



Rail Executive

InterCity West Coast Overview and Vision



Bringing Our Cities Closer

December 2015



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Rail Executive
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
Website: www.gov.uk/dft
General enquiries: icwc@railexecutive.gsi.gov.uk

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 Tickets

 Customer reception Mobility assistance

 Left luggage Lost property

 Way Out southside and Hill Street

Virgin Trains First class lounge 

-  Cash machine
-  Left luggage
-  Customer reception
-  Way Out southside and Hill Street



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Introduction



This document is designed to give potential operators an overview of the current InterCity West Coast (ICWC) franchise and outline the vision for future ICWC operations.

It should be noted that the information contained in this document is an outline, and a public consultation on ICWC passenger services is planned for 2016. Responses to the public consultation will inform future ICWC passenger services.

Purpose of this document

Because passengers are our first priority, our services put passengers' and stakeholders' interests at their very heart. We want potential operators to engage with Rail Executive and help generate ideas for innovation that will benefit passengers and stakeholders on this important economic corridor – by bringing our cities closer.

The principal aims of this document are to:

- Provide an overview of the current ICWC franchise to potential operators;
- Communicate Rail Executive's vision, to inform potential operators interested in delivering that vision; and
- Facilitate engagement with potential operators so that Rail Executive can develop a robust and attractive proposition that delivers passenger and stakeholder interests on this route.

Market Engagement

We will engage with existing and potential operating companies in accordance with the general EU Treaty principles of transparency, equal treatment, non-discrimination and proportionality.

We are currently considering all proposition options, including a number of operating models over a variety of lengths from short term through to longer term. Over the course of the coming months, through market engagement we aim to gather views on our emerging specification and the commercial proposition covering topics such as risk approach and contract length and this engagement will enable us to develop commercial and operational specifications that will drive better value for money for taxpayers, improve focus on passengers and assist the delivery of HS2.

Following the market engagement a bidder day will be held during May and June next year where we will be able to provide the market with more details and certainty as to the likely specification and commercial proposition. This will be subject to public consultation and our intention is to issue a prospectus or similar document in Summer 2016.

Part A

Provides an introduction to ICWC

Part B

Provides a summary of the current franchise's passenger services and market context presented by the business

Part C

Sets out Passenger Services' vision and aspirations for ICWC

PART

A



Provides an introduction to ICWC.

Welcome to
Birmingham
New Street Station

THE GOOD NEWS
TAKE THE
ESCALATOR,
LIFT OR
STAIRS
TO BULLRING,
SELFRENGES
AND THE MALL



1. Passenger Revenue and Journeys

Great Britain's rail industry is continuing to grow. Passenger numbers are increasing faster than in all other major European rail systems.

Passenger revenue has increased in real terms every year since rail privatisation in 1995 despite the challenging economic conditions of recent times.

In 2014/15, franchised train operators received £8.8 billion in revenue from passengers. Rail use has increased by 50% over the past 10 years, and revenue has doubled over the same period.

