currently available will reduce to six, with impacts on the timetable (especially the peak timetables) as a result. The assumption is that 4 – 12 car (240 metre) platforms and 2 – 8 car (160 metre) platforms will be available. Further information is available on the data site.

SLC3 will also see the withdrawal of the South London Line (London Bridge – Victoria via Peckham Rye) service in recognition of the reduced track capacity at London Bridge.

A full SLC document has been prepared for SLC1, with a marked-up version showing the changes for SLCs 2 and 3. These documents have been posted on the data site. Where Bidders are proposing alterations to the SLC(s) these should be highlighted on a marked-up version of the SLC document.

The table below provides a summary of the Service Level Commitments, assumed infrastructure schemes and enhancements in capacity requirements required through the franchise.

Table 3-1: Service Level Commitments Summary

	<b>Date Introduced</b>	<b>Description</b>
<b>SLC 1</b>	Sept 2009	Base Timetable inherited from incumbent with some amendments in December 2009
<b>SLC 2a</b>	May 2010	East London Line Compatible Timetable
<b>SLC 2b</b>	Dec 2011	As SLC2a plus enhanced capacity on East Grinstead and Sydenham corridor, plus Brighton
<b>SLC 3a</b>	Oct 2012	Reduced platform availability at London Bridge
<b>SLC 3b</b>	Dec 2013	As SLC 3a plus longer trains on the suburban network and additional capacity into Brighton

### 3.2.4 Timetable Submissions

The incumbent train operating company ("TOC") will submit the Priority Date Notification Statement on 30<sup>th</sup> January 2009, and, subsequently, meet the Capacity Request Deadline on 17<sup>th</sup> April 2009. The TOC will, in effect, be making these submissions under the instruction of the Department, and will be committing the successor operator to the operation of this timetable from 13<sup>th</sup> December 2009 to 22<sup>nd</sup> May 2010, but will also cover the period to December 2010. Bidders will be required to detail what changes they would propose to make to the Priority Data Notification submitted on 30<sup>th</sup> January 2009.

Because the successor operator will have no opportunity to influence the development of this timetable, there will be no need for Bidders to submit timetable plans for December 2009 as a part of their bids. However, a full timetable submission will be necessary for the May 2010 timetable change (implementing SLC2), and for any subsequent timetable changes that are proposed. Network Rail have agreed to provide Bidders with feedback on the operability of the timetable proposals and this will need to be submitted alongside the bid.

All timetable submissions must show clearly a complete pathway for every passenger service, and for all associated empty coaching stock ("ECS") movements. These timetable submissions must be provided in Working Timetable ("WTT") format, using station banks that cover all relevant routes, and including all compulsory timing points as listed in the Rules of the Plan ("ROTP"), and linecode and platform allocations at all locations where alternatives exist.

Bidders must also supply complete sets of SX 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. Complete sets of SX diagrams will be required for each date on which significant service changes are proposed.

### 3.2.5 Route Descriptions

This section provides additional information to Bidders on a route by route basis.

### *3.2.5.1 Brighton Main Line and Gatwick Express*

A 4 trains per hour ("tph") Gatwick Express service is required to be provided non-stop between London Victoria and Gatwick Airport, seven days a week, except between the hours of 0100 and 0500. At least six of these trains must be extended to operate from Brighton during the weekday morning commuting peak, and to Brighton in the weekday evening peak. Express services from London Victoria to Gatwick must remain branded as Gatwick Express, although this requirement does not necessarily extend to the livery of the trains. The name is the property of the Secretary of State, but the branding/design is owned by National Express, operated under licence by Southern.

Bidders are free to propose alterations to the Gatwick Express service pattern but must consult with the operators of Gatwick Airport as well as Network Rail as to the acceptability of their proposals. Between 0100 and 0500, direct services between Victoria and Gatwick must be maintained at intervals of no longer than one hour, but these trains may serve intermediate stations and do not need to be branded.

Bidders are free to propose alterations to stopping patterns on Brighton Main Line services as long as they are in keeping with the SLCs, and other timetable constraints.

Bidders' attention is drawn to consultation responses regarding early morning services from the South Coast to Gatwick Airport for passengers and staff.

The number of main line peak services to/from London Bridge must be maintained in SLC 3 but, in recognition of the reduced capacity at London Bridge, these services may be spread over a longer time band than they are at present.

### *3.2.5.2 London Suburban Services*

Broadly, the existing quantum and pattern of service is required to be maintained throughout the franchise. There are, however, some exceptions and enhancements, which are described below.

SLC2 requires that the peak 'fast' services to and from the Caterham and Tattenham Corner branches shall be provided by means of trains that will split and join at Purley, and which provide 4 tph on each branch. This proposal is not extended to the off peak service pattern but Bidders are free to extend this operation if they so wish and thus achieve 4 tph on both branches all day. SLC2 requirement is 4 tph off-peak on the Caterham branch, but only 3 tph on the Tattenham branch.

From December 2008, this third service on the Tattenham branch (in addition to the 2 tph direct service to London Bridge) will be provided by a shuttle service to and from Purley. If Bidders propose to continue with the SLC1 service pattern, a review of demand levels on the Purley – Tattenham Corner off-peak shuttle should take place in late 2011 to assess whether demand levels justify continuation of this service.

Bidders' attention is drawn to the fact that a number of spare paths exist within the Network Rail-produced SLC2 timetable base. Whilst the franchisee will not be obliged to operate services in these paths, they do represent additional capacity that could be utilised, and provide flexibility for some service enhancements during the franchise.



From the passenger timetable change date in December 2010 an enhanced evening frequency of services in South London is required on the suburban network, with 4 tph frequencies operating on most routes up until around 2300. Bidders should include these services in their timetable submission. There is no requirement for additional late evening services on the Epsom Downs, Beckenham Junction and London Bridge – Victoria (via Denmark Hill) routes, but bidders are free to propose such services if they wish.

Bidders are free to propose other enhancements in late evening services at their discretion.

There are continued discussions with Network Rail regarding the possibility of 'levelling up' services on the South London network on Monday – Thursdays so that most routes have a last train departing around midnight as a minimum.

Bidders should provide a consistent frequency of service until the last departure time. Information on levels of late evening demand on South London sections of London Underground has been made available by TfL within the data site.

Network Rail believe there is an opportunity to operate additional late night services on the South London network on Friday and Saturday nights for most weeks of the year, with the last train on all suburban routes leaving the appropriate London terminal at around 0030. The operation of these services will be subject to clarification of the implications associated with the movement of empty stock. These services should be introduced from December 2010. Further details can be found in the SLC document. Bidders should detail how they will publicise these services given that they will only operate on two evenings a week.

In order to facilitate these later services on Saturdays, Network Rail requires access to the network until correspondingly later on a Sunday morning. Bidders should detail their proposals on a route by route basis, and should assess ways in which the impacts of this later access can be minimised, for example by stabling trains at alternative locations. Information on this is contained within the data site.

From December 2010, service frequencies on Saturdays are also required to provide all-day services that operate to a similar pattern and frequency as weekday off-peak until around 2300.

Enhanced service frequencies on Sundays are required from December 2010 so that most suburban routes receive 4 tph throughout the day. It is recognised that it is not practical to achieve this everywhere, but some significant enhancements are required. Bidders should plan for these enhanced services on the basis of a two track Brighton Main Line north of East Croydon and associated possessions for daylight infrastructure inspections, as detailed in the Network Rail response to the Department dated 5<sup>th</sup> September 2008.

Network Rail have indicated that on Sundays between 0700 and 1200, in order to provide an opportunity for daylight patrolling, slow line services into London Bridge from the Sydenham line are to be no higher than 2 tph – complementing the 4 tph service that will be provided by LOROL.

It should be assumed that Network Rail will provide infrastructure, in the form of lengthened platforms, to support the introduction of 10 car working on the Sydenham line

into London Bridge from December 2011 and from the Hackbridge, Norbury and Streatham Hill lines into Victoria from May 2013.

#### *3.2.5.3 Outer Suburban Services*

No major changes to outer suburban services are proposed, although peak services to/from London Bridge may be spread over a longer period in SLC3 in recognition of the reduced capacity at London Bridge.

An additional later evening service to Uckfield (around 2300 from London Bridge) must operate from December 2010, subject to access being granted by Network Rail.

It should be assumed that services to and from East Grinstead are capable of 12 car operation from December 2011.

As per the SLC, Bidders must include off peak services between Tonbridge, Redhill and London from the start of the franchise. The costs and revenues associated with the service should be included throughout the franchise but a review of the service should be conducted during 2011 to assess overall demand levels and long term viability. Bidders should include specific proposals for the marketing of this service.

#### *3.2.5.4 West Coastway*

Bidders are free to propose alterations to the service pattern on the West Coastway as long as the minimum service level commitments are met. The specification does not necessarily require the Brighton to Hove shuttle to operate so long as journey opportunities between Brighton and the main Coastway stations are not materially reduced. The route contains a number of constraints which limit the potential for journey time improvements, but Bidders should note that this is a widely-held stakeholder aspiration.

Bidders are required to provide two additional late night services from Brighton to Worthing calling at intermediate stations at around 2300 and 2345. These must operate from December 2010.

An additional hourly service between Brighton and Southampton is required to operate on Sundays between 0830 and 2030 and should begin operations in December 2010.

#### *3.2.5.5 East Coastway*

Bidders are free to propose alterations to the service pattern on the East Coastway as long as the minimum service level commitments are met. Bidders are also free to propose additional diesel rolling stock for Ashford – Brighton services should this be justifiable, but should also examine timetable solutions as a means of spreading the uneven loads that results in some crowding on some peak Ashford – Brighton services.

Bidders should note that, from the two coastway corridors combined, the Franchisee must, as a minimum, provide eight additional vehicle arrivals into Brighton on Mondays to Fridays between 0800 and 0859 (by December 2013).

Bidders must include an Ashford – Rye peak hour shuttle service (alongside Ashford – Brighton services) and should seek to provide acceptable interchanges between services on this route and the new Channel Tunnel Rail Link (“CTRL”) domestic services that begin operating in December 2009. The costs and revenues associated with the service should be included throughout the franchise but a review of the service should be conducted by December 2012 (three years after the commencement of CTRL services) to assess overall demand levels and long term viability.

A minimum level of service at Doleham, Three Oaks and Winchelsea is included within the SLC. The reduction of services from these locations that has occurred in recent years has created significant local opposition. The Department does not propose to mandate additional stops at these locations, but Bidders are free to propose alternative stopping patterns should they believe these can be justified and are deliverable within the constraints of the timetable. Bidders should be aware of the local aspiration for services that are provided at usable times of day. The Department is also aware of an aspiration for stops at Winchelsea at weekends associated with tourism. The Department will consider minor amendments to the SLC in order to facilitate any changes should they be proposed.

#### *3.2.5.6 West London Line*

The hourly service between East Croydon and Milton Keynes will begin operation (subject to confirmation of the necessary access rights) in December 2008 and is required to continue to operate in substantially the same format at least until December 2011.

Because of the scarcity of paths south of Clapham Junction, there is no requirement to operate this service south of Clapham in the morning peak, although at least one peak train must be provided from East Croydon to Shepherd’s Bush. Some other additional East Croydon or Clapham Junction to/from Shepherd’s Bush peak services are specified in the SLC.

Bidders should assume that this pattern of service operates until the end of the franchise, but a review of the northern extension from Watford Junction to Milton Keynes should be carried out during 2011 to confirm that demand levels justify retention of the service.

Bidders are also free to propose extensions to Gatwick Airport if this is deliverable and can be justified. If such extensions are proposed, the measures to be taken to ensure robust performance must be explicitly listed.

#### *3.2.6 Other Service Requirements*

This section provides more details on a number of enhancements.

##### *3.2.6.1 Stopping pattern at Wembley Central*

From December 2008 Southern will make additional off peak calls at Wembley Central from Monday to Saturday, over and above the peak hour calls that currently operate. Wembley Central is managed by London Underground, but it is proposed to use additional franchise recruited staff to staff the platforms.

The Department will require the Franchisee to continue to provide stopping services at Wembley Central throughout the day, rather than the current situation of stopping peak

services only. The service will require designated station staffing at Wembley Central due to the Health and Safety requirements of the platform access at this station.

The Moderation of Competition provisions contained within the West Coast Trains Track Access Agreement mean that the proposed East Croydon (or Clapham Junction) to Milton Keynes services are restricted to set down (northbound) and pick up (southbound) only at Wembley Central. From April 2012 it should be assumed that this restriction is removed.

#### *3.2.6.2 Change of name of Smitham Station*

Smitham station serves the town centre of Coulsdon and local stakeholders have made representations to the Department and the incumbent operator seeking to rename the station to coincide with the redevelopment of the town centre.

Options for the renamed station that better reflect its geographical location (and distinguish it from Coulsdon South) have included

- a) Coulsdon Town
- b) Coulsdon & Smitham

The Franchisee will be required to carry out local consultation on whether Smitham Station should be renamed and what name should ultimately be used. The consultation should be carried out in conjunction with Croydon Council. Bidders should assume that the station will be renamed and any costs associated with this should be included within the bid.

It would be expected that the revised name would be in place by the timetable change date in May 2011 although if for planning or operational reasons this is not possible alternative dates can be proposed. Renaming will include all the relevant changes to signage, maps, timetables and other associated systems.

#### *3.2.6.3 Boxing Day*

A minimum level of service on Boxing Day will be required from December 2010, subject to Network Rail granting access.

This minimum service pattern will operate from around 0830 (for departures) until around 2100 (arrivals), and must include:

- every 30 minutes stopping service Sutton to London Victoria via Norbury
- every 30 minutes stopping service Croydon to London Victoria via Gipsy Hill
- every 30 minutes service to Gatwick Airport\*
- hourly service from Brighton to Brighton - calling at principal stations\*

\* These services can be combined

TfL have not indicated whether they will operate any services on the Sydenham corridor from West Croydon and Crystal Palace on Boxing Day.

It is for Bidders to decide the appropriate capacity to be provided, provision of catering (where appropriate) and overall levels of station staffing. TfL have provided information on the levels of demand relative to Sundays and Bank Holidays on their services in South London and this information is contained within the data site.

Bidders should detail how they would publicise the existence of these new services.

#### *3.2.6.4 Olympics*

Bidders should be aware of the requirements detailed in the draft Franchise Agreement regarding the 2012 Olympic and Paralympic Games.

Bidders should submit detailed plans as to how they will work with the Olympic Delivery Authority (“ODA”) and other interested parties to deliver the transport requirements of the Olympic & Paralympic games. As a minimum Bidders are required to nominate a specific individual that will act as the principle point of contact for all Olympic-related matters – a ‘Games Champion’.

Bidders will be required to proactively engage with the ODA by attending relevant planning, liaison and coordination meetings in the run up to 2012. Engagement in the planning of the Games will be expected from the commencement of the new franchise.

#### *3.2.6.5 New Years Eve*

Bidders should provide services equivalent to those supported by TfL in 2007 for New Year’s Eve as part of the Base Case Specification.

Details of these services are contained within SLC1. Bidders should note that these services have been operated as “free to use” services in previous years, and it should be assumed that this policy will continue.

#### *3.2.6.6 Rail Replacement Bus Services in the London Area*

The Department and TfL have agreed a set of enhancements to the South Central franchise for the London area. These enhancements will be funded by TfL, but will be included within the Base Case Specification for the franchise and Bidders should therefore include the cost and revenue impacts of these enhancements within their bids.

TfL has agreed that in the London area the Franchisee will be able to use TfL service buses where appropriate as alternative transport provision during Network Rail possessions. This model has successfully been employed on a variety of London Underground and Dockland Light Railway (“DLR”) possessions. Such an arrangement is not appropriate in all locations, and consideration will need to be given about how it could be employed and close liaison will be required with TfL regarding the appropriateness of the proposed bus services that passengers would be directed to. Details of the suggested approach are included within the data site.

Bidders should detail any cost savings associated with this proposal within their bids.

#### *3.2.6.7 Gatwick Express Requirements*

It is for Bidders to decide upon the appropriate facilities to be provided on Gatwick Express services. The Franchisee will be required to ensure that staffing levels are sufficient to meet operational, retailing and customer assistance (especially passengers with special needs or luggage) based on the predicted levels of demand on these services.

It is for Bidders to consider and make proposals regarding the

- provision of first class accommodation
- provision of on – board catering facilities
- provision of other on board, and platform based staff (such as Welcome Hosts)
- provision of on-board ticket purchasing facilities

Bidders should provide detailed proposals in this regard as part of their bid.

