PURPOSE OF REPORT

To inform members of our approach to influencing bidders for forthcoming rail franchise renewals, particularly the West Coast Partnership.

RECOMMENDATIONS

Members are asked to:

i) endorse the approach set out above for engaging with bidders for forthcoming rail franchise renewals in order to realise the aspirations detailed in our consultation responses.

BACKGROUND DOCUMENTS

None applicable.

CONTACT OFFICERS

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1. **Introduction and Background**

1.1 Passenger rail services in the UK are mostly provided by operators under a franchise agreement for a set period of time. There is a programme of franchise competitions which is managed by the Department for Transport (DfT) to select the next operator when each franchise finishes.

1.2 In the current programme there are four franchises which provide services within Greater Manchester which are due to end within the next 2 years. The competition for three of these franchises is already underway and the other one is expected to commence early this year.

1.3 Each franchise competition is usually preceded by a public consultation on the franchise objectives and opportunities, which is used by the franchising authority to inform the specification of the franchise. Stakeholders are also able to discuss their aspirations with the bidders during the competition to influence the bids.

1.4 Both the consultation response and the bidder discussions present opportunity to shape the future rail network and TfGM Officers are actively involved in preparing consultation responses and engaging with bidders.

1.5 Of the franchise competitions which are ongoing, the West Coast Partnership, which will operate the West Coast Main Line and HS2 services is the highest priority at this stage.

1.6 We are seeking endorsement of our proposed approach to influencing bidders for the franchise renewals, particularly the West Coast Partnership, and affirmation that the issues we set out in our consultation responses remain consistent with the wider aspirations of Greater Manchester.

2. **West Coast Partnership**

2.1 In summer 2016, the DfT carried out a consultation on the next Intercity West Coast franchise to replace the current franchise when it was originally due to expire in April 2018. We submitted a response which set out our key aspirations for the next franchise, which can be summarised as follows:

- Retain current levels of connectivity as a minimum and develop new markets;
- Improve the fares offer to maximise passenger demand, rather than revenue, to help support modal shift;
- Provide a higher quality on-train passenger experience;
- Better management of disruption during engineering work to minimise inconvenience to passengers;
• Inclusion of a mechanism within the franchise contract to support station transfer;
• Carry out preparation for the commencement of HS2 services to West Coast destinations; and
• Better sharing of data with Local Authorities.

2.2 Our response was informed by the 2040 Transport Strategy and through consultation with GM District Officers at various stages of the drafting process, including a review of the final draft. A copy of the Executive Summary of our response is included in Annex A. The full response is available upon request.

2.3 Subsequently, the DfT revised their approach to the Intercity West Coast franchise, to include an overlap with the initial operation of HS2 for between 3 and 5 years and to make the Intercity West Coast operator a partner in the development of the commercial proposition for HS2 once it opens. To reflect this change, the franchise is now known as West Coast Partnership (WCP). Part of this change also includes extending the current franchise to April 2019 by agreeing a Direct Award with the current operator (Virgin). This change to the HS2 Partnership approach effectively meets our 6th key request above. The DfT have defined 3 key stages within the West Coast Partnership franchise which are:

• Improving today’s railway
  From April 2019 operate and improve existing fast Intercity West Coast services.

• Getting ready for high speed rail
  From 2019 work closely with HS2 Ltd and the Government to shape future HS2 and Intercity West Coast services, planning HS2’s operations and getting it ready for service.

• Opening the new line
  From 2026, once high speed services begin, run initial services on the new HS2 line and reconfigure the Intercity West Coast services on the existing route.

2.4 Three bidders have been shortlisted for the WCP. To ensure that the bidders have a suitable skill set and experience to develop plans for HS2, there is a requirement for each bidder to have experience of operating High Speed services. It is for this reason that all of the bidders are consortiums of operators to ensure they have the correct mix of experience. They are:

• First Trenitalia West Coast Ltd, a joint venture between First Rail Holdings Ltd [First Group] and Trenitalia SpA [Italian state railways].
• MTR West Coast Partnership Ltd, a joint venture between MTR Corporation (UK) Ltd [Hong Kong Railway Corporation Limited] and Guangshen Railway Company, with the following key sub-contractors:
- Deloitte MCS Ltd;
- Panasonic Systems Europe;
- Snowfall AB;
- Trainline.com Ltd; and
- WSP Parsons Brinkerhoff.
- West Coast Partnership Ltd, a joint venture between Stagecoach Group plc, Virgin Holdings Ltd and SNCF C3 [French state railways].