Figure 1: Passenger Revenue – Franchised TOCs

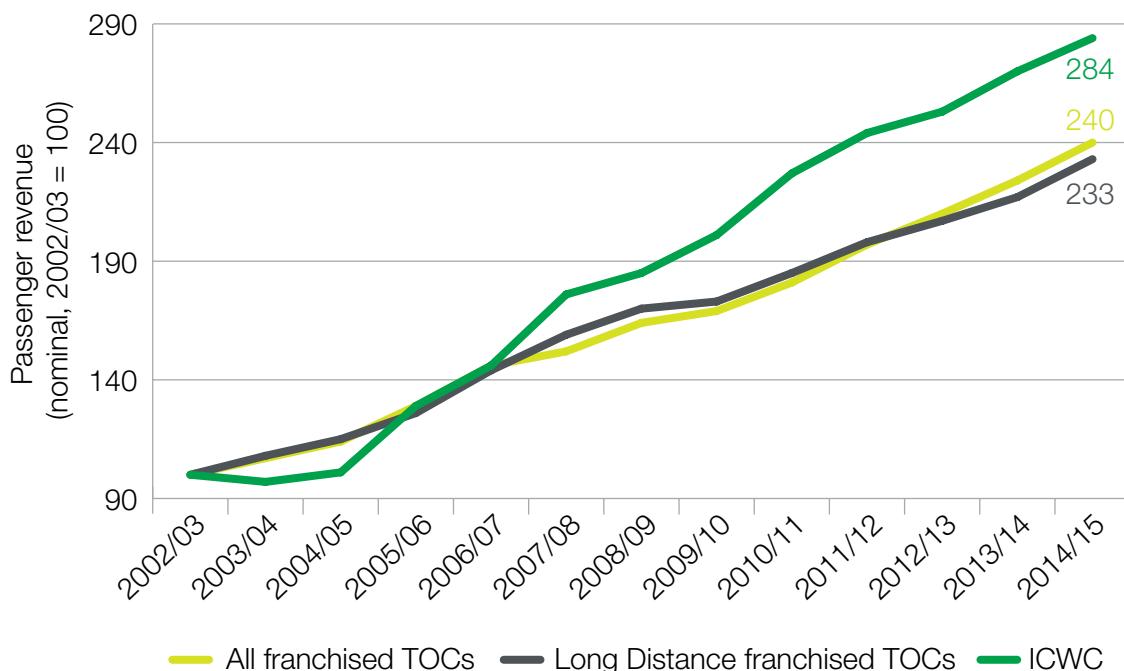
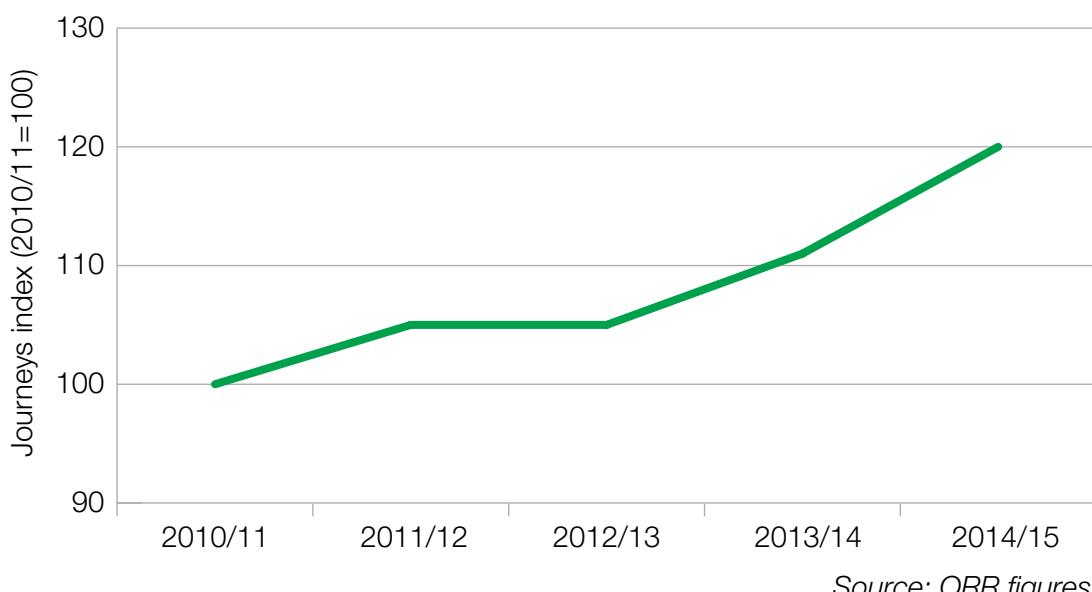


Figure 2: ICWC Journey Growth (nominal)