Bidders are required to provide a minimum level of passenger information regarding Gatwick Express services. This includes:

- Customer Information Screens at Gatwick Airport should be used to advise passengers of the location of the provision of any first class accommodation on each Gatwick Express service;
- ‘Gatwick Express’ shall where possible be used on all departure boards and screens to identify Gatwick Express services; and
- A dedicated Victoria – Gatwick Airport pocket timetable should be produced covering all services between Gatwick and London Victoria.

Bidders should note the requirements in section 3.5.3.2 regarding luggage provision and multi-lingual announcements on trains and the requirements of section 3.2.5.1 regarding branding and service pattern.

#### *3.2.6.8 Summer Sundays*

Bidders should be aware that Network Rail has granted the existing operator additional access on 16 summer Sundays in 2009, commencing on the Subsidiary Change Date in May, and Network Rail expects to grant similar rights in future years. A copy of the planned summer 2009 timetable is contained within the data site.

These additional summer Sunday services must be operated to a similar pattern from May 2010, but it will be for the franchise operator to decide whether an enhanced summer timetable should operate thereafter.

### **3.3 Management and Delivery of Change**

#### *3.3.1 Committed Projects Impacting on the South Central Franchise*

##### *3.3.1.1 East London Line – Phase 1*

Bidders should assume that the East London Line becomes operational south of New Cross Gate from the timetable change date in May 2010. Initial indications from TfL are that the route between New Cross Gate, Shoreditch High Street and locations further north may open earlier. A further link to the North London Line is due to open in early 2011 but the exact service pattern and opening date is not yet known.

East London Line services will be operated as part of the National Rail network, and managed by a concessionaire appointed by TfL.

Services will operate between West Croydon and Crystal Palace to New Cross Gate, Surrey Quays, Shoreditch High Street and other stations to the north. A service frequency of 4 tph from each of Crystal Palace and West Croydon will operate Monday – Sunday for around 17 hours per day although some changes to service frequency and pattern is expected on Sunday mornings. Some additional services are planned from Crystal Palace in the peaks. Bidders should assume these additional services commence in May 2011 at the earliest. Information on these is available within the data site. Services will be operated by London Overground Class 378 high density rolling stock.

Stations between New Cross Gate, Crystal Palace and West Croydon will be managed by the TfL concessionaire from the start of the new franchise. For the avoidance of doubt the stations that will transfer are:

New Cross Gate  
Brockley  
Honor Oak Park  
Forest Hill  
Sydenham  
Crystal Palace  
Penge West  
Anerley  
Norwood Junction  
West Croydon

Bidders should note the requirements set out in section 3.12.3 regarding ongoing requirements (such as CCTV and Help Point monitoring) at these stations.

#### *3.3.1.2. East London Line Phase 2b*

The implementation of East London Line Phase 2b, from Surrey Quays to Clapham Junction, is currently unfunded. Should agreement be reached on the funding arrangements, Bidders will be notified and available information will be placed into the data site. If the funding for the scheme is secured it should be assumed that the South London Line service will not operate from around December 2011. It is also expected that stations at Queens Road Peckham, Peckham Rye, Clapham High Street and Wandsworth Road would transfer to LOROL management.

#### *3.3.1.3 Thameslink Programme*

##### *3.3.1.3.1 Key Output 0*

Key Output 0 will involve the closure of the Moorgate branch and the bay platforms at Blackfriars and will introduce through-running of services from parts of the Southeastern franchise. These changes are not thought to have a material impact on the South Central franchise but Bidders should be aware of the changes. It is expected that these changes will come into force in March 2009.

### *3.3.1.3.2 London Bridge (Central) – Reduced Functionality*

From October 2012 Bidders should assume that the platforms available at London Bridge (Central side, otherwise known as Low Level) will be permanently reduced from the current level of nine to six.

Bidders should assume that 4 x 12 car (240 metre) platforms and 2 x 8 car (160 metre) platforms will be available every weekday. The approach to London Bridge will also have reduced capacity allowing a maximum of 24 trains to operate in the peak hour.

Bidders' attention is drawn to the work to be carried out by Network Rail identifying the level of capacity available.

The operation of this timetable (when published in the data site) will require the franchise operator to take specific actions to ensure that the timetable can be delivered robustly and reliably; for example to ensure that tight turnaround times for trains are achieved, which might involve the provision of additional drivers.

Works at London Bridge will require significant changes to the fabric of the station, including diversion of walkways, alterations to access, egress and interchange arrangements and changes to information provisions and access to facilities. These works also require a number of significant possessions outside the issues noted above. Bidders should assume that these possessions are dealt with as part of the normal industry compensation process.

Network Rail expects London Bridge Low Level to be affected by a large number of weekends from October 2012. Further information can be found on the data site. Bidders should assume that these possessions are dealt with as part of the normal industry compensation process and therefore bids should be developed on the assumption that no possessions are taking place. However, Bidders should set out how they would manage weekend services during these possessions, and clearly set out what alternative service patterns they would propose to introduce to ensure that most stations retain as near a normal service as possible, using alternative terminal stations. Bidders should detail any assumptions with regard to minor infrastructure changes required to introduce such services.

### *3.3.1.3.3 Key Output 1*

Bidders should assume that Key Output 1 will be delivered in December 2011. This will see some 12 car services operate between Brighton and Bedford.

From December 2011 until September 2013 the South Central Franchisee will need to make available to First Capital Connect ("FCC") 3 x 4 car dual-voltage 377 units per weekday. It should be assumed that these are provided as one 12-car diagram that begins and ends each day at Brighton. No requirement will exist to make any vehicles available at weekends, although Bidders are free to enter into commercial agreements with FCC at their discretion.

A hire agreement between FCC and South Central for these units will be provided by the Department.



### 3.3.1.3.4 Key Output 2

This is not defined within this ITT given that Bidders are not required to consider the final Key Output 2 timetable as part of this process.

Bidders should be aware, however, that some new Key Output 2 rolling stock may be required to operate South Central services in the lead up to Key Output 2 implementation. The routes and dates of the deployment are not known at this stage and Bidders are not required to make any provision in their bids for any such deployment. Any Key Output 2 rolling stock implementation will be dealt with via the Change mechanism.

### 3.3.1.4 Platform Lengthening Schemes

Network Rail has indicated that it will deliver a number of platform lengthening schemes across the south London suburban network. Details of the lengthening schemes are detailed in the data site. Normal industry processes will be used in relation to possessions to implement these lengthening schemes.

Bidders should assume the following platform schemes are in place by the following dates:

<b>Route</b>	<b>Date Available</b>
London Bridge – West Croydon via Sydenham	Dec 2011
London Bridge / London Victoria - East Grinstead (12 car – 240 metre)	Dec 2011
London Victoria – Sutton via Norbury	May 2013
London Victoria – Norwood Junction via Gipsy Hill	May 2013
London Victoria – Sutton via Hackbridge (assume 10 car (200m) route unless stated)	May 2013

Rolling stock and capacity enhancement requirements are detailed in section 3.5.

### 3.3.1.5 Other Committed National Rail Projects

#### 3.3.1.5.1 Kent High Speed Services

High speed domestic services are expected to begin operation on the Integrated Kent Franchise (Southeastern) from December 2009. This will be accompanied by a major rewrite of Southeastern services.

#### 3.3.1.5.2 Network Rail Projects

Bidders' attention is drawn to other projects that Network Rail plans to deliver in Control Period 4 that impact on the South Central network. These plans will not be confirmed until the ORR provide their final determination of Control Period 4 access charges. Copies of Network Rail's draft Delivery Plans will be made available via the data site when they are complete.

### *3.3.1.6 Managing the Interface with Network Rail, TfL and other TOCs.*

The projects detailed within this section will require close liaison between the South Central operator, Network Rail, TfL and other train operators. Bidders should provide a detailed proposal as to how such interfaces will be managed to ensure the close liaison needed to deliver these projects.

Bidders will be required to provide a major projects team to effectively manage these interfaces.

Bidders will also be required to plan for and deliver the required timetable changes – including those associated with planned possessions.

### *3.3.1.7 Managing the Interface with Passengers*

The projects detailed within this section will involve significant disruption to passenger journeys especially at weekends. Bidders should provide a detailed proposal as to their approach to managing this interface. Specific attention should be placed to:

- Information Prior to Possessions & Possession Planning
- Information During Possessions
- Staff Availability At Stations During Possessions
- Management, Delivery and Information pertaining to Rail Replacement Services
- Quality of Rail Replacement services
- Approach to alternative rail service patterns (and their development)

It would be expected that the approach highlighted in response to the above would become the norm across the franchise area.

Bidders should detail any specific proposals that they would implement associated with very long possessions (defined as greater than 72 hours).

Bidders should note issues associated with rail replacement bus services noted in section 3.2.6.6.

### *3.3.1.8 Pricing Change*

The Base Case Specification includes the current best understanding of the impacts of committed projects on the South Central franchise. Bidders should be aware that, as the detailed plans for delivery of committed projects develop, changes to the specification may be required affecting implementation dates, SLC requirements, the Train Fleet, or other requirements. These will be priced as Changes in accordance with the Terms. Because of the potential significance of the possible variations resulting from committed projects, in particular the Thameslink Programme, the South Central evaluation process will place particular stress on ensuring the franchisee will have sufficient resources to price Change. This will be assessed as part of the Management & Delivery of Change Key Delivery Plan and the Modelling Change evaluation of the Models, Records of Assumptions and Operating Manuals. Further information on these requirements is provided in Sections 4 and 5.

### **3.4 Fares, Ticketing and Ticket Retailing**

#### **3.4.1 Fares Policy**

A revised Departmental fares policy will be applied to the South Central franchise. 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 a 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+1%, +2% year-on-year. Bidders should assume that this policy will apply for the duration of the franchise.

Passenger Focus has raised concerns with regard to National Passenger Survey scores associated with Value for Money, with particular concern relating to season tickets. Bidders should consider this issue in relation to their response to section 3.8.7.

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.

#### **3.4.2 Lead Operator**

There are no planned changes to lead operator status within the South Central franchise from that inherited in September 2009. The Department and TfL are continuing to have discussions regarding the fares structure south of New Cross Gate in relation to the introduction of East London Line Phase 1. Information will be provided to Bidders during the bidding phase.

#### **3.4.3 Oyster PAYG and Zonal Fares**

Bidders should make their own assumption regarding the start date for Oyster Pay as You Go ("PAYG") fares to be accepted on the South Central franchise. The current industry plan is for Oyster to be accepted from 8<sup>th</sup> September 2009. SoSRAs in relation to changes to this date will not be accepted. In the event acceptance of Oyster PAYG fares has not been achieved at franchise start, the Franchisee will be required to cooperate in ensuring that they are adopted as soon as possible. Once introduced, Oyster PAYG fares should continue to be accepted for the Franchise Term.

Oyster PAYG fare levels are included within the data site. Revised charges for other non-Oyster fares are also included.

Bidders should note that the assumption is that Oyster PAYG Top Ups will be available from Ticket Vending Machines ("TVMs") in the South London area of the South Central franchise from September 2009. Bidders will be required to continue to retail Oyster Top Ups from TVMs and should investigate the wider use of Oyster from TVMs. It is for Bidders to decide whether they wish to retail other Oyster products and they will need to reach a commercial agreement with TfL in order to do this.

Zonal season ticket fares will be introduced across the London area in January 2010 and outline zonal fares levels are included within the data site. Bidders should make provision for the introduction of this scheme within the bid.

Bidders are free to propose the development of other zonal fare schemes outside of the London area as they see fit. Bidders' attention is drawn to the aspirations for such schemes, including in the South Hampshire area.

#### *3.4.4 Ticketing Technology*

Bidders must include proposals to implement new ticketing technology within the new South Central franchise. This is in accordance with the Department's wider policy to introduce smart ticketing for all surface transport modes.

##### *3.4.4.1 ITSO Ticketing*

Bidders are required to include the introduction of ITSO compliant ticketing throughout the franchise area on all ticket types no later than January 2012.

Bidders should assume that Oyster equipment on the TfL network will be capable of reading ITSO based products by January 2012. The Franchisee would be relieved from its obligation to introduce ITSO compliant ticketing to the extent that this is impacted by any late delivery of Oyster compatibility but no further SoSRAs in relation to this issue will be accepted. The Department would expect the rollout of ITSO products to begin before January 2012.

The Franchisee should provide an ITSO-compliant ticketing system comprising ticketing issuing equipment, readers/validators and, where appropriate, gating throughout the franchise, including the Greater London Authority ("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 Franchisee shall use all reasonable endeavours to join any ATOC approved smartcard-related ticketing schemes.

Bidders should note the requirement regarding station gating initiatives in section 3.4.5 below and the gating initiatives proposed by TfL for implementation before the new franchise commences.

As a minimum, Bidders must provide ITSO compliant ticket issuing equipment at the following stations:

##### *Outside London (26 stations)*

Brighton, Hove, Lewes, Eastbourne, Bexhill, Shoreham By Sea, Worthing, Littlehampton, Bognor Regis, Chichester, Burgess Hill, Haywards Heath, Three Bridges, Gatwick Airport, Reigate, Redhill, Crawley, Horsham, Epsom, Oxted, East Grinstead, Hurst Green, Uckfield. Seaford, Dorking, Leatherhead

##### *In London (18 stations)*

Sutton, Wallington, Carshalton, East Croydon, Purley, Balham, Thornton Heath, Peckham Rye, Streatham Hill, Streatham Common, Streatham, Mitcham Eastfields, Norbury, Thornton Heath, Tulse Hill, East Dulwich, Coulsdon South, London Victoria

Provision of equipment at other stations is at the discretion of the Bidder.

Bidders should highlight how many TVMs they propose to be capable of retailing ITSO products by January 2012.

Bidders should provide information as to how they would promote use of smartcard technology and define targets as to the level of smartcard use they would expect on a year by year basis from 2012.

#### *3.4.4.2 Ticket Vending Machines*

Bidders are required to have installed at minimum an additional 30 TVMs for the South Central franchise by December 2010. Bidders should clearly state the proposed station locations, and underlying reasons for their selection. Specific reference should be made to the research conducted by Passenger Focus.

Bidders should also seek to extend the functionality of TVMs, and should note consultation responses regarding the availability of Zone extensions in the London area.

#### *3.4.4.3 New and Alternative Retailing Methods*

Bidders are free and are encouraged to propose new and alternative ways of retailing tickets and may wish to consider internet, mobile telephone and home printing amongst others.

#### *3.4.5 Station Gating and Gate-line Staffing*

##### *3.4.5.1 Existing Gating Schemes*

The following gate-lines exist at stations where South Central Franchisee is the Station Facility Owner (including Network Rail stations where the South Central Franchisee is the principle operator):

- Balham
- Sutton
- East Croydon
- Redhill
- Hove
- London Victoria (except platforms 13 & 14))
- Eastbourne
- Horsham
- Lewes
- Epsom
- Brighton
- London Bridge
- Worthing
- Chichester

This level of coverage should be maintained throughout the franchise term.

Bidders are free to propose additional gates at these locations where they would ease emerging passenger flow issues.

The Franchisee will be required to staff each gate-line for a minimum of two full shifts per operating day but the hours covered must include 1900 and 2300 (or last train, whichever is earlier) seven days a week, in order to improve security. These requirements are not applicable on Boxing Day. Where these standards are not already achieved it is expected they will be implemented by May 2010.

The plans for staffing of gate-lines should be included within the Ticket Sales and Revenue Protection Delivery Plan.

#### *3.4.5.2 London Overground Gating Plans*

Gates have recently been installed (or are planned to be installed) at stations that will transfer to London Overground management in September 2009. These stations are

- New Cross Gate
- Brockley
- Forest Hill
- Honor Oak Park
- Sydenham
- Crystal Palace
- Norwood Junction

Note: West Croydon is gated already.

#### *3.4.5.3 New Gating Schemes Inside London*

Gates will have been installed at up to 14 stations by September 2009 as part of the roll-out of Oyster PAYG on National Rail. These gates will be funded by the Department and provided free of charge to the franchise although the franchisee will be required to pay for the operation and maintenance of these. Further information on the nature of this agreement between the operator, TfL and CTS will be available in the data site when concluded. These gates will be Oyster enabled and capable of upgrading to ITSO. The stations covered by this initiative are:

- Battersea Park
- Carshalton
- Gipsy Hill
- Norbury
- Peckham Rye
- Purley
- South Croydon
- Streatham
- Streatham Common
- Streatham Hill
- Thornton Heath
- Tulse Hill
- Wallington
- West Norwood

Further details on which schemes will progress and associated timescales will be placed in the data site when available.