2.5 The DfT’s planned timescales for the WCP are as follows:
- January 2018: Issue Invitation to Tender (ITT) to bidders
- November 2018: Contract Award to winning bidder
- April 2019: Start of new franchise agreement

2.6 We have already had initial discussions with each of the shortlisted bidders with a view to influencing their bid to include our aspirations. This process has been encouraged by the DfT in advance of the issuing of the ITT and is consistent with the approach we are taking with other franchise competitions. Further detailed discussions are planned and where they require it, we will enter into a Non-Disclosure Agreement (NDA) with the bidder to allow sharing of sensitive or confidential information.

2.7 We intend to use our consultation response, along with the 2040 Transport Strategy and other agreed GM strategies to inform these discussions.

3. Other Franchise Competitions

3.1 Although the West Coast Partnership franchise is currently the highest priority, the other franchise competitions which operate services in Greater Manchester also require attention.

3.2 During 2017, consultations were held for the Wales & Borders and East Midlands franchises, while we are expecting the DfT to carry out a consultation on the next Cross Country franchise imminently.

3.3 The next Wales & Borders franchise is due to commence in October 2018 and is being devolved to the Welsh Government, although the Secretary of State for Transport will retain responsibility for decisions on services which operate into and within England.

3.4 There are 3 shortlisted bidders remaining in the competition since the incumbent operator (Arriva) withdrew, which are Abellio, MTR and Keolis Amey. A copy of our consultation response is available on request.
3.5 The next East Midlands franchise is due to commence in August 2019 with an ITT due to be published in April 2018, although this is subject to the DfT agreeing a Direct Award with the current operator. There are currently 4 shortlisted bidders; Abellio, Arriva, First / Trenitalia and Stagecoach. A copy of our consultation response is available on request.

3.6 Our consultation responses for both of these franchises were also informed by the 2040 Transport Strategy and through consultation with District Officers of the draft responses. We have also been directly involved with Rail North, assisting in the preparation of their response for the East Midlands franchise.

3.7 The next Cross Country franchise is due to commence in December 2019 and the DfT have carried out some initial stakeholder consultation. Their objective for the next franchise is for it to return to a more Intercity style of operation and they will be seeking suggestions for new destinations which should be included on the network.

4. Next Steps

4.1 The next steps have been identified as:

- Further engagement with West Coast Partnership bidders to influence their bids. This will include confidential discussions about the emerging content of their bids, as facilitated by the Non-Disclosure Agreements which we have in place.

- Commence engagement with the East Midlands franchise bidders once the DfT have confirmed the final shortlist and have published the Invitation to Tender.

- Start to prepare our aspirations for the Cross Country franchise to inform our response to the consultation when this takes place.

- Continue to work with Rail North and franchising authorities to seek to deliver our aspirations for improvements in Greater Manchester.

5. Recommendations

5.1 That Members endorse the approach set out above for engaging with bidders for forthcoming rail franchise renewals in order to realise the aspirations detailed in our consultation responses.

Amanda White

Head of Rail, TfGM
InterCity West Coast rail franchise consultation

This document is Transport for Greater Manchester’s response to the Department for Transport (DfT) consultation on the next InterCity West Coast rail franchise which is planned to commence in April 2018. Transport for Greater Manchester is the transport executive for the Greater Manchester Combined Authority (GMCA) and is responsible for delivering the GMCA’s transport policies. The GMCA constitutes ten Districts including Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan. This response captures the strategic requirements of the entire GMCA area. All of the Districts have been consulted during the preparation of this draft response. Each District may also choose to submit an individual response with more focus on their local requirements.

Transport for Greater Manchester is also a member of Rail North and we have provided support to delivering the North West stakeholder event on the 21 June which provided an opportunity for stakeholders across the North West to present and discuss their views or concerns about the InterCity West Coast franchise. Some of the discussions which took place have helped inform this response and we are also working with Rail North to provide assistance on the preparation of a strategic consultation response, which we also support.