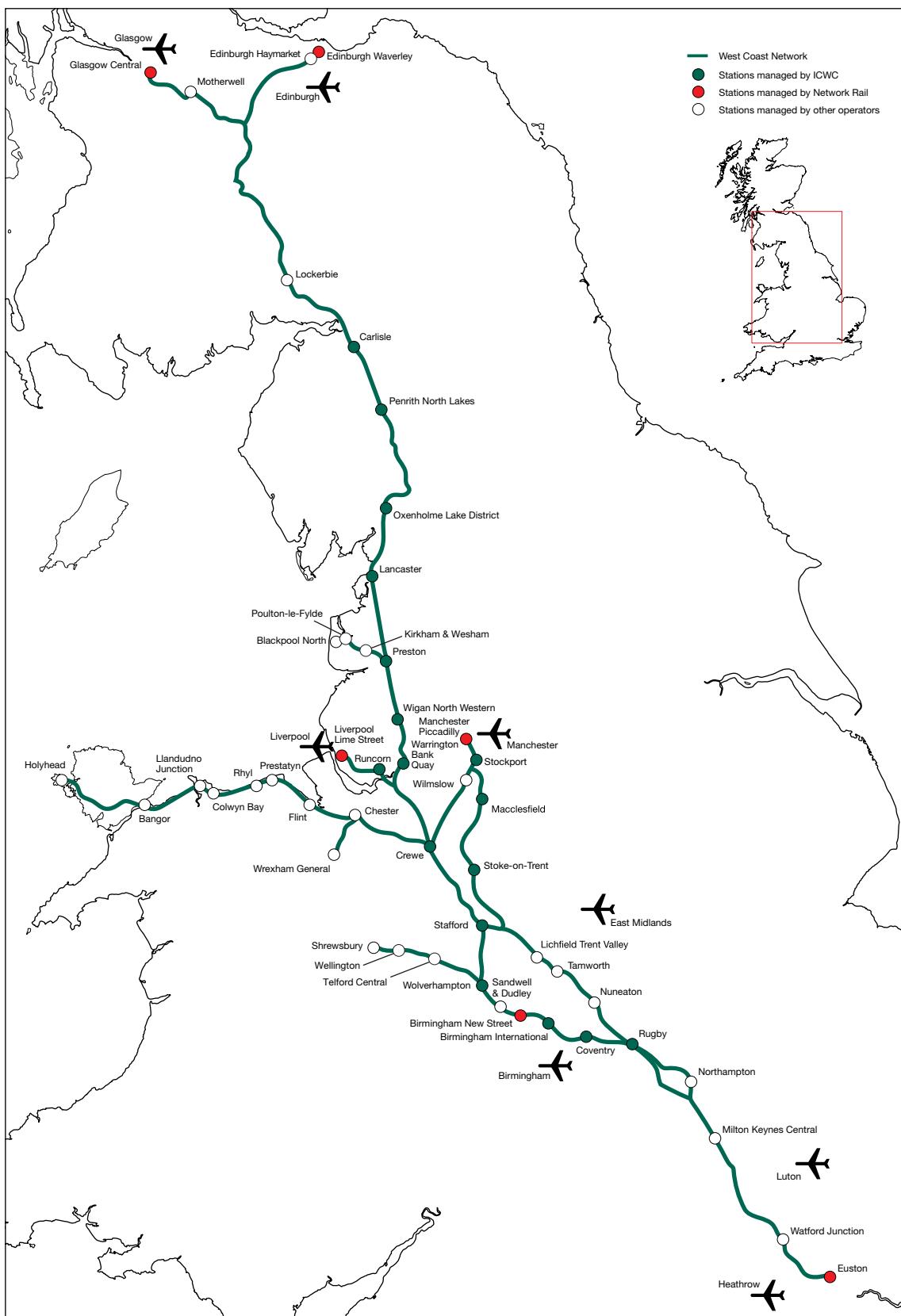


Source: ORR figures.