These gates should be staffed in a similar manner to that described in section 3.4.5.1 above. Bidders are free to propose additional gating schemes at other stations within the London area.

#### *3.4.5.4 New Gating Schemes Outside London*

The Department believes that a good case exists to gate a number of additional stations outside the Greater London area where the Franchisee will be Station Facility Operator. Bidders are required to provide proposals for additional gating schemes where a case can be demonstrated and where the gating schemes are deliverable. Bidders should pay particular attention to potential negative impacts of any proposed scheme.

The Department requires a minimum of 15 non-London gating schemes to be delivered. These 15 should be drawn from the candidate list below, although the Department will consider alternative locations if a compelling case can be provided.

- Ashtead
- Bognor Regis
- Burgess Hill
- Crawley
- Dorking
- East Grinstead
- Hassocks
- Haywards Heath
- Horley
- Leatherhead
- Oxted
- Polegate
- Portslade
- Reigate
- Shoreham By Sea
- Three Bridges
- Angmering
- Barnham
- Bexhill
- Billingshurst
- Durrington
- Falmer
- Hurst Green
- Lancing
- Littlehampton
- Merstham
- Pulborough
- Seaford

Bidders will be required to set out when such gates will become operational, and the hours when the gates will be staffed, reflecting the security and other benefits gating schemes bring. These must be operational by at latest December 2010.

Bidders are free to propose additional gating schemes at other stations outside the London area.

### 3.4.6 Marketing

Bidders will be required to set out detailed plans of how they will utilise marketing techniques to increase passenger usage and revenue. These plans should clearly state initiatives targeting existing passengers and initiatives designed to attract new users, and retain them as repeat customers.

## 3.5 Current and Future Growth, Rolling Stock and Depots

### 3.5.1 Capacity Metrics and Timings

The Department intends to set minimum capacity metrics for this franchise based upon vehicle arrivals into central London termini, plus a measure for Brighton. These aim to secure the enhancements in capacity into London Victoria and London Bridge as specified in the 2007 White Paper 'Delivering a Sustainable Railway': High Level Output Specification Metrics.

The metric is peak based – but also includes a requirement to detail available capacity at other times - especially the late pm peak (between 1900-1959). The measure will not include services that only operate non stop between London Victoria and Gatwick Airport (or between Clapham Junction and Gatwick Airport).

*Table 3-2: Capacity Enhancement Metrics for South Central Services (Mon-Fri).*

		Victoria		London Bridge		Brighton (Coastway services only; peak hour only)	
		AM (Arrivals)	PM	AM (Arrivals)	PM	AM (Arrivals)	PM
SLC 1	Sept 2009	601	646	506	430	34	34
SLC 2a	May 2010	601	646	506	430	34	34
SLC 2b	Dec 2011	609	654	532	456	36	36
SLC 3a	Oct 2012	609	654	532	456	36	36
SLC 3b	Dec 2013	671	716	554	478	42	42

- AM peak defined as arrivals 0700-0959 (London); 0800-0859 (Brighton)
- PM peak defined as departures 1600-1859 (London); 1700-1759 (Brighton)
- Figures exclude West London Line services.
- Bidders should also detail in their response the number of vehicle departures from London terminals in the weekday 1900-1959 period according to each SLC (and sub category) throughout the franchise period.



Bidders are free to propose additional capacity over and above this metric should they believe a case can be demonstrated, and must propose additional capacity where demand forecasts and pricing strategies dictate that such capacity is necessary.

These increases in capacity meet the commitments outlined in HLOS and may require the deployment of more vehicles than the published rolling stock plan.

### *3.5.2 Accommodating Future Growth*

Bidders are required to form their own view about demand for passenger services. The capacity requirement described in section 3.5.1 is a minimum requirement. Where Bidders forecast demand that cannot be accommodated within this minimum requirement, they must make it clear what additional capacity they plan to provide.

Bidders should note that HLOS included a requirement for Network Rail to provide additional capacity on a number of suburban routes in South London, via the delivery of a number of platform lengthening schemes to facilitate 10 or 12 car operation on routes where services of this length cannot be accommodated at present. The capacity metrics in this ITT include requirements to enhance capacity at the times when the enhanced network capability is expected to be available. However, this does not mean that Bidders are expected to confine themselves to solutions that depend upon lengthened platforms; other strategies to alleviate crowding and increase capacity will also be welcome.

Bidders should therefore set out a detailed plan to show how they will accommodate future growth through the life of the franchise, including mitigating the impacts of major changes associated with planned upgrade works, such as those at London Bridge. This plan should provide clear linkages with the rolling stock plan and the demand and revenue forecasts.

### *3.5.3 Specific Rolling Stock Requirements*

Bidders are free to propose whatever rolling stock solution they believe best meets the requirements of the franchise. Details of the Section 54 and equivalent undertakings that the Government has made in relation to rolling stock are provided in folder 6.3.5 in the data site.

The risk-adjusted premium/subsidy for any Bidders opting not to rent this rolling stock during the currency of these undertakings will be varied to account for the additional cost committed by the Department.

#### *3.5.3.1 Rolling Stock Cascades*

As specified in section 3.3.1.3.3 Bidders will be required to hire 3 x 4 car dual voltage units to FCC from December 2011. Bidders should assume that this arrangement ceases in September 2013.

Bidders should also assume that the 92 vehicles that are on sublease from South Central to FCC begin to return from FCC in September 2013 and will all be returned by the timetable change date in December 2013. It should be assumed that units return in accordance with the Hand Back Schedule included in the draft Franchise Agreement.

Bidders should state what elements of the 10 car railway can be delivered before December 2013.

The return of the 3 units hired to FCC and cascade of the further 92 vehicles is dependent on these trains being displaced from FCC services by new build Thameslink Key Output 2 rolling stock. The return dates assumed above represent the current plan but the programme for building and commissioning of the new trains is not yet confirmed. Bidders are required to provide alternative pricing scenarios if Class 377 hand back has to be delayed. A separate technical instruction provides the detailed requirements in this area.

Bidders should note comments regarding Thameslink Key Output 2 rolling stock assumptions in section 3.3.1.3.4.

Bidders should be aware of a number of requirements for rolling stock that operate on the franchise.

#### *3.5.3.2 Gatwick Express Services*

Rolling stock that operates on Gatwick Express services should include the following characteristics:

- Suitable luggage carrying facilities;
- Multilingual announcements.

#### *3.5.3.3 Suburban Services*

Suburban services should, wherever possible, be operated by rolling stock that is appropriate for the route(s) in question. Bidders should set out how they would improve this position through the term of the franchise.

#### *3.5.3.4 Selective Door Opening*

Selective door opening rolling stock is required to operate on the East Grinstead line services from December 2011. Other than this line there is no selective door opening requirement for suburban services.

#### *3.5.4 Load Management Data*

Bidders are expected to maintain the current level of automatic load monitoring equipment that is fitted to the existing rolling stock fleet. The Department expects that not less than 25% of vehicles in each main rolling stock vehicle type should be fitted with this equipment before the end of the franchise. This may include fitting such equipment to fleet types that are currently not fitted.

Bidders should detail how they will make the loading data available to the Department for inclusion as part of the Passenger Counts Database project that is currently being taken forward the Department and the industry.

### **3.5.5 Depot & Stabling Requirements**

Bidders are required to set out a detailed plan to cover the train maintenance strategy for the franchise alongside a strategy for rolling stock stabling. This strategy should take into account the requirements associated with the 10 car railway and make specific linkages to the increases in Capacity Metrics set out in section 3.5.1. Bidders should detail what depot enhancements will be required and when and how these would be carried out. They should also detail how these enhancements would be funded.

Whilst the activities to be carried out at Stewarts Lane will not be defined by this ITT, the Department does require Bidders to maintain some use of Stewarts Lane, at least for stabling, given its important strategic location on the rail network, and potential long term use.

Bidders should also note the Lombard funding arrangement that exists for the depots at Lovers Walk, Brighton, Selhurst, Streatham Hill, Eastbourne, Littlehampton and Bognor Depots. Any proposal should note the existence of this deal and set out how the Bidder would fulfil its responsibilities under the terms of this agreement.

### **3.5.6 Technical Requirements Associated with Rolling Stock**

Bidders are expected to be aware of, and to demonstrate that they have considered, the issues associated with new rolling stock and rolling stock modifications detailed within the recent paper published and adopted by Technical Strategy Advisory Group ("TSAG"). It is for Bidders to decide which, if any, of these best practice guidelines they adopt.

Where bidders are proposing a major refurbishment of rolling stock cab and signalling systems it is expected that they will follow existing ATOC standards for the fitment of European Railway Traffic Management System ("ERTMS"). Information on the ERTMS programme is contained on the Network Rail website.

Bidders' attention is drawn to the problem of delays between train arrival and door opening at London Victoria associated with problems with the GPS signal at that station. This often means that whilst a train is at a stand passengers have to wait 20-30 seconds before the doors are opened. Proposals are sought as to how this issue can be remedied with a view to a solution early within the life of the franchise.

## **3.6 Improving Performance**

### **3.6.1 Performance Targets**

The targets in the draft Franchise Agreement represent the minimum level of improvement the Department is willing to contract. Bidders are invited to propose a target that is more challenging than those provided. Should Bidders choose to offer a more challenging target they are expected to provide evidence as to how these more challenging targets will be delivered in their Performance Improvement Delivery Plan. This more challenging target will then form the basis of the Franchise Agreement. Offering to contract a more challenging target will receive credit during the bid evaluation.

Bidders must work towards achieving at least 91.9% Public Performance Measure (MAA) by March 2014 with any further improvement possible to July 2015 being identified. Bidders must commit to targets for the reduction in delay minutes ("service delivery"), in cancellations, and in short-formed peak services, for which South Central is responsible. These targets are itemised in the accompanying tables.

The starting point for all proposed targets is based on the most recent available current performance data. To allow for any changes in performance between ITT issue and franchise commencement, targets will be recalibrated to reflect actual emerging performance achieved in the year up to the commencement of the franchise.

### *3.6.1.1 Network Rail*

Bidders are referred to the Department'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 use their own projections for Delay Minutes attributable to Network Rail and where these depart from the Department's projections they should provide satisfactory evidence of the reasons behind this. Bidders should use their own methodology for the calculation of Average Minutes 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.

### *3.6.1.2 Train Operator-responsibility delay minutes*

Bidders should provide their submissions based on not exceeding the Delay Minute targets appended to the Franchise Agreement sent out with this ITT. Bidders are expected to provide evidence as to how these targets will be met in their Performance Improvement Delivery Plan.

In developing the target the following methodology has been applied. Delay Minutes data ("Service Delivery") is sourced from Network Rail's 'PEARS' system data. The figures in the tables are an MAA value. As the data set used sets delay minutes in dispute to the train operator, a provision has been made to estimate the final outcome (following all dispute resolution). This is based on a methodology Network Rail and the Department use for their standard reporting.

The annual rate of reduction in delay minutes takes account of current trends in performance improvement and opportunities for continued improvement during the franchise period. The rate also makes allowance for a worsening in delay minutes as a result of planned major project works throughout the duration of the franchise.

The aggregate effect of these factors gives a progressive net reduction in the delay minutes ("service delivery") target to March 2014, followed by level performance. The Improvement Plan, Breach and Default levels have been set to be 7.5%, 15% and 20% greater than the Target figure at any point of time throughout the duration of the franchise.

### *3.6.1.3 Cancellations*

Bidders should provide their submissions based on not exceeding the Cancellations levels appended to the Franchise Agreement sent out with this ITT. Bidders are expected to provide evidence as to how they will keep cancellations within these target levels in their Performance Delivery Improvement 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 data supplied by the TOC under their current Franchise Agreement. These include all cancellations; therefore the PEARS deemed minutes have been used to identify the split in cancellations between the TOC and other parties (Network Rail-responsibility and TOC-on-TOC). The benchmarks are set to give a 0.5% annual improvement over the period of the franchise. The Improvement Plan, Breach and Default have been set to be 7.5%, 15% and 20% greater than Target figure at any point of time throughout the duration of the franchise. The benchmarks have been rounded to 2 decimal places.

### *3.6.1.4 Capacity Benchmarks*

Bidders should provide their submissions based on not exceeding the capacity (shortfall) limits appended to the Franchise Agreement sent out with this ITT.

The Improvement Plan, Breach and Default levels have been set to be 7.5%, 15% and 20% greater than the Target figure at any point of time throughout the duration of the franchise.

### *3.6.1.5 Significant Lateness*

From 2009, the Department's HLOS seeks an improvement in the percentage of trains which are 30 minutes late or cancelled because of Network Rail and train operator-responsibility events with no exclusions (the 'Significant Lateness Measure'). Bidders will be expected to identify their contribution to improvement by this measure. This proportionate improvement should be at least equal to the level of improvement in the TOC-on-Self Cancellations Target in section 3.6.1.3 above.

### *3.6.2 Contribution to HLOS Safety metrics*

The HLOS includes a requirement for the rail industry to deliver a 3% reduction in the national level of risk to passengers and rail workers between 2008/9 and 2013/14. Bidders are required to detail how they will work with other industry partners to help facilitate the delivery of this target and what strategies they would employ to deliver the train operator element of this target.

Bidders are also required to set out how they will engage with other parties to reduce the incidents of other third-party safety related incidents.

### **3.7 Accessing the Network**

The new Franchisee is expected to be the Station Facility Owner ("SFO") for 157 stations and trains will call at a further 61, which are managed by a mix of TOCs and Network Rail. More information can be found in the data site.

Bidders should demonstrate their approach to improving the accessibility of the railway network, and in particular the access arrangements at stations. 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. (see section 3.11).

#### **3.7.1 Cycling**

The Government has adopted the Cycling Policy document produced in 2004 by the Strategic Rail Authority available on the Department's website.

This encourages all train operators to carry folding bikes at all times and 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 recommended that train operators provided sufficient cycle parking at stations so that 95% of all rail journeys started 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.

Bidders should propose as a minimum the introduction of at least 1,500 additional secure cycle parking facilities. This provision will need to reflect current provision and overall need and it will be important to link the locations of these additional spaces with the development of station travel plans. It is for Bidders to define the type of Cycle Parking facilities provided.

In London, Bidders should co-ordinate cycle parking facilities with TfL and TfL will fund directly up to £200,000 of secure cycle parking provisions in the London area on the basis that it meets a number of minimum requirements. The Franchisee will need to liaise with TfL regarding the locations of these additional cycle spaces and any changes to cycle parking provision. These minimum requirements are detailed within the data site.

#### **3.7.2 Car Parking**

Analysis carried out for the Department has indicated that lack of car parking availability is a significant issue at many locations across the franchise.

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 concerns.

Bidders should make reference to the provision of Blue Badge spaces in line with the Department's "Accessible Train and Station Design for Disabled People: A Code of Practice".

Bidders will be required to demonstrate how at least 1,000 additional car parking spaces will be delivered across the franchise area. The specific locations of these spaces are a matter for Bidders to determine but the locations chosen must be informed by current and future levels of car park utilisation.

Where a significant increase (greater than 100) in car parking capacity is proposed it is expected that a Station Travel Plan will also be implemented at that station (see section 3.7.3).

### *3.7.3 Station Travel Plans*

*'Delivering a Sustainable Railway'* proposed a new approach to improving access to stations, in the form of station travel plans. These plans will focus on access and egress at stations for all modes including on foot.

These plans are currently being piloted by ATOC, and a number of pilot studies are currently underway, however none of these pilots are within the South Central franchise area.

Bidders will be required to commit to development and implementation of at least 30 Station Travel Plans over the lifespan of the South Central franchise, and should draw on the experiences and results of the pilots.

These plans should be developed with local authorities, other public transport operators, Network Rail and local user representatives and examine ways in which overall access to stations can be improved.

In London, Bidders should co-ordinate station travel plans with the TfL Strategic Urban Realm Planning Study ("SURPS") programme to avoid duplication and improve the deliverability of non railway elements.

Of the 30 Station Travel Plans to be developed at least 10 must be in the Greater London area with at least 10 outside the Greater London area.

Bidders should set out the expected level of contribution to the development and implementation of these plans and provide an indication as to where the priorities for station travel plans exist.