This response has been prepared in the context of the Draft Greater Manchester Transport Strategy 2040, which identifies the critical long-term challenges we are facing in Greater Manchester. Greater Manchester’s links to other cities across the UK are critical to our long-term economic success. With a growing population and economy, our Draft 2040 Strategy takes a holistic approach to the needs of city-to-city links, passengers and freight with a strong focus on integration across different modes of transport and with wider policy areas such as spatial planning. Our initial 2040 Vision for Transport document received widespread public support through consultation in 2015, and this has formed the basis of the Draft 2040 Strategy document, which was published on 4 July 2016. Following a further period of consultation, the strategy will be finalised in Autumn 2016. It will then provide a solid framework within which to work with stakeholders to bring forward a series of five-year Delivery Plans.
This response has been prepared to represent the views of Transport for Greater Manchester by:

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Whilst the views relate primarily to West Coast services and stations within the Transport for Greater Manchester area, we recognise the importance of the travel to work area for Greater Manchester, which extends outside of the Transport for Greater Manchester boundaries, and the need to consider the strategic operation of the UK rail system as a national network. Therefore, our response considers the operation and impact of InterCity West Coast services across the full franchise area.

In the following sections, we have attempted to respond to the consultation in line with the published response form, however, it is important to recognise that the strategic aspirations of Transport for Greater Manchester do not always align specifically with the questions asked and we have expanded our response where appropriate.

Our experience of the recent Northern and TransPennine Express franchises has highlighted the benefits of being able to fully engage the prospective operators during the bidding phase in order to further explain and discuss our aspirations for the franchises, as well as sharing supporting evidence. We strongly recommend that a requirement for bidders to engage when requested by Local Authority stakeholders becomes a requirement of all future franchise bidding processes and is specified in the Invitation to Tender.

It is widely recognised that the provision of good transport links is an essential element of delivering economic growth. As such it is essential that passenger rail franchise operators fully recognise their role as a delivery partner for economic growth rather than a contractor whose sole job is to deliver a specified service level. We, therefore, strongly recommend that a requirement of all future franchise contracts is a requirement for the operator to work with Local Authority, and other, stakeholders to help to deliver economic growth plans. This needs to encompass a willingness to develop delivery options and to assist in the
provision of supporting evidence by sharing data. The operator should also seek to make continuous improvement with a view to delivering economic growth – we would support the inclusion of a strong Residual Value Mechanism within the franchise contract that encourages developments that deliver economic benefits beyond the length of the franchise.

In addition, we recognise that external development means that future requirements, aspirations and economic needs of the UK’s core cities is constantly evolving and the next West Coast franchise contract needs to be sufficiently flexible to allow development throughout the duration of the franchise and ensure that commitments made at the commencement of the franchise do not unduly impede the need to adapt to changing requirements later on.

We note from the DfT’s consultation documentation, that no mention is made of the proposed franchise length. There is close correlation with the next West Coast franchise and the construction of High-Speed 2 (HS2). HS2 phase 1 construction will take place alongside this franchise with planned opening in 2026, including classic compatible services to West Coast destinations north of Birmingham. This will be followed by construction of HS2 phase 2, with a planned opening in 2033. We believe it is essential to align this franchise carefully with the delivery of HS2 to facilitate preparations so that the West Coast route is HS2 ready and to provide for a smooth transition once HS2 services are introduced. As such, we recommend there is a reasonable overlap between the new InterCity West Coast franchise and the commencement of HS2 services, to allow this transition to take place without the potential upheaval of changing operators.
Priorities for the next West Coast Franchise

Notwithstanding the rest of this consultation response, the following summarises Transport for Greater Manchester’s priorities for the next InterCity West Coast franchise:

1) Retain current connectivity and develop new markets

The current level of service should be retained as a minimum, with the operator required to work with us to develop the case for service improvements, including additional capacity to meet demand and the development of new markets to improve connectivity.

Between Manchester Piccadilly and London Euston there should be 3 trains per hour with intermediate calls provided at Stockport (3 trains per hour), Macclesfield (1 train per hour), Wilmslow (1 train per hour), Crewe (1 train per hour) and Stoke-on-Trent (2 trains per hour). Bolton should be served by at least 1 train per day in each direction by extending a Manchester train. This should provide a train to London in the early morning peak and a return journey in the late evening.

At least 1 train per hour should achieve a journey time between Manchester and London of 2 hours maximum with no reduction in connectivity. The other 2 trains per hour should include additional calls within the Trent Valley to serve new markets and improve access to the East Midlands, with an interchange. However, these should still achieve a Manchester to London journey time of no more than 2 hours 15 mins with 4 intermediate stops.