### *3.7.4 Plus Bus and Multimodal Travel Initiatives*

Bidders should set out their approach to the Plus Bus initiative.

Bidders should also set out any other multi-modal transport initiatives and programmes to encourage multi-modal transport. In London this should include co-ordination with TfL multi-modal transport opportunities and bidders will be expected to present multi-modal travel information using TfL Blue Roundel and National Rail Double Arrow branding, as is seen on most stations at present. Further details of the information that is expected to be displayed at London area stations are included in the data site as part of TfL's Guidance document.

### 3.7.5 Railways for All

The Railways for All Strategy was launched in March 2006. This can be downloaded at [Railways for All Strategy](#) .

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, the 2001 census and geographic spread. These works are to be developed and delivered by Network Rail; and
- 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. This funding is bid for on a match funded basis. Further information is available at [Small Schemes](#).

Access for All is planned to deliver improvements to the following stations (these are the stations selected for NR delivery, not small schemes) served by the franchise (although not necessarily operated by the Franchisee).

#### **2006–2009**

Balham  
Clapham Junction  
Denmark Hill  
Oxted  
Purley  
Streatham Hill  
Three Bridges

#### **2009–2011**

Dorking  
Fareham  
Forest Hill  
New Cross Gate  
Norwood Junction  
Streatham Common  
Thornton Heath  
Tulse Hill  
Horley

#### **2012–2015**

Berkhamsted  
Brockley  
Hassocks



Hemel Hempstead  
Honor Oak Park  
Leighton Buzzard

This station list may be extended over the course of the Franchise Term and may include other South Central stations, although this is not guaranteed.

The facilities installed where South Central is the SFO may result in an increase to the Long Term Charge and some operational costs may be incurred. Bidders should make provision for this.

Bidders will be expected to detail how they will co-operate with and reasonably assist and facilitate the implementation of the Programme. Further information can be found at the Department's website: [www.dft.gov.uk/transportforyou/access/rail/railstations](http://www.dft.gov.uk/transportforyou/access/rail/railstations).

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.

The Small Schemes funding allocation is made on an annual basis. The new TOC may submit bids in line with the process and timelines outlined on the Department's website.

### *3.7.6 Train accessibility*

Attention is drawn to the Rail Vehicle Accessibility (Interoperable Rail System) Regulations 2008 which set a date, of 1<sup>st</sup> January 2020, by which time all trains must be accessible to persons with reduced mobility. The Department has been working with rolling stock leasing companies to define what this means for the fleets they own.

While 2020 is beyond the term of this franchise, Bidders must work with rolling stock leasing companies to identify (in their bid) opportunities during the franchise for corrective work to take place to enable applicable fleets to operate past 2019. Wherever possible, use should be made of planned maintenance downtime within the franchise period for any refurbishment or upgrade to address areas of non-compliance. Bidders should detail how their proposals will deliver the degree of accessibility required by 2020 (either partially or completely), using the compliance checklists agreed with rolling stock leasing companies as the basis for agreement of outstanding work with the Department. Where, for individual fleets, no suitable opportunities exist during the term of this franchise to carry out corrective work efficiently, then this should be clearly stated.

Bidders must indicate in their bid that they will comply with the rail vehicle accessibility standards in the Technical Specification for Interoperability – Persons with Reduced Mobility ("PRM TSI") when undertaking work during the franchise that does not trigger the full authorisation process of the Railways (Interoperability) Regulations 2006. Where it can be shown that is not reasonably practicable to comply with individual standards when undertaking such "minor" work, the franchisee should seek agreement from the Department not to undertake that aspect of the work.

### *3.7.7. 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) ("DDA"). Attention is drawn to the Disability (Transport Vehicles) Regulations 2005 which came into effect on 4 December 2006. These regulations lifted the exemption in Part 3 of the DDA for transport vehicles. The DDA places a duty on service providers to facilitate reasonable access to their services.

Bidders should detail their proposals to ensure compliance with their duties under the DDA and should describe in detail their compliance strategy applicable to both stations and trains. They will also need to detail how they will consult with disabled people to ensure the reasonable needs of disabled passengers are identified and addressed, both within existing facilities and where enhancements are planned.

Bidders will also need to outline their plans for staff training in disability awareness and detail their procedures for the sale of tickets to disabled passengers. It is expected that the assisted persons' helpline will be provided free of charge.

A minor works budget should be included for improving accessibility and mobility to the value of £300,000 per annum. Bidders' attention is drawn to Schedule 4, paragraph 2.7 of the Terms which requires the Franchisee to establish and manage the Minor Works Budget to fund the carrying out of the Minor Works.

### *3.7.8 Assisted Passenger Reservation Service*

Bidders are required to outline plans of how they will provide an Assisted Passenger Reservation Service. Bidders should highlight how they will provide improvements to the service and Bidders may wish to consider the recent findings published by Passenger Focus: [Assisted Passenger Reservation Service Report](#) .

### *3.7.9 Staffing*

#### *3.7.9.1 Station Staffing in the London Area*

The Department and TfL have agreed a set of enhancements to the South Central franchise for the London area. These enhancements will be funded by TfL, but will be included within the base specification for the franchise and Bidders should therefore include the cost and revenue impacts of these enhancements within their bids.

From April 2010, all stations at which South Central will be the SFO (with the exceptions noted below) within the GLA boundary should be staffed from start of service to end of service on each operational day. Bidders should set out a plan as to how staff should be deployed at each station including levels of staff provision at ticket offices, on gate-lines, for train despatch or for carrying out more general activities within the station. It would be expected that staff could assist passengers as part of their overall journey.

It is not necessary for all stations to have a continuous visible staff presence (i.e. staff can take breaks and additional staff cover is not required) but staff should be on-duty at the station throughout the operational day. It is for Bidders to define the balance of resources at each station between the various functions and which deliver are the most effective.

The following stations are not required to be staffed continually:

- Belmont
- Birkbeck
- Clapham High Street
- Wandsworth Road

However Bidders are required to identify how some staff presence at these stations and / or increased security presence can be developed in a cost effective manner at various times across the traffic day, including at weekends.

Oyster ticketing and retailing have considerably reduced the need for passengers to use ticket offices. TfL have indicated that they would support more flexible and economic staffing arrangements at GLA stations which provide a visible staff presence, revenue protection and help in choosing and purchasing a ticket.

Bidders should note the staffing requirements for Wembley Central platforms detailed in section 3.2.6.1

Bidders should also note the need to coordinate this plan with the requirements set out in sections 3.4.5 and 3.8.

TfL require that Bidders set out a robust methodology to monitor the level of compliance with this requirement and Bidders should set out how they will ensure that this enhancement is provided across all times of the operational day. Bidders will be required to set a minimum compliance benchmark for station staffing, with specific measures for first and last shifts and weekends and this should be included as part of the committed obligations for the franchise. As with all information a right of audit will exist for this measure.

#### *3.7.9.2 Station Staffing outside the London Area and Help Points*

The Department is not requiring any changes in staffing levels at other stations, although bidders should note the requirements in section 3.4.5 regarding the staffing of gate-lines.

To improve the level of information available to passengers when staff are not available at stations Bidders will be required to install help points at an additional 20 stations outside the Greater London area. The exact locations of these should be defined by Bidders, but it would be expected for them to be located at stations with significant footfalls but which are not staffed throughout the operational day. In deciding these locations Bidders should consider the other staffing requirements (such as gating) detailed within this specification. Bidders should detail how they would highlight the availability of help points. All additional help points should be available by December 2012.

#### *3.7.9.3 Ticket Office Staffing*

Bidders should submit details of ticket office opening hours for each of the stations it manages. Any proposed changes to ticket office opening hours during the franchise should be approached as per normal industry practice.

### *3.7.10 National Stations Improvement Programme*

A number of stations on the South Central franchise area have been identified as candidates for funding from the National Stations Improvement Programme ("NSIP"), the £150 million fund to improve approximately 150 medium-sized stations. Confirmation of the first batch of stations in the Programme are expected to be made from about November 2008.

The Franchisee will be required to co-operate in the implementation of works at stations designated for improvement under this Programme and should demonstrate how they would plan to do so.

Where a South Central station is confirmed on the Programme, it is expected that the successful Bidder will proceed with the scheme as designed.

Information on which stations within South Central are candidate stations along with proposed implementation dates and scope of works is included within the data site.

### *3.7.11 Station Deep Clean and Refresh*

The Department and TfL have agreed a set of enhancements to the South Central franchise for the London area. These enhancements will be funded by TfL, but will be included within the base specification for the franchise and Bidders should therefore include the cost and revenue impacts of these enhancements within their bids.

Within the first year of the franchise Bidders are required to carry out a station deep clean on all stations within the Greater London boundary. The requirements of a station deep clean are detailed within the data site.

Alongside a station deep clean, the Franchisee will be required to carry out minor fault and rectification works to ensure that all stations where South Central will be SFO within the Greater London area have met specific output based standards. The scope of such works (and a selected sample of cost estimates for particular stations) have been developed by TfL and are available within the data site. As station works are complete, and before September 2010, TfL will assess the stations via a Mystery Shopping Exercise to ensure that the required improvements have been carried out. This information may be made public. The impacts of this programme will need to be considered within NPS Station Targets for London.

Bidders should (where practical) align these requirements with potential funding from other sources such as NSIP.

## **3.8 Improving Service Quality**

The Department is seeking to achieve tangible improvements in the overall quality of journey provided to passengers. Bidders should include this as a generic approach throughout their proposal. A number of issues addressed within this ITT seek to improve service quality and Bidders are free to make additional proposals to achieve this same aim.

Bidders are reminded that they are free to propose Incremental Options that the Department could seek to procure should they be value for money and affordable. These would not form part of the analysis of the main bid, but Bidders should be aware of the Department's particular interest in any such proposals relating to service quality.

### *3.8.1 National Passenger Survey Targets*

Bidders should note that it is the Department's intention that a twice yearly National Passenger Survey ("NPS") of the South Central franchise will be conducted by Passenger Focus.

The franchise will be monitored against a number of disaggregated NPS targets based on the following service groupings:

- Sussex & Coast
- South London
- Gatwick Express

Within these groups three attribute measures will be derived based on

- Stations
- Trains
- Customer Service and Information

No aggregate station measure will be derived for Gatwick Express services.

The NPS attributes included in each score and the associated methodology are contained within the data site. Each element is based on a number of aggregated NPS scores.

Bidders will be required to set out their own targets for each element taking into account the improvements being sought as part of this ITT. It is expected that current performance levels will at least be maintained, unless good evidence can be provided as to why this is not achievable. Targets will be assessed on an annual basis.

Historic NPS data, split between the groupings highlighted above are detailed within the data site. Passenger Focus has committed in future to publish disaggregated NPS scores based on the service groups noted above. Bidders should note however that Passenger Focus is currently considering moving some service groups from South London to Sussex Coast. Passenger Focus will also provide a specific set of NPS scores for South Central that isolate as far as is possible NPS scores for specific South Central managed attributes – i.e. only assessing South Central managed stations. Details of this approach are contained in the data site.

The NPS score for each element, and associated targets must be displayed at all relevant stations alongside other performance measures. It is expected that such information will first be published for NPS Survey Wave 22, Spring 2010.

Where the targets are not achieved Bidders will be required to set out an improvement plan, with a level of expenditure of £100,000 per annum, for each target not achieved with a capped level of expenditure of £500,000 per annum.

### 3.8.2 Service Quality Management System Regime

The Franchisee will be expected to implement a quality plan which sets out the company's approach to measuring and improving service quality. This will incorporate a Service Quality Management System ("SQMS").

The attributes that an SQMS system should measure and manage are a matter for Bidders to define as they see fit, and will reflect their approach to service quality management.

The Franchise Agreement will include contractual targets for passenger perception of service quality based on NPS (see section 3.8.1). Bidders are therefore not required to commit to specific levels of performance on measurement systems which monitor cleanliness and general condition. However, they are required to have such systems as part of their SQMS and to report outcomes to the Department on a period basis.

Specifically the system **MUST** be capable of assessing all of the following quality attributes, judged against the Service Quality Standards included in Attachment G.

#### A - Trains

1. Exterior: Appearance and Maintenance
2. Interior: Appearance, Maintenance, Security, Provision of Information
3. Toilets: Cleanliness, Maintenance and Availability

#### B - Stations

4. General Station Environment

The assessment will cover the overall station environment. Bidders are free to propose disaggregated scores covering specific such as

- i. Entrance Hall and Waiting Rooms
  - ii. Platforms and Shelters
  - iii. Footbridges and Subways
  - iv. Car Parks and Forecourts
5. Toilets - Cleanliness, Maintenance and Availability
  6. Accessibility
  7. Provision of Information including Printed, Audible and Electronic
  8. Ticket Buying Facilities (Ticket Office Opening Hours, Vending Machines)
  9. Security features

Each attribute should be measured against a 3 point criteria, with 'criteria fully met' based on the 'ideal' quality standard for rolling stock vehicles and stations described within the Station Quality Standards document in Attachment G.

The marking scheme used should be:

- 0 - Criteria Not Met
- 1 - Criteria Partially Met
- 2 - Criteria Fully Met

This information should be reported every period.

The assessment of each attribute should take place in a random nature with any station or train capable of being assessed at any time of the operational day including at evenings, weekends and Bank Holidays. Where the performance of train services is concerned the assessment can take place anywhere on the route and should not be limited to the origin or destination station.

As a minimum, the performance of any single station against the criteria should be audited at least four times per year, with busier stations audited more frequently. Bidders are free to propose a more frequent monitoring process.

As a minimum the performance of 0.5% of train services against the criteria should be audited per period. Bidders are free to propose a more frequent monitoring process. A minimum sample for each service group per period will be agreed with the Department during the mobilisation phase.

Bidders will be required to set their own targets for each attribute and report against these on a period by period basis. These targets should be challenging but achievable and improve over time.

A moving annual average (MAA) score should also be reported per period. A reporting template is proposed in Attachment H that should be used as the basis for reporting basic SQMS results required to the Department, although Bidders are free to propose amendments.

#### SQMS and Staff

In addition to the attributes noted above, Bidders should set out how the SQMS system will ensure that passenger facing staff are helpful, informed and provide assistance to passengers. The measurement process for this is a decision for Bidders.

#### *3.8.3 Other Service Quality Initiatives*

Bidders must show how they will manage customer service provision in the new franchise. In particular, Bidders must consider front line staff interaction with customers.

#### *3.8.4 Delay Repay / Passengers' Charter*

Bidders will be required to produce a passenger charter including a Delay Repay compensation scheme based on delays to journeys.

The Delay Repay compensation scheme should apply to all ticket types from daily tickets through to annual season ticket holders irrespective of what caused the delay.

The value of compensation should be calculated on an equitable basis for all, with an entitlement to claim compensation of 50% of the fare for the affected journey for passengers delayed by between 30 and 59 minutes, 100% of the fare for the affected journey for delays of 60-119 minutes and 100% of the return fare for delays of more than 120 minutes. For season tickets, compensation would be calculated using the proportional daily cost of ticket.

Compensation would be provided in National Rail Travel Vouchers with cash instead if vouchers were not accepted.

Delay/Repay claims would be "postage-paid" by the Franchisee.

Bidders should demonstrate a commitment to a proactive policy of informing passengers of their right to claim in any given situation and to set out the procedures that will be adopted to make it easier to claim.

Should a period of sustained poor peak performance be experienced (as measured by the number of trains arriving at their final destination within 5 minutes of their scheduled time), bidders should consider compensating season ticket holders over and above the arrangements outlined above. In doing so, Bidders should consult Passenger Focus and London TravelWatch, as appropriate.

Bidders should provide a definition of "sustained poor performance" and state how this will be assessed and by what route types.

"Peak" is defined as arrivals at London Termini between 07:00 and 09:59 and departures from London Termini between 16:00 and 18:59 on Mondays to Fridays (excluding Bank Holidays).

In the event that an emergency timetable is introduced, compensation entitlements will be based on that emergency timetable.

For season tickets valid between 1 month and 1 year purchased before the start of the new franchise, Bidders are expected to honour in full any discounts which are due on renewal. Delay repay will not be claimable on these tickets.

### *3.8.5 Managing Unplanned Disruption*

Bidders must provide a detailed proposal as to their approach to managing unplanned disruption. Specific attention should be placed on contingency plans for overruns of planned possessions and associated communications strategies.

### *3.8.6 Passenger Information*

Passenger demands for quality information at stations about train times and platforms should be addressed. Bidders should provide details of how they will improve information provision, particularly in terms of consistently reliable technology, backed up by well-informed staff. Bidders are also encouraged to propose new ways in which they will communicate with passengers.

Bidders should demonstrate how any gaps in provision of electronic information at stations may be remedied.

Bidders are also free to propose enhancements in information provision across the franchise area.

Bidders should demonstrate how they propose to make all reasonable endeavours to adopt practices in the National Rail Enquiries good practice guides on passenger information.



Bidders should demonstrate how they will utilise existing channels of communication, such as real time information both at station and on train to provide accurate and up to date information especially when things go wrong.

Specific communications plans are required for the major infrastructure projects, as detailed in section 3.3.

Reliability and availability of information screens should be routinely monitored as part of any SQMS monitoring regime (see section 3.8.2) and Bidders are required to demonstrate that they have processes in place to deal quickly and effectively with any defects, including any inconsistencies with PA announcements.

As part of the Grant Memorandum regarding the transfer of ten stations between New Cross Gate to West Croydon to TfL's London Overground Concession. TfL have committed to work with the Franchisee to assess and develop ways in which high frequency South Central metro area services can be more effectively displayed, and integrated with other similar TfL produced diagrams such as that used for London Underground or Croydon Tramlink. Bidders should detail how and when they would propose to engage with this process and how they would roll-out any proposals in future years.

### *3.8.7 Access to Season Tickets*

Bidders are required to provide their plans in response to Passenger Focus aspirations for improving access to Season Tickets. Section 3.7 of the Passenger Focus research paper 'Passenger Requirements from Rail Fares' (July 2006) available on the data site summarises the findings of passenger surveys on this issue.

Bidders may consider measures to:

- promote passenger understanding of the level of discount and other benefits offered by annual season tickets;
- allow passengers who travel regularly but not every weekday or not to a standard pattern to benefit from some season ticket discount; and
- schemes to spread the cost of annual season tickets over instalment payments.

Proposals may be linked to the adoption of ITSO compliant ticketing and might include payment methods not normally used by national rail, for example, direct debit. The Department is prepared to consider solutions which would require adjustments to standard industry processes, for example, the TSA. Where a proposal would add significantly to the cost of delivery of the Base Service Specification, Bidders may choose to offer the solution as an Incremental Option. These proposals will be evaluated as part of the 'Improving Service Quality' Key Delivery Plan.

## **3.9 Security**

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

### *3.9.1 Secure Station Accreditation*

The Base Service Specification requires Bidders to deliver Secure Station Accreditation (“SSA”) for those stations under its management with 95% of the franchise footfall (excluding those stations managed by Network Rail) by December 2010.

Bidders must maintain SSA at all stations that they inherit which already have SSA at the commencement of the franchise period, for the duration of the franchise period.

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 95% of footfall include all the identified high risk locations.

### *3.9.2 Train and Station Security*

The South Central Franchisee will be responsible for security on board its trains and at its stations. Bidders will need to include a brief assessment of current security arrangements at all levels from theft and assault to the threat of terrorism and they should demonstrate what measures will be taken to make improvements. Investment in technological security solutions would be welcome.

Bidders must include appropriate reference to how they intend to comply with the legal requirements for, and act upon the guidance to, station owners and operators and train operators to protect railway assets, staff and passengers from acts of terrorism as set out in the National Railways Security Programme (“NRSP”). The NRSP incorporates the requirements of Instructions served on station and train operators under section 119 of the Railways Act 1993. Bidders should be aware that the Department is currently reviewing the criteria for which stations are grouped under the NRSP; this may result in changes to the group some stations are currently allocated in the NRSP, and consequential level of security which must be applied at those locations.

Bidders will need to ensure that 100% of services operated have on-train CCTV by the end of the franchise period.

Currently all but 28 stations operated have CCTV coverage and this level, as a minimum, should be maintained. Bidders are also encouraged to look at which, if any, of these 28 stations merit investment in CCTV coverage.

Of the 72 car parks operated by the Franchisee, 24 currently have the Park Mark award. Bidders will be expected to maintain this level and are free and encouraged to add to this base level.

### *3.9.3 Staff Security & Safety*

Bidders will be required to outline how and what policy they intend to implement to protect staff security with the aspiration of driving down the number of verbal and physical assaults against staff. Bidders must also demonstrate what support will be offered to staff that are victims of assault.

Bidders are invited to outline how they would implement the measures recommended for railway operators set out in the Transport Personnel Review, presented by Stephen Boys

Smith to the Secretary of State in July 2008. This independent external review of personnel security arrangements in the UK transport industry looked at measures to address the terrorist “insider threat”. Bidders are advised that the Department are currently consulting industry on the report, which may result in future changes to the NRSP.

Bidders are required to detail plans of how they will contribute to achieve the reductions in the national risk to passengers and rail workers as detailed in section 3.6.2.

### *3.9.4 British Transport Police*

#### *3.9.4.1 Additional British Transport Police Provision*

The Department and TfL have agreed a set of enhancements to the South Central franchise for the London area. These enhancements will be funded by TfL, but will be included within the base specification for the franchise and Bidders should therefore include the impacts of these enhancements within their bids. Further information is available via the data site.

TfL has committed to fund an additional 14 BTP Constables and two Sergeants compared to the South Central TOC Police Services Agreement that will be dedicated to the London area of South Central franchise for the life of the next franchise. These officers will be based within the London area of the South Central franchise (e.g. Victoria and East Croydon) and will have specific responsibility for South Central South London services. The train operator will be able to liaise with this BTP team with regard to specific areas of concern and influence where these resources are deployed such as in areas where particular security issues are most prevalent. The benefits of this dedicated resource should be included within bids.

#### *3.9.4.2 British Transport Police Service Agreement*

Bidders should be aware of proposed changes to the British Transport Police Authority Police Services Agreement (“PSA”). The current PSA will not be continued within the new South Central franchise and Bidders should include the cost implications of moving to this new PSA within their bids. It is intended that the new PSA will start at the start of the new franchise in September 2009. Details of the process that the British Transport Police Authority will use to define the new PSA is included within the data site alongside indications of the likely current and future year charges based on a likely charging regime.

## **3.10 Sustainability and the Environment**

### *3.10.1 Environmental Management Plan*

Bidders are required to produce an annual environmental plan (the “Environmental Management Plan”) setting out their approach to managing their business in accordance with current and anticipated legislation and for minimising the wider environmental impacts of operating the franchise through the application of best practice from the rail industry and other sectors.

Bidders are required to set annual targets as part of their proposals to improve the environmental performance of the franchise, including for traction and non-traction CO<sub>2</sub> emissions, waste generation, recycling, water consumption and energy consumption. Bidders are free to define the targets set but examples that could be used are:

- CO<sub>2</sub> emissions from rail traction operations (tonnes);
- CO<sub>2</sub> emissions from rail non-traction operations (tonnes);
- CO<sub>2</sub> emissions from other transport operations (e.g. cars and vans);
- CO<sub>2</sub> emissions from processes, per passenger journey (kg);
- CO<sub>2</sub> emissions per site (tonnes);
- Site electricity (kWh) (000);
- Site gas (kWh) (000);
- Fuel Use (litres) (000);
- Water use (m<sup>3</sup>);
- Water use (litres) per passenger journey;
- Total waste generated (tonnes);
- Waste generated per passenger journey (grams); and
- Waste recycled (tonnes).

Bidders may also want to consider setting targets for noise, emissions of air quality pollutants, land contamination and other environmental impacts.

Bidders will be required to monitor and publicly publish the overall environmental performance of the franchise as an annual progress statement.

Bidders are required to deliver a minimum of 10% reduction in non-traction electricity consumption within the life of the franchise and to use their best endeavours to ensure ISO14001 accreditation or the introduction of an equivalent environmental management system across all operations.

Bidders should set out clearly how environmental issues will be managed within the franchise, including by ensuring senior management accountability. They should also set out plans for raising awareness of environmental issues among staff and customers and for encouraging and implementing ideas for reducing environmental impacts.

Bidders must explain how they will develop and implement a sustainable procurement policy to reduce the environmental impact of goods and services procured to support franchise operation.

### *3.10.2 Regenerative Braking*

Bidders will be expected to continue to work with Network Rail on trials of regenerative braking and, if successful, to extend the utilisation of this across the network. Pilot studies are currently underway and should the status of these pilots change during the bidding process, further information will be provided on the data site.

### *3.10.3 Energy Meters*

Bidders are encouraged to modify trains to fit electricity consumption meters. Any major refurbishment or new build rolling stock programme should include the provision of

electricity consumption meters. These plans should be co-ordinated with the wider industry to ensure the most cost-effective and consistent approach is adopted.

The fitting of energy meters helps to identify areas where energy consumption can be saved. Bidders are expected to develop strategies to reduce the EC4T costs throughout the franchise period.

### **3.11 Stakeholder Relations**

The Department is looking to ensure that Bidders work closely and effectively with all stakeholders throughout the franchise. Bidders are required to confirm that they will co-operate with key stakeholders over the life of the franchise to facilitate efficient development of major projects, service and accessibility improvements and any other industry changes.

#### *3.11.1 Managing the Interface with the wider rail industry*

##### *3.11.1.1 Major projects*

Bidders will be expected to provide detailed plans for how they will manage the relationship with Network Rail, and other industry parties, with regards to the major infrastructure works highlighted in section 3.3.

Bidders must provide sufficient internal resources as part of detailed proposals as to how such interfaces will be managed to deliver these projects.

##### *3.11.1.2 Day to Day Interfaces*

Bidders will be expected to provide plans for how they will manage the ongoing relationship with Network Rail on a day to day basis, alongside liaison arrangements with other industry parties.

#### *3.11.2 Transport for London Reporting Requirements*

TfL are one of the key stakeholders of the franchise and will be invited to attend the monthly franchise review meeting held with the Department. It is likely that they will only be interested in issues of particular relevance to the London area. Bidders will be required to produce a reporting pack (alongside explanatory notes and definitions) which should include the following core information:

- NPS / SQMS Summary Scores
- Performance Information
- Demand and Revenue Information
- Delivery of Committed Obligations (London Area)
- Forthcoming Possessions and Possessions Planning
- Crime Levels
- General Liaison Issues

Bidders will also be required to facilitate the reasonable requests of TfL with regard to surveys and TfL expects to carry out two mystery shopping surveys ("MSS") on the South

Central network per year which may be made public. These surveys will be paid for by TfL and the results shared with the Franchisee to inform them on progress and to highlight deficiencies. Details of the recent MSS survey will be available on the data site.

### 3.11.3 Community Rail Strategy

The Government is committed to the implementation of the Community Rail Development Strategy aimed at improving the long term viability of local and rural railways - a copy of the Strategy can be found on the Department's website: [Community Rail Development Strategy](#)

The three aims of the Strategy are to increase revenue, reduce costs and increase community involvement in local and rural rail. The Review of the Strategy published in March 2007 added a fourth objective of contributing regeneration efforts.

At the heart of the Strategy are Community Rail Partnerships ("CRPs") who bring together the industry and local stakeholders to promote and develop their railways. The Franchisee will be expected to work with and provide support to relevant partnerships.

The Sussex Community Rail Partnership has promoted various lines, created links between the community, businesses and the railway and sought ways to improve facilities on and around stations.

The Strategy makes provision for lines and services to be officially designated as Community Rail Lines (with the services running on them) or as Community Rail Services. Currently there are no designated lines in the South Central area. Where a line is designated, we expect a more flexible approach to the management of the infrastructure and service to minimise costs (whilst maintaining safety and long term sustainability). Where a service is designated, the Department expect a more flexible approach to the management of the service, but not the infrastructure. All designated lines and services have a partnership in place, but not all lines or services supported by a partnership are designated.

The following lines and services have been identified as having some potential for designation - though none have been designated nor is designation being actively progressed on any:

Route	Line or Service
London Bridge – Uckfield	Line Oxted - Uckfield, service whole route
Ashford – Hastings	Service designation

Elements of the Community Rail Development Strategy can be successfully applied to many routes. In particular, station adoption and joint working with local authorities to finance station improvements particularly access by sustainable means, safety and security, economic development (particularly tourism) and, improved access to services, training, employment and leisure for rural communities can be implemented at a wide range of locations.

The Department expects Bidders to demonstrate a commitment to work with these partnerships (and any others developed over time) and to indicate how they propose to work with communities over the life of the franchise.

### **3.11.4 Stakeholder Engagement and Consultation**

#### **3.11.4.1 Passenger Focus**

Passenger Focus is an independent public body set up by the Government to protect the interests of Britain's rail passengers. Bidders should detail how they will engage with Passenger Focus and what planned regular involvement this will entail, including proposals to consult with Passenger Focus regarding key franchise issues.

#### **3.11.4.2 Other Relevant Groups**

Bidders should demonstrate how they will work effectively with other TOCs. Given the geographical nature of the franchise, London Travelwatch should be widely consulted for views. Local authorities have an ongoing aspiration for improvement in communication to help facilitate change, and as part of ongoing local initiatives. The new Franchisee will also be expected to work closely with the ODA to facilitate the requirements for both the Olympic and Paralympic Games in 2012. The Department will expect Bidders to highlight how they will encourage effective dialogue between themselves and groups such as these.

#### **3.11.4.3 General Public**

Bidders should state how they will keep the general public informed of key decisions and outline how they will ensure they consult with them. In particular given the level of disruption likely due to major infrastructure projects, Bidders should outline a clear communications strategy.

### **3.12 Mobilisation and Migration**

Bidders must demonstrate their capability to carry out an effective mobilisation within the necessary timescales and proceed to commencement of operations on 20<sup>th</sup> September 2009.

#### **3.12.1 Mobilisation**

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 TOCs, 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.

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 South Central franchise.

The Department expects a working group to be established including the Franchisee, the incumbent TOCs and Department representatives to oversee and monitor progress during the period between selection of the Franchisee and commencement of operations. The main purpose of this group will be to ensure the full and active participation of all parties in a fair, reasonable and timely manner.

### *3.12.2 Transfers to the Franchisee*

It is proposed to transfer all property, rights and liabilities that are likely to be required to operate the South Central franchise to the Franchisee via the Start Date Transfer Scheme.

### *3.12.3 Transport for London Requirement of services for East London Line*

For a set period of no more than two years from the commencement of the Franchise Agreement, TfL will subcontract with the Franchisee for service provision of elements such as CCTV and help/assistance points relating to the 10 stations that transferred as part of the extension to the East London Line. The Franchisee will be required to work with TfL to provide the continued support of these services, for a fair and reasonable cost, until these services are amalgamated into TfL.

### *3.12.4 Rolling Stock*

The Franchisee will need to agree with the Department, rolling stock leasing companies and vehicle maintainers as appropriate, the transfer of existing (or commencement of 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 South Central franchise.

Bidders should be aware that there is an assumed trading agreement requirement for the South Central Franchisee to provide FCC with 92 vehicles from the start of the franchise period as a continuation of the existing Key Output 0 Thameslink deal. These vehicles will be returned from FCC to South Central in stages between September and December 2013 (see section 3.3.1.3.3). The Franchisee will also be required to provide FCC with an additional 12 vehicles per day from December 2011 to September 2013.

Bids should include the sub-lease income that will be received from FCC for these vehicles.

It should be noted that there is no requirement for Bidders to enter into or transfer leases that operate on the existing franchise. However, if rolling stock leases with section 54 undertakings are not transferred, the Department will assign any financial liabilities it incurs to the cost of the franchise via an adjustment to the subsidy/premia line, until such time as alternative leases have been entered into.

### *3.12.5 Employees*

#### *3.12.5.1 Transfer of Undertakings (Protection of Employment)*

Bidders should assume that the transfer of the New Southern Railway Limited business 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). Details will be provided of employees of New Southern Railways Limited, who will transfer to the South Central franchise.

### *3.12.5.2 Pensions*

Bidders are required to confirm acceptance of the terms and conditions relating to pensions contained in Schedule 16 (Pensions) of the Terms. This confirmation should be included in responses to Section 4 (Delivery Plans).

Bidders should not assume that the Department 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 the active, retired and deferred members of the current Southern Section of the Railways Pension Scheme ("RPS"). Exact numbers are not known at present, but Bidders should assume that numbers of actives will be determined during the bidding process.