Wigan North Western should be served by 1 train per hour between London Euston and Glasgow Central (via the Trent Valley) and 1 train per hour between the West Midlands and Scotland (alternate hours to Edinburgh and Glasgow Central). The services to Scotland should be co-ordinated with the TransPennine Express services to Scotland to provide 2 trains per hour to Glasgow Central and 1 train per hour to Edinburgh.

The service pattern should also recognise the importance of West Coast services to provide connectivity and capacity to serve local needs in the North West. This includes catering for commuting flows
into Manchester from surrounding towns (Stockport, Macclesfield, Stoke-on-Trent, Wilmslow and Crewe) as well as providing links between Preston, Wigan, Warrington and Crewe.

More detail on service patterns can be found in our response to question 3 (pages 22 – 25).

More detail on intermediate and new markets can be found in our response to question 4 (pages 26 – 31).

2) **Improved fares offer to maximise modal share**

The new operator should review the fares policy and yield management techniques to encourage growth on under-utilised services and better manage the balance between capacity and demand. There are currently trains running at peak times with spare capacity whilst the first departures after the peak period are operating at capacity, suggesting the balance of demand is not working.

Further growth of West Coast services through maximising modal share is necessary to build up demand in readiness for the introduction of HS2 in 2026, and a pro-active approach to fares policy can support this.

More detail on the fares offer can be found in our response to question 6 (pages 34 – 36).

3) **On-train passenger experience**

The majority of the West Coast fleet is now over 10 years old and the interiors do not fully meet the requirements of long distance passengers today. The new operator should carry out a full rebuild of the train interiors to address passenger concerns and deliver quality improvements.

This should include; better alignment of seats to windows; providing sufficient luggage space; ensuring seating is comfortable for long distance travel; making toilets more reliable; offering more seats around tables for groups; and an overall improvement to the interior ambience.

More detail about the on train passenger experience can be found in our response to question 11 (pages 46 – 49).
4) Managing disruption

In order to make the railway more attractive to passengers, it is essential that disruption caused by essential engineering work is minimised as much as possible and advance notice is provided to passengers.

The operator should minimise bus replacement by using diversionary routes wherever these exist. Where bus replacement is necessary the length of journey should be minimised and they should include the appropriate level of accommodation for long distance passengers. This includes ensuring provision for carrying luggage, buggies and bicycles as well as meeting accessibility requirements.

At times of disruption the operator should also be required to work with Local Authorities to provide multi-modal solutions, as well as working in partnership to distribute information to passengers, making use of existing information channels and ensuring a consistent message is delivered.

More detail about managing disruption can be found in our response to question 9 (pages 41 – 43).

5) Station Devolution

The franchise agreement for the InterCity West Coast should include a mechanism to allow the transfer of stations to Local Authorities during the life of the franchise. In relation to Stockport and Wigan NW stations, our preference is for these to be transferred to TfGM at the end of the current franchise.

This will support what was agreed in the Devolution Agreement for Greater Manchester, which provide the opportunity for TfGM to take increased responsibility over the management and operation of railway stations across the conurbation.

More detail about our preferred approach to station devolution can be found in our response to question 8 (pages 39 – 40).
6) **Prepare for the commencement of HS2 services to West Coast destinations**

There is a need to cater for HS2 classic-compatible services to Manchester, Liverpool and Scotland on the West Coast from 2026 and it is important that the next West Coast franchise is involved in the planning stages for these services and works to grow the market.

At the same time there is a risk of disruption to West Coast services as a result of the construction of HS2 phase 1, particularly at Euston and other interfaces with the classic network. Therefore, it is essential that the new West Coast operator works with HS2 Ltd and Network Rail to minimise any disruption and ensure there is no deterioration of the level of service provided, both in terms of train frequency and journey times.

More detail about preparation for HS2 services can be found in our response to question 11 (pages 46 – 49).

7) **Data provision**

Transport for Greater Manchester has a responsibility to monitor, integrate and develop integrated public transport. The West Coast operator should meet Transport for Greater Manchester’s reasonable requests to share data to facilitate in rail and multi-modal services.

Provision of data to Local Authorities will also support economic growth by allowing the opportunities presented by West Coast services to be fully captured in any proposals or business cases.

As a minimum the operator should be required to provide Automatic Passenger Counts, passenger flow and LENNON data.

More detail about the need for data provision can be found in our response to question 7 (pages 37 – 38).