Bidders should note that following the merger of the Gatwick Express franchise into Southern in June 2008, the Gatwick Express section of the RPS has not yet been merged with the Southern Section of the RPS. It is the Department's intention that these sections will be merged prior to the Franchise Start Date.

As part of the transfer of the 10 stations south of New Cross Gate to London Overground as part of the East London Line service, it is expected that certain staff will transfer to the TfL concessionaire. Further information will be made available in the data site in due course.

Bidders are required to set out their approach to managing the existing pension scheme from the start of the franchise period with all assumptions clearly stated.

Subject to meeting their obligations under the RPS, 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.

### *3.12.6 Operational and regulatory requirements*

#### *3.12.6.1 Safety Certificates for Railway Undertakings*

Existing rail safety regulations changed in April 2006 as a result of the European Railway Safety Directive (2004/49/EC), as implemented in Great Britain by the Railways and Other Guided Transport Systems (Safety) Regulations 2006 ("the ROGS Regulations"). The ROGS Regulations replaced the existing railway safety case regime with safety certificates for rail undertakings (i.e. TOCs).

The Franchisee will be required to obtain a Safety Certificate in accordance with the ROGS Regulations for the South Central franchise as a condition precedent to the commencement of the South Central franchise. The Franchisee shall be responsible for maintaining the Safety Certificate for the term of the South Central franchise.

Bidders must engage with HM Railway Inspectorate during the Bid Preparation Phase in order to ensure that the Safety Certificate will be issued in good time for the start of the franchise. Further information on the requirements and the process for obtaining a railway Safety Certificate can be found on ORR's website via the following link: [ORR Safety Certificate](#).

### *3.12.6.2 Licensing*

As a condition precedent for the start of the South Central 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/>

### *3.12.6.3 Railway Safety Group*

The Franchisee will be expected to become a member of the 'Railway Safety Group' and, as such, the Department 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 Department 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 Department has an expectation of full engagement in safety at both Franchisee and parent company level.

### *3.12.7 Access*

#### *3.12.7.1 Station and Depot Access Agreements*

Existing access rights will be transferred under the Start Date Transfer Scheme. 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.

### *3.12.7.2 Track Access Agreements*

The current Track Access Agreements held by the incumbent TOCs, will be transferred to the new operator as per normal industry practice. Details of the existing Track Access Agreements can be found in the data site and on the ORR website.

## **SECTION 4: THE BID: DELIVERY PLANS**

### **4.1 Introduction**

The Department 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 South Central franchise. In line with paragraph 20 of the Department document "[A Guide to the Rail Franchise Procurement Process](#)", the Department requires Bidders to produce a set of 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 to provide a set of Delivery Plans addressing the principal criteria of performance, revenue and cost as appropriate. Table 4-1 shows the Delivery Plans required and suggested component items. It should be noted that the list of component items is not intended to be exhaustive but the Department will expect Bidders to consider at least these elements when developing their proposals. Bidders may wish to introduce further components.

Bidders are required to provide a separate response in respect of each Delivery Plan covering the contribution made by that plan to the principal criteria of overall performance, cost and where relevant, revenue. The Department's evaluators will read across the performance, cost and revenue elements in respect of each Delivery Plan so there is no need to repeat information within the response for the same plan.

Bidders are not required to provide a response in relation to all three principal criteria in respect of every Delivery Plan. Table 4-2 shows the minimum acceptable coverage that is required by the Department. Bidders may submit plan responses in relation to principal criteria not considered essential by the Department if they consider this helpful to the understanding of their solution.

#### *4.2.2 Executive Summary*

Part 1 of the bid should also include an Executive Summary that describes the Bidder's vision for the South Central franchise and how the Department objectives for the franchise will be met.

#### *4.2.3 Performance*

The performance criterion coverage within each Delivery 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 this criterion, the coverage also needs to address wider business performance and how the Department's specification and objectives will be delivered.

#### 4.2.4 Annexes and Appendices

Bidders may include annexes and appendices to their response that 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 Department's evaluators will follow cross references to specific identified components of the response in relation to other Delivery Plans, e.g. the Security Plan might cover the contribution made to security by station gating but cite specific paragraphs of the Ticket Sales & Revenue Protection Plan 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 Plan".

#### 4.2.6 Modelling Change

The Department will score its confidence in the Bidder's Models to price emerging Changes to the franchise specification as one Delivery Plan. This will be assessed by consideration of the Part 2 Financial response, which is not subject to any page limit, and no Part 1 response is required in respect of this Delivery Plan. The RADAR components (identified in 4.3.3 Application of RADAR) will not be applied in respect to this Delivery Plan.

The following weightings will be applied to this element of the deliverability evaluation (the Operating Manual(s) will be used to assist the Department's understanding of all elements):

	<b>Weighting</b>
Assessment of worked examples of pricing change	20%
Suitability of Record of Assumptions for supporting the pricing of change	20%
Suitability of Financial Model for pricing change	25%
Suitability of Operational Models to model changes and support the pricing of change	25%
Integrity of modelling suite ensuring Models and supporting documentation work as a coherent whole	10%

#### 4.2.7 Committed Obligations

Where Delivery Plans include promises for specific revenue spending, enhancement investment, or achievement of accreditation standards these will generally not receive credit unless they are linked to appropriate Committed Obligations which should be drafted in the Bidder's Part 4 Legal response.

The Department is aware that not all aspects of Delivery Plans lend themselves to Committed Obligations. Some plans are closely linked to the delivery of core SLC, financial and performance commitments already included in the Franchise Agreement and it is not intended to duplicate those obligations. Committed Obligations linked to delivery of outputs that would be recognised by customers are generally more appropriate than

those linked to the internal process of delivery. The Department wishes to encourage focussed obligations in support of key features of Delivery Plans but is not seeking large numbers of de-minimis commitments.

In order to receive full credit the Committed Obligations recorded in Part 4 need to include a clearly defined measurable target, an appropriate time limit for delivery and a proportionate Committed Obligation Payment Adjustment ("COPA") if delivery is delayed.

### **4.3 Evaluation Process**

#### *4.3.1 General*

The Department will assess each response according to the Office of Government Commerce ("the OGC") and European Foundation for Quality Management ("EFQM") guidelines. The franchise will be awarded to the Bidder who offers the Department the best, robust proposition, in terms of price and reliability, for operating the Base Service Specification, selected in accordance with the [Franchise Evaluation Process Charts](#).

The Department will assess the risk to delivery of overall business performance and the Department's objectives for the South Central franchise. All Delivery Plans are weighted equally with the exception of the designated Key Delivery Plans (identified in Table 4-1) that are weighted at twice the importance of other Delivery Plans. Evidence of the deliverability of projected revenues and costs will be used to inform the Department'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 that is set out in paragraphs 21 and 22 of "A Guide to the Rail Franchise Procurement Process".

#### *4.3.2 Evidence*

The Department 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 that 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 Deliverability*

All bids where the Department is confident of delivery of the Base Service Specification will be judged 'deliverable'. There is no fixed scoring threshold for deliverability but a bid will be judged 'undeliverable' if, after clarification by the Bidder, the risk to delivery of the Base Service Specification is judged unacceptably high by the Department. The risk to delivery could be unacceptably high if there is an exceptionally low confidence in one Delivery Plan or where there is low confidence in a number of Delivery Plans. The Department will pay particular attention to the Key Delivery Plans in assessing its confidence in delivery.

In order to achieve the maximum score available for a Delivery Plan, Bidders will need to demonstrate added value, consistent with the Department's objectives for the franchise, in excess of delivery of the Base Service Specification. In order to receive credit Bidders need to evidence that the added value is in itself deliverable. Examples might include exceeding the required number of Peak vehicle arrivals/departures at London termini (Accommodating Current & Future Growth Plan) or contracting to exceed the minimum Performance Benchmarks required by the Department (Performance Improvement Plan).

#### 4.3.4 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 plan, which will be applied as follows:

RADAR component	Contents	Weighting
Approach	The Bidder's description of the outcomes which will be achieved and why. The linkage to the Department's objectives for the franchise should be described. This component should include analysis of the existing position supporting the approach proposed and the expected future results.	30%
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. Where appropriate, promised improvements should be linked to Committed Obligations.	40%
Assessment & Review	What Key Performance Indicators the Bidder will measure in order to ensure the delivery of outcomes. Where Committed Obligations are proposed that they are measurable, with appropriate time limits and proportionate COPA. 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, including possible mitigation actions if forecast revenue is not achieved.	30%

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: Delivery Plans for the South Central Franchise

The Delivery Plans should be submitted in the sequence shown. All plans are weighted equally with the exception of 'Key Delivery Plans' that carry double the weighting of other Delivery Plans. Components are not an exhaustive list.

Title	Components
1. Organisation, Staffing & Stakeholder Relations	Corporate structure Total Establishment, Headcount & Location Organisation charts (summary) Proposed management team Reward policy and expected salary and wage inflation Pensions Changes to job descriptions and terms of employment (if any) Relations with trade unions Stakeholder Management Working with TfL Working with other local authorities Liaison and consultation with Passenger Focus, London Travelwatch and other user groups Community Rail Olympics 2012
2. Management & Delivery of Change  <b>KEY DELIVERY PLAN</b>	Interface with major projects including Thameslink Programme and East London Line Extension Alternative timetables planned during London Bridge works including planned weekday and proposed weekend services Passenger information associated with London Bridge works Station arrangements associated with London Bridge works Service delivery around other planned engineering works Capability & resources to plan emerging service changes Liaison with other TOCs regarding service changes Rail replacement services Engineering access & network restrictions Assumptions regarding compensation from Network Rail Approach to partnering with the Department Capability & resources to price emerging service changes
3. Modelling Change	Fitness for purpose of Record of Assumptions & Models to price emerging Changes Clarity & transparency of Change examples within model Operating Manuals (N.B. Submission of a separate Modelling Change Delivery Plan is not required. This plan will be scored by the Department by reference to the financial submission in Part 2 of the response.)



Title	Components
<p>4. Marketing, Fares &amp; Other Revenue</p>	<p>Market Position and Offer  Market analysis and exogenous growth  Marketing Plans  Fares structure  Premium, Standard and Off Peak fares  Gatwick Express proposals  Revenue forecasts (must demonstrate consistency with Fleet Deployment and Crowding forecasts)  Concessionary fares  Multi Modal Schemes and fares  Fares basket management  Customer fares information  Car Park demand, provision and pricing  Car park upgrades &amp; new car park provision  Co-operation with other parking providers  On train catering  Other on board services  Property portfolio incomes  Retail space income  Commercial advertising</p>
<p>5. Ticket Sales &amp; Revenue Protection</p>	<p>Ticket vending machines  Ticket office systems  ITSO and ITSO based initiatives  Oyster Pay As You Go &amp; Retailing  On line sales  Other sales outlets  Improvement plans for 'ease of purchase of a ticket'  Availability of fares information  Gating schemes  Penalty Fares  Revenue protection assessment, management and monitoring  Revenue Protection resources and training</p>
<p>6. Accommodating Current &amp; Future Growth</p> <p><b>KEY DELIVERY PLAN</b></p>	<p>Key constraints on trains  Key constraints at stations  Data capture, analysis and provision of information to the DfT  Timetable initiatives  Rolling stock initiatives  Other initiatives and mitigations  Planned Peak vehicle arrivals/departures into/from London termini  Forecast crowding over Franchise Term (must demonstrate consistency with Fleet Deployment and Crowding forecasts)  Special Event Planning</p>

Title	Components
7. Rolling Stock	Rolling stock approach & policy overview Identification of fleet requirements & 'pinch points' Proposed fleet composition over Franchise Term Fleet deployment (must demonstrate consistency with revenue forecasts and Accommodating Current & Future Growth Plan) Rolling stock fall back plans Fleet utilisation Allowance for heavy maintenance requirements Fleet improvement programmes Justification of cost assumptions including lease costs, maintenance costs (light and heavy) and fuel costs Hire of trains to FCC
8. Depots & Train Maintenance	Depot & Maintenance approach & policy overview Depot arrangements including stabling and marshalling arrangements for current and enhanced fleets including the 10/12 car train services on suburban and East Grinstead routes Facilities at stabling locations Fleet preventative maintenance arrangements Reactive maintenance (depot and line of route) Quality systems Staff utilisation Train cleaning procedures Train Presentation Standards Management of depot facilities including interface with Lombard contract and funding for any depot enhancements
9. Timetables, Planning & Resources	Fit with timetable constraints Compliance with SLCs Timetable planning Timetables (to the extent required) Train plans Unit diagrams including stabling Rostering approach & systems Spare cover / Utilisation levels Driving standards management Compliance with Network Rail standards Route and traction learning

Title	Components
10. Performance Improvement	Data collection & analysis Proposed benchmarks (All) Performance Initiatives JPIP development process Network Rail interface Contribution toward the HLOS Performance Metric Control arrangements Train Reporting Contingency planning Severe weather & leaf fall Other service and station disruption risks Rescue capability Contribution toward the HLOS safety metric targets
11. Accessing the Network	Ticket Office opening times Rostering approach & systems Staff Duties & responsibilities Monitoring of service levels Station Presentation Standards Management of non SFO stations Station Upkeep, Maintenance and Repairs (including deep clean, refresh and improvements) Station Enhancement and investment (inc NSIP) Transport Integration Initiatives (including Station Travel Plans) Provisions for cycles DDA related initiatives (inc A4A)

Title	Components
<p>12. Improving Service Quality</p> <p><b>KEY DELIVERY PLAN</b></p>	<p>Station information</p> <p>On-train information</p> <p>Real time information initiatives</p> <p>Multi-modal information (inc real time information)</p> <p>Off Network Information (including Mobile and Internet)</p> <p>Other information sources</p> <p>Maintaining the current level of provision</p> <p>Proposals for future improvements</p> <p>Signage and advertising</p> <p>Managing unplanned disruption</p> <p>Information for customers with disabilities</p> <p>Customer service training</p> <p>Approach to quality management</p> <p>Proposed SQMS systems and targets</p> <p>NPS Customer Service Targets</p> <p>NPS Station Targets</p> <p>NPS Train Targets</p> <p>Communicating targets and results to customers</p> <p>Customer contact centres</p> <p>Complaints handling policy and process</p> <p>Compensation &amp; Refunds policy and process</p> <p>Passenger Charter</p> <p>Access to Season Tickets</p>
<p>13. Security</p>	<p>Station security (including Secure Station accreditation)</p> <p>On-train security</p> <p>Depots &amp; sidings security</p> <p>Car park security (including Park Mark accreditation)</p> <p>Security of staff</p> <p>Security of customers</p> <p>Trespass and vandalism</p> <p>Terrorism</p> <p>Assessment of potential new risks and mitigation</p> <p>Maintaining the current level of provision</p> <p>Proposals for improvement</p> <p>Liaison with law enforcement agencies</p> <p>Co-ordination with Network Rail</p> <p>Use of private security contractors</p> <p>Staff training</p>

Title	Components
14. Sustainability & the Environment	<p>Overall environmental approach and policy (including Rolling Stock and stations)</p> <p>Regenerative Braking</p> <p>Other energy efficiency measures including driver education</p> <p>Noise and light pollution</p> <p>Managing waste and recycling</p> <p>Water/land contamination, noise and biodiversity</p> <p>Air quality</p> <p>Environmental KPI's and approach to monitoring</p> <p>Environmental awards</p> <p>Interface with Network Rail</p> <p>Proposals to support social inclusion</p> <p>Proposals for community engagement</p>
15. Mobilisation & Migration	<p>Management arrangements</p> <p>Mobilisation programme to Dec 2010</p> <p>Skills and resources</p> <p>Liaison with industry stakeholders</p> <p>Safety Certificate for September 2009</p> <p>Licences</p> <p>Industry IT systems</p> <p>Track access</p> <p>Station Access</p> <p>Trading Train Crew/Rolling Stock maintenance</p> <p>Maintenance Depots</p> <p>Rolling Stock leases</p> <p>TUPE Pensions</p> <p>December 2009 Implementation</p> <p>Implementation of other Planned Major Timetable Changes – Operational, Staff &amp; Customer issues</p>

Table 4-2: Minimum acceptable coverage of Principal Criteria within Delivery Plans

Delivery Plans	Principal Criteria		
	Performance	Revenue	Cost
Organisation, Staffing & Stakeholder Relations	■		■
Management & Delivery of Change	■	■	■
Modelling Change			
Marketing, Fares & Other Revenue	■	■	■
Ticket Sales & Revenue Protection	■	■	■
Accommodating Current & Future Growth	■	■	■
Rolling Stock	■	■	■
Depots & Train Maintenance	■		■
Timetables Planning & Resources	■		■
Performance Improvement	■	■	■
Accessing the Network	■		■
Improving Service Quality	■		■
Security	■		■
Sustainability & the Environment	■		■
Mobilisation & Migration	■		■

## **SECTION 5: THE BID: FINANCIAL ELEMENTS**

### **5.1 Introduction**

This section describes the requirement for Bidders to submit a Financial Model and Operational Models (together “the Models”). The Models must be supported by a comprehensive Record of Assumptions and an Operating Manual. The requirement to provide other financial information is also described.

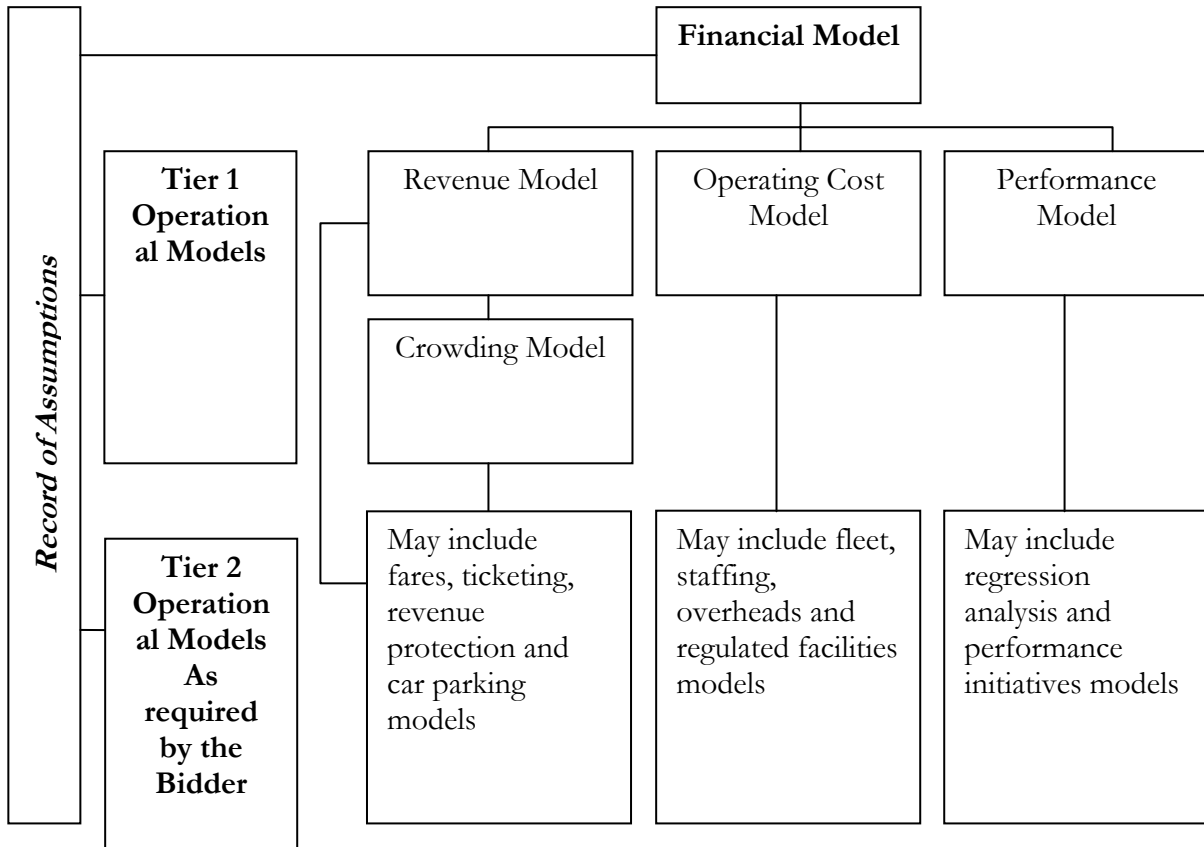
The Models will be used during bid evaluation to compare overall pricing, review detailed projections of revenues and costs and to test the financial resilience of Bidder solutions. The successful Bidder's Models will be subject to an independent Model Audit and placed in Escrow after contract signature. Subsequent Changes will be priced by processing revised assumptions through the Models. The evaluation of bid deliverability will include an assessment of the fitness for purpose of the Models, Record of Assumptions and Operating Manual to price Changes.

The output schedules of the Financial Model should be in the format of the Templates provided in Attachment I (the Templates). Bidders are required to follow modelling best practice requirements and other constraints have been introduced, for example, in relation to model size. The Department recognises that some flexibility in modelling requirements may produce the most effective overall solution; as a consequence the scope of the model audit has been restricted and the ability for Bidders to apply, prior to bid submission, for derogations from specific elements of the instructions has been included.

### **5.2 Model Requirements and Constraints**

#### **5.2.1 General**

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. These must demonstrate the financial consequences of the Bidder's business and operational plans over the Franchise Term. All Models will be placed in Escrow under the Franchise Agreement. The Department anticipates that Models will be structured as illustrated below:



The minimum review standards that apply to each group of models are described in Section 5.8.

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 Microsoft Office 2003 version software.

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 allowed, 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.

The Department wishes to receive models that are efficient in their operation and use of memory. A maximum file size of 75MB is permitted, and smaller Excel workbooks are encouraged. Any workbook taking up more than 75MB of disk space will be deemed to be non-compliant unless a derogation has been granted.

Bidders are to avoid the use of macros in order to aid model transparency. The use of macros should be limited to areas where their use adds 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 within the Operating Manual.

In order to aid transparency, use of the INDIRECT and OFFSET functions is prohibited, except where a derogation has been granted.



The Financial Model Templates and Tier 1 Operational Models outputs should also be submitted in PDF format. This should include the Financial Statements for all Priced Options (and Incremental Options if submitted). No hard copies of Models are required.

The Models submitted by Bidders must be in line with best practice in accordance with the requirements set out in Section 5.8.1 and employ the accepted principles of Separation, Consistency, Integrity and Linearity, unless a derogation has been granted.

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 cannot be seen) that the calculation method is different, the following two cases have been identified when the formulae can differ:

- to allow a different approach to the treatment of forecasts before the South Central franchise commences (i.e. 2006/07 to 20 September 2009), part years and 7 period extensions as laid out in the Financial Templates; and
- to allow units, indices and other useful modelling 'flags' to be included in the columns to the left of the first modelled year.

Bidders do not need to seek derogation from the Department should the Models deviate from Best Practice in either of the two cases described above.

Cross-links between the Models should not be formed using direct references. Rather, outputs from one Model should be copied to a dedicated paste area in the other, with the origins and destinations of transferred data clearly identified within the Models. All Operational Models that support the inputs to and calculations within the Financial Model are required to be submitted, and it is anticipated that the full suite of Models will be maintained and updated together, and submitted simultaneously as required to support any Change arising during the Franchise Term.

### *5.2.2 Financial Model*

The calculations required to produce other outputs for inclusion in the Franchise Agreement are included in the Templates provided to Bidders. These outputs are calculated on the basis of the Financial Statements populated by Bidders:

- Target Revenue (Appendix 2 to the Franchise Agreement);
- Franchise Payments (Appendix 8 to the Franchise Agreement);
- Modified Revenue and Actual Operating Costs (Schedule 12 to the Terms); and
- Performance Bond and Season Ticket Bond values (Schedule 12 to the Terms).

These outputs should change automatically following the running of any sensitivity or Revised Inputs. However, the Financial Model should incorporate the Revenue Share / Revenue Support mechanism set out in Schedule 8.1 to the Terms and have the functionality to freeze the Target Revenue (calculated in a manner consistent with the templated calculation) and the Annual Franchise Payments so as to allow simulation of Revenue Share / Revenue Support Payments triggered by revenue sensitivities.

The Department will specify and conduct sensitivity tests on the Financial Model as part of its evaluation process, and does not require Bidders to submit a set of standard sensitivity tests or provide this functionality. Bidders are not, however, required to remove this functionality from the Models where such functionality exists for Bidders' own use.

Bidders should adopt an absolute sign convention in constructing their Financial Model, such that all revenues and assets are positive and all costs and liabilities are negative.

The Financial Model must have an index switch to allow the user to apply or remove the effect of RPI so as to view the financial templates in both nominal and real terms.

The Financial Model should be self-contained within a single Excel Workbook, and should have the functionality to run Priced Options (and Incremental Options if submitted) by use of a switch applied to the Base Case Specification and without recourse to the Operational Models. 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 should be presented in annual terms, with year-ends coinciding with the Department's 31 March accounting year-end (as demonstrated on the Templates), except in the case of the part year periods identified in Section 5.3.

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, using the templated Version Control sheet. Although it is not a templated output, Bidders are required to incorporate a map illustrating the content and structure of the Financial Model.

### *5.2.3 Operational Models*

The Operational Models are all models that contain calculations generating inputs either directly or indirectly to the Financial Model. These models will be structured as illustrated above, and will incorporate the following Tier 1 Operational Models:

- a Revenue Model. This 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 disaggregation of demand and revenue into more detailed flows or segments is at the discretion of the Bidder. The Revenue Model and its associated sub-models in Tier 2 also need to show clearly and apply all demand forecasting input assumptions and parameters and their impact on demand and revenue. This will include, but not be limited to, such factors as:
  - macro-economic factors, including competition with air services and car (disaggregated into individual factors where appropriate);
  - timetable changes;
  - fare proposals and policy;
  - operating performance;
  - service quality;
  - marketing;
  - revenue protection initiatives;
  - revenue / yield management initiatives; and
  - other investments or initiatives (such as station or rolling stock improvements).

- The Revenue Model should explicitly disaggregate the revenue effects associated with the relevant Delivery Plans listed in Table 4-2 in Section 4;
- a Crowding Model that is clearly linked to the Revenue Model. This should include a schedule of daily services and stops, with the relevant headcode, diagram and seat and standing capacity, covering individually each service for which crowding could have a material impact;
- an Operating Cost Model that should produce inputs to the Financial Model to the level of disaggregation required by the Templates. Any further disaggregation is at the discretion of the Bidder;
- a Performance Model, showing forecast average minutes lateness, attribution of average minutes lateness between the Franchisee and Network Rail, the impact on the Public Performance Measure and the basis upon which any performance receipts and payments are calculated. Performance receipts and payments between the Franchisee and Network Rail should be shown separately. All assumptions relating to the performance model and any performance improvement schemes and associated calculations should be clearly explained; and
- where necessary, 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.

The Models should have the capability to forecast the Other Revenue section of the Financial Model, to the level of disaggregation required by the Templates. Given that many of the items in this section are secondary to forecasts generated by the Revenue and Operating Cost Models, Bidders may choose to provide this capability within the Financial Model, employ an additional Tier 1 Operational Model, or develop an alternative methodology. Bidders are requested to detail the approach adopted in their Operating Manual and/or Record of Assumptions.

### 5.3 Financial Model Templates

The Department requires that the output from the Models follow the Templates in Attachment I. Bidders should note that the form of the templates has been revised following industry consultation. The Department realises that Bidders may wish to expand the level of detail provided within the Models beyond these minimum requirements and requires 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 costs and revenues but the spare rows provided can be used to accommodate additional detail. Deleting or inserting rows or columns to the Templates is not permitted and will be deemed to be non compliant.

The outputs in the Templates should be linked to the input / calculation 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. Bidders are required to ensure that the named ranges defined in the Templates are preserved.

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.

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 (in real terms) 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 South Central franchise 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 South Central franchise runs part year from 20 September 2009 to 31 March 2010. In order to accommodate the difference between the rail year and the part year identified above, the relevant worksheets in the Templates provide an extra column where Bidders should derive the part year element from the full year columns. In addition, extra columns will be provided in the Templates for the part year related to the first franchise end date, the optional 7-period extension following this, the final franchise end date, and the optional 7-period extension following the expiry of the full franchise term.

Bidders may use the two blank columns inserted between the flag / labelling columns and the first modelled year as they see fit. The intention is that these columns will assist in the transfer of historic data to the Financial Model.

The lockup ratios set out in Schedule 12 (Financial Obligations and Covenants) to the Terms is incorporated in the Templates and is based on the outputs contained in the templated financial statements.

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

Sheet	Content	Status
Template Cover	Properties, legend	Bidder free to use/update
Template Control	Contains real/nominal switch for templated calculations, option flag, print and group/ungroup macros	Bidder to link cells G21 and G28 to model control sheet. Use functionality but do not alter structure.
Version Control	Version control record	Populate but do not alter structure
Templated Inputs		
Timeline	Define franchise timeline and part year adjustments	Populate blank column headers but do not alter structure
Indices & Rates	Repository of indices and rates	Populate but do not alter structure
Line Items	Master definition of line items	Bidder may populate spare line items denoted by square brackets
Templated Outputs		
LENNON 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	Template for forecasts of selected option	Populate but do not alter structure
Other Opex	Template for forecasts of selected option	Populate but do not alter structure
RS Charges	Template for forecasts of selected option	Populate but do not alter structure
Infrastructure	Template for forecasts of selected option	Populate but do not alter structure
Performance	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
Financial Statements		
P&L1	Template for forecasts of selected option	Populate (row 296 and below) but do not alter structure
P&L2	Template for forecasts of selected option	Contains formulae, do not alter
P&L3	Template for forecasts of selected option	Contains formulae, do not alter
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, including Opening Balance in column AL
Output Calculations		
NPV	NPV of Franchise Payments calculation (feed from Financial Statements)	Contains formulae, do not alter
FAA	Target Revenue calculation; production of tables for Appendices 2 & 8 of the Franchise Agreement (feed from Financial Statements and bidder model)	Populate (highlighted rows only) but do not alter structure
FO&C	Schedule 12 Financial Ratio, Performance & Season Ticket Bond calculations (feed from Financial Statements)	Populate (highlighted rows only) but do not alter structure

## 5.4 Generic Bidding Assumptions

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

- the franchise will commence on 20 September 2009;
- the South Central franchise financial year commences on 1 April of each year;
- financial forecasts are to include calculations of the tax liabilities of the subject company in accordance 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;

- Bidders are free to adopt either UK GAAP or IFRS but the accounting basis chosen must be disclosed and once selected cannot be changed;
- the units to be used in each bid submission are clearly set out in the Templates provided;
- the default prices stated in the Financial Model should be nominal but when viewed in real terms, outputs should be deflated to 2009/10 prices;
- the tables listed below should be completed in 2009/10 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.
- a Retail Prices Index of 2.7 per cent per annum and an Average Earnings Index of 4.2 per cent per annum shall apply from 1 April 2010 and annually thereafter. (Bidders should adopt their own RPI and AEI assumptions between 1 April 2008 and 31 March 2010 inclusive, and such assumptions should be clearly stated);
- the real discount rate to be applied is 3.5 per cent per annum;
- net present values of the revenues, costs and Franchise Payments will be discounted back to the start of the franchise (20 September 2010);
- for the purposes of calculating net present values, the templated calculation assumes the following timings for cashflows:
  - 25 December 2009 for the part year 20 September 2009 to 31 March 2010; and
  - mid-year cashflows (30 September) for full Franchisee financial years (1 April – 31 March).
- Revenue Support levels and thresholds are as per the Franchise Agreement;
- 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 CP4 rates until the end of CP4 and assume that they are held constant in real terms thereafter. The rates used should be as implemented in the review notice expected to be issued by ORR on 18 December 2008.); and
- for calculating Franchise Payments the methodology should be applied consistently on an annual basis, in accordance with the Franchise Agreement.

## **5.5 Record of Assumptions and Operating Manual**

The Record of Assumptions and Operating Manual are required to accompany the Models and should be submitted as Microsoft Word documents.

The Record of Assumptions should contain all financial and operational assumptions used and shall explain and discuss the inputs of each Model, including the base unit cost for each input. Where contracted variable unit costs have the potential to change as a result of Change (e.g. maintenance contract charges which vary between mileage bands), Bidders are required to include the full range of potential unit costs of their anticipated contracted agreements within the Record of Assumptions.

The Record of Assumptions should include assumptions used in the pricing of any Priced Options (and Incremental Options if submitted). A description of accounting policies and taxation assumptions should also be included.

The Operating Manual should provide detailed instructions for operating the Models and include the following:

- a description of each Model, its structure and capability;
- an 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;
- a 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;
- a table setting out the percentage of total other revenues, other operating costs and rolling stock costs (totals in real terms over the Franchise Term) that are earned from or paid to HQ, group or other affiliates; 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 should include two worked examples of Change. The Financial Model is **not** required to include a switch to allow these examples to be selected. The Operating Manual should contain a detailed description of the required changes to the inputs to the Models and the rationale for such changes alongside a clear description of how the Models have been used to produce the worked examples. The examples should show the changes in key numbers leading to change in the franchise payment.

The two worked examples to be included in this section of the Manual are:

1. Changes to individual component costs from franchise commencement:
  - a. VTAC for Class 377 and Class 171 motor vehicles increases by 20%;
  - b. Average Minutes Lateness NR benchmark for SG03 increases by 20% from the base level;
  - c. Five additional staff are required in each of the following categories, Brighton based conductors, East Croydon gateline staff and Selhurst Depot train cleaners; and
  - d. Class 455 units run an additional 10% loaded vehicle miles (cost impact only, diagram and revenue effects not required).
2. Delay in hand back of Class 377s from FCC so complete fleet not returned until May 2014 Passenger Change date. This should be consistent with the alternative pricing offered by the Bidder in the first Class 377 late hand back scenario. The Department is aware that it is not intended late hand back of Class 377s from FCC will be priced as a Change but this example has been selected so the Operating Manual can describe a complex alteration illustrated by numbers without increasing the requirement for modelling work.

This section of the Operating Manual will be evaluated as a part of the Modelling Change Plan.

## 5.6 Priced Options, Incremental Options and 'Blank Option'

The Department 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 produced automatically by use of a switch that will update the financial outputs automatically. Models should be capable of running multiple Priced and / or Incremental Options in combination, except where Options are mutually exclusive.

The Priced Options required for the South Central franchise are as follows:

Number	Priced Option	Mutually exclusive to Option Numbers
1	Introduction of GSM-R	Not applicable

The Models are expected to form a robust platform for the pricing of Change during the Franchise Term. To this end, Bidders are required to provide a 'Blank Option' within their Financial Model, this capability allowing pricing, and price comparison with the Base Case specification in respect of at least one Change at some point during the Franchise Term.

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

## 5.7 Derogations

The Department may grant derogations from the modelling requirements in the following three areas:

- Model size;
- Use of OFFSET and INDIRECT functions; and
- Modelling Best Practice.

Applications must be made in writing to the Procurement Team by Friday 16<sup>th</sup> January 2009 at the latest. It is not expected that derogations will be necessary for Financial Models.

### 5.7.1 Model size

The Department will consider applications to exceed the 75MB workbook size limit where it is demonstrated that adherence to this limit generates significant inefficiencies, or materially reduces the level of confidence in the resulting forecasts.

### 5.7.2 Use of prohibited functions

The Department will consider applications for use of the OFFSET and INDIRECT functions where the following are demonstrated:

- that the use of these functions generates significant savings in model run times and use of disk space or otherwise significantly assists the efficient pricing of Change; and



- that the use of these functions is clearly explained and documented in the Operating Manual and Record of Assumptions.

### 5.7.3 Modelling Best Practice

The Department will consider applications to relax the principles of Modelling Best Practice on an individual basis, and considers that derogations may be more appropriate for elements of Tier 2 Operational Models, at the underlying input/assumption interface.

## 5.8 Model sign-off - Terms of Reference

The minimum level of model audit or review required by the Department for each of the Models is summarised below:

	<b>Independent Modelling Best Practice Confirmation</b>	<b>Model Audit</b>	<b>Calculation Review</b>	<b>Technical Review</b>
<b>Financial Model</b>	✓	✓		
<b>Tier 1 Operational Models</b>	✓		✓	✓
<b>Tier 2 Operational Models</b>	✓			✓
<b>Timescales and Requirements</b>	Confirmation provided at Bid Submission	Model Audit Report following Department instruction	Completed in parallel with Financial Model Model Audit following Department instruction	Completed by the Department as part of its evaluation process

The Financial Model will be subject to a full Model Audit as described in Section 5.8.2. The Department recognises that the accounting elements of the Model Audit are not relevant to the Tier 1 Operational Models, and therefore requires a review of the calculations only, to be conducted by the same party as the Model Audit, as set out in Section 5.8.3. The Department will conduct a technical review of the Operational Models in Tier 1 and Tier 2 as part of its evaluation process. It is at the Department's discretion as to whether any aspect of the technical review is shared with the relevant Bidders.

Bidders are required to satisfy themselves as to the technical accuracy of all Models prior to submission, noting the allocation of risk with respect to errors within the Models described in section 2.4.

### 5.8.1 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 Department and that Bidder, as part of its

bid submission, taking account of any derogations obtained (described in Section 5.7). 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 individual formula is not checked);
- **Integrity** of financial statements (e.g. 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 (e.g. that there are no circular references);
- **Macros**, where required, their function should be clearly explained.

The Modelling Best Practice Confirmation must also provide confirmation that the 75MB size limit has been adhered to, and that the INDIRECT and OFFSET functions are not used except where derogations (described in section 5.7) are granted.

#### 5.8.2 Model Audit

Following bid submission and prior to contract award the Department will request one or more Bidders to obtain an independent audit of Financial Model (the "Model Audit") on all sections of the Financial Model. The Model Audit shall be prepared for the benefit of the Department 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 Department'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 Department will expect to receive the audit report within ten working days of it being requested of the Bidder.

The Department 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 Financial Model, 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 Financial Model and the Operating Manual and Record of Assumptions appear materially consistent with current understanding of UK GAAP/IFRS;
- 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 Terms;
- whether the Financial Model has 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 Financial Model;
- Priced Options (and Incremental Options if submitted): the Department will require an audit to be performed on all of the Options which have been, or may yet be, contracted. Any redundant Options should be removed from the Models at this point; and
- For robustness purposes the Department 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.

Bidders should note the allocation of risk with respect to errors within the Models described in section 2.4.

### *5.8.3 Calculation Review*

The independent party conducting the Model Audit will also conduct a review of the calculations employed in the Tier 1 Operational Models. The Calculation Review will be conducted to the same standard as the Model Audit, but will exclude the technical elements of this process relating to taxation and accounting practices. The Department requires the review to confirm:

- whether the Tier 1 Operational Models have 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;
- whether the Tier 1 Operational 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 Tier 1 Operational Models; and
- Priced Options (and Incremental Options if submitted): the Department will require a review of all of the Options that have been, or may yet be, contracted. Any redundant Options should be removed from the Models at this point.

## 5.9 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 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.

### **5.10 Other Information Required**

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

### **5.11 Funding Agreement**

A bidder will make proposals to fund the Franchisee through the acquisition of shares in the Franchisee by its parent company and may, additionally, propose that the Franchisee is funded by a loan facility from its parent company. The Secretary of State requires such funding proposals to be robust and, accordingly, they must be contractualised on completion of the Franchise Agreement. A template “Deed of Undertaking re: Share Capital and loan facility” has been provided and Bidders are required to confirm in their bids that they accept its terms and will be prepared to contractualise their funding proposals accordingly from completion of the Franchise Agreement. The required wording is provided at Attachment F.

## **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 Elements). Bidders should ensure their bids in respect of the Priced Options identified in this Section 6 allow the Department 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 Global System for Mobile Communications - Railways (GSM-R)*

Network Rail has initiated a Network Change to renew all of the UK's 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.

The exact plans for the infrastructure availability of GSM-R on the South Central route can be found on the data site.

Bidders must include a price for the supply and installation of GSM-R to the South Central 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 in the use and maintenance of the GSM-R equipment, costs associated with any ROCESO 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.

This Option effectively removes the vehicles from the G1 Network Change process and no compensation would then be available for this project.

The detailed documentation on GSM-R can be located in the data site, including a copy of the current Network Change Notice.

## **SECTION 7: FURTHER INFORMATION**

### **7.1 New Stations**

The Department is aware of a number of new station proposals that exist within the franchise area but consider that none have reached sufficient certainty to be included within the franchise specification. As seen with the new station at Mitcham Eastfields, standard industry processes are available to introduction new stations onto the network.

Bidders' attention is drawn to Network Rail's guidance entitled "Investment in Stations" and is available on their website.

Network Rail also assess most new station proposals as part of the Route Utilisation Strategy ("RUS") process and indeed provided commentary on new station proposals as part of the South London RUS. Network Rail will look at new station plans as part of the Sussex RUS.

The Department is aware of a new station is proposed at Holmbush near Crawley. The scheme is a third party developer lead scheme but has not reached a point in the planning process when it can be committed to. Bidders should note the existence of this proposal.

### **7.2 Gatwick Airport**

Network Rail sought significant funds for the major redevelopment of Gatwick Airport station as part of the 2009 – 2014 regulatory settlement. The status of the project remains uncertain as the ORR significantly reduced funds allocated to this scheme in the draft determination which means it could not be delivered in that form. The Department is aware that a number of organisations have objected to the reduced funding attributed to this scheme. Further information may be available shortly when the ORR Final Determination is published on 31<sup>st</sup> October 2008.

### **7.3 Clapham Junction**

Network Rail is planning a major redevelopment of Clapham Junction station linked with a wider redevelopment scheme. The eventual scheme would see the creation of a new entrance and exit with new ticket hall on St Johns Hill, the use of the subway for interchange only and a reconstructed overbridge used for platform access. Further information on the scheme can be sought from Network Rail.

### **7.4 East Croydon**

Network Rail is planning a major redevelopment of East Croydon station with a wider redevelopment scheme of the area around the station. The outline scheme would involve a major new development located to the west of the existing station, with passive provision for a new platform, and a new access to East Croydon station as a result of a new overbridge development crossing East Croydon platforms and allowing access to the north

of the existing ticket hall. The planning status of the project is unclear. Further information on the scheme can be sought from Network Rail.

## **7.5 Victoria Station**

Network Rail has plans for a major redevelopment of Victoria station which would see some alteration to the location of platform entrances and retail facilities. The scheme is unfunded, but further information is available from Network Rail.

## **7.6 Croydon Tramlink**

TfL continues to investigate the extension of Croydon Tramlink to Crystal Palace. This may have an impact on the South Central franchise between Crystal Palace and Beckenham Junction.

The scheme does not have powers for construction, but funding for scheme development and TWA application is available. Further information on scheme timings will be available from TfL in November 2008 as part of its business plan. The scheme could open in 2013/14. The implementation of the scheme would involve detailed discussions with the franchise operator and Network Rail especially regarding alternative terminating locations for South Central services to Beckenham Junction.

## **7.7 Victoria Underground Station Redevelopment**

A major redevelopment of London Victoria station has commenced, which will see a new enlarged ticket hall at the current location plus a new ticket hall and escalators to platforms in the vicinity of Bressenden Place. The works at Victoria will require alternative walking routes to access the underground platforms at some times and some closures are planned. Further information on the planned works will be provided by TfL and will be made available on the data site.

## **7.8 Northern Extension Project of the Bluebell Railway**

The Bluebell Railway is a steam operated heritage line which attracted 170,000 visitors in 2007. Through tickets are available from the national network currently connecting to the Bluebell Railway via a bus link. Bluebell Railway plc is intending to extend its line two miles north from its current terminus at Kingscote to a new station adjacent to the national rail station at East Grinstead. It is hoped that the northern extension will increase total visitor numbers to the Bluebell Railway and, in particular, the numbers accessing from the national network at East Grinstead. The northern extension has planning permission but project completion will be subject to successful fundraising. The earliest possible opening date is Spring 2010.



## APPENDIX 1A: LIST OF SOUTH CENTRAL FRANCHISE STATIONS

### Stations at which the South Central Franchisee will call:

Anerley <sup>1</sup>	Ashford International	Beckenham Junction
Bedhampton	Berkhamsted	Bletchley
Bookham	Brockley <sup>1</sup>	Burlesdon
Clapham Junction	Cosham	Crystal Palace <sup>1</sup>
Denmark Hill	Effingham Junction	Fareham Forest Hill <sup>1</sup>
Fratton	Gatwick Airport	Guildford
Hamble	Harrow and Wealdstone	Hastings
Havant	Haydens Road	Hemel Hempstead
Hilsea	Honor Oak Park <sup>1</sup>	
Imperial Wharf (when completed)		Kensington Olympia
Leighton Buzzard	London Bridge	London Charing Cross
London Road (Guildford)	London Victoria	Milton Keynes
Morden South	New Cross Gate <sup>1</sup>	Norwood Junction <sup>1</sup>
Penge West <sup>1</sup>	Portsmouth & Southsea	Portsmouth Harbour
Shepherds Bush	St Helier	St Leonards Warrior Square
Southampton Central	South Merton	Sutton Common
Swanwick	Sydenham <sup>1</sup>	Tonbridge
Tooting	Tring	Waterloo East
Watford Junction	Wembley Central	West Brompton
West Croydon <sup>1</sup>	West Sutton	Wimbledon
Wimbledon Chase	Woolston	

### Stations where South Central Franchisee will be Station Franchise Operator:

Aldrington	Amberley	Angmering
Appledore (Kent)	Arundel	Ashurst
Ashtead	Balcombe	Balham
Banstead	Barnham	Battersea Park
Belmont	Berwick (Sussex)	Bexhill
Billingshurst	Birkbeck	Bishopstone
Bognor Regis	Bosham	Boxhill & Westhumble
Brighton	Burgess Hill	Buxted
Carshalton	Carshalton Beeches	Caterham
Cheam	Chichester	Chipstead
Christs Hospital	Clapham High Street <sup>2</sup>	Collington
Cooden Beach	Cooksbridge	Coulsdon South
Cowden	Crawley	Crowborough
Doleham	Dorking	Dormans
Durrington	Earlswood (Surrey)	Eastbourne
East Croydon	East Dulwich	East Grinstead
East Worthing	Edenbridge	Edenbridge Town
Emsworth	Epsom	Epsom Down
Eridge	Ewell East	Falmer
Faygate	Fishbourne (Sussex)	Fishersgate
Ford	Gipsy Hill	Glynde

Godstone	Goring by Sea	Hackbridge
Hamstreet	Hampden Park	Hassocks
Haywards Heath	Hever	Holmwood
Horley	Horsham	Hove
Hurst Green	Ifield	Kenley
Kingswood	Lancing	Leatherhead
Leigh (Kent)	Lewes	Lingfield
Littlehampton	Littlehaven	
London Road (Brighton)	Merstham	Mitcham Eastfields
Mitcham Junction	Moulsecoomb	Newhaven Harbour
Newhaven Marine	Newhaven Town	Norbury
Normans Bay	North Dulwich	Nutbourne
Nutfield	Ockley	Ore
Oxted	Peckham Rye <sup>3</sup>	Penshurst
Pevensey Bay	Pevensey & Westham	Plumpton
Polegate	Portslade	Preston Park
Pulborough	Purley	Purley Oaks
QueensRoad (Peckham) <sup>3</sup>	Redhill	Reedham (Surrey)
Reigate	Riddlesdown	Rye
Salfords	Sanderstead	Seaford
Selhurst	Shoreham-by-Sea	South Bermondsey
Southbourne	South Croydon	Southeast
Southwick	Smitham	Streatham
Streatham Common	Streatham Hill	Sutton (Surrey)
Tadworth	Tattenham Corner	Thornton Heath
Three Bridges	Three Oaks	Tulse Hill
Uckfield	Upper Warlingham	Waddon
Wallington	Wandsworth Common	Wandsworth Road <sup>2</sup>
Warblington	Warnham	West Norwood
West Worthing	Whyteleafe	Whyteleafe South
Winchelsea	Wivelsfield	Woldingham
Woodmansterne	Worthing	

**Key:**

<sup>1</sup> Stations that will transfer to TfL as part of East London Line Phase 1.

<sup>2</sup> Stations that may transfer as part of East London Line Phase 2b or as a result of a new Victoria to Bellingham service.

<sup>3</sup> Stations that may transfer as part of East London Line Phase 2b.

## APPENDIX 1B: MAP OF SOUTH CENTRAL FRANCHISE AREA



## **ATTACHMENTS**

- A South Central Franchise Service Level Commitment 1**
- B South Central Franchise Service Level Commitment 2 & 3**
- C South Central Franchise Agreement**
- D National Rail Franchise Terms**
- E Conditions Precedent Agreement**
- F Funding Agreement**
- G Service Quality Standards**
- H SQMS Reporting Template**
- I South Central Financial Templates**
- J South Central Stakeholder Briefing Document**
- K Declaration of Conformity Statement**