2. Current Franchise at a Glance

| | | |
|---|--|--|
|  | Current franchise contract commencement | June 2014 |
|  | Current franchise expiry | April 2017 (plus optional extension of 1 year) |
|  | Employees | Approximately 3,000 |
|  | Number of services operated per day | Around 300 train services |
|  | Passenger demand | Over 34.5 million passenger journeys 4.3 billion passenger miles travelled in 2014/15 |
|  | Passenger satisfaction | The Spring 2015 NRPS results showed overall satisfaction of 89% (sector average is 88%) |
|  | Number of stations served | 49 (17 operated by franchise holder) |
|  | Current operational performance | 86.4% PPM period 8 2015/16, compared to national PPM of 89.5% (MAA figure) |
|  | Current operational fleet | 56 Class 390 Pendolinos 20 Class 221 Voyagers |
|  | Average yield | £28 per passenger journey |
|  | Revenue | £969.9 million (2014/15) |
|  | Journey purpose | 66% leisure 23% business 11% commuters |

Figure 3: ICWC Geographical Route Map



2.1 High Speed 2

High Speed 2 (HS2) is the new north-south railway connecting London with the West Midlands (Phase One) before running on to Manchester, Leeds and Sheffield (Phase Two). Construction is planned to begin in 2017. Phase One is intended to open in 2026 followed by Phase Two in 2033.

The HS2 project is part of a wider road and rail investment programme worth a total of £73 billion for the period 2015–2020. The rail investment responds to the doubling in demand for rail travel over the last 20 years and HS2 is a key part of that response which will deliver a step change in the number of trains and passenger capacity on our main north-south routes. It will provide a new spine for the railway network and enable significant improvements in intercity, commuter and freight services. This increased capacity, combined with reduced journey times between our major towns and cities, will stimulate economic growth with the balance of benefits in the Midlands and North rather than London. It is a vital part of the Government's long-term economic plan.

We will be looking for an operator who will work collaboratively to deliver the best possible outcome for passengers during the HS2 enabling works at Euston and at other points on the West Coast Main Line. It is anticipated that normal industry mechanisms will be used to compensate the operator for possessions and associated performance impacts.

To optimise the outcome for passengers we want an operator who will work collaboratively with industry partners to deliver joined-up and cohesive station management, particularly during periods of construction blockades when changes to operations may be required to deliver continuity of service for passengers.

2.2 HS2 Works Interacting with ICWC

The Additional Provision 3 (AP3) scheme for Euston was deposited in Parliament in September 2015 and is scheduled to progress through petition, consultation and select committee process through to early 2016. AP3 describes the planned scheme at Euston and construction phasing.

In addition to Euston, there will be works impacting ICWC at Handsacre junction, near Rugeley Trent Valley and potentially elsewhere in the West Midlands.

The background of the image is a photograph of a high-speed train in motion, blurred horizontally to indicate speed. The train is white with a blue stripe and is traveling on a multi-track railway line. Overhead, there is a complex network of steel lattice catenary poles supporting power lines. The scene is set in a rural area with green trees and fields under a clear sky.

PART

B

Provides a summary of the current franchise's passenger services and market context presented by the business.

3. The ICWC Franchise

The ICWC franchise operates long-distance high-speed services, primarily on the West Coast Main Line, between London, Birmingham, Manchester, Liverpool, North Wales, Glasgow and Edinburgh. The franchise runs through the London North Western, Wales and Scotland Network Rail routes. Journeys to and from London account for 63% of all journeys, and journeys are typically long-distance (with approximately 60% being over 100 miles).

The ICWC franchise is currently operated by a joint venture between Stagecoach Group PLC and Virgin Group and trades under the name Virgin Trains. In June 2014 Virgin Trains were directly awarded the franchise with an expected completion date of April 2017, with an optional one year extension. Virgin Trains has operated the franchise since 1997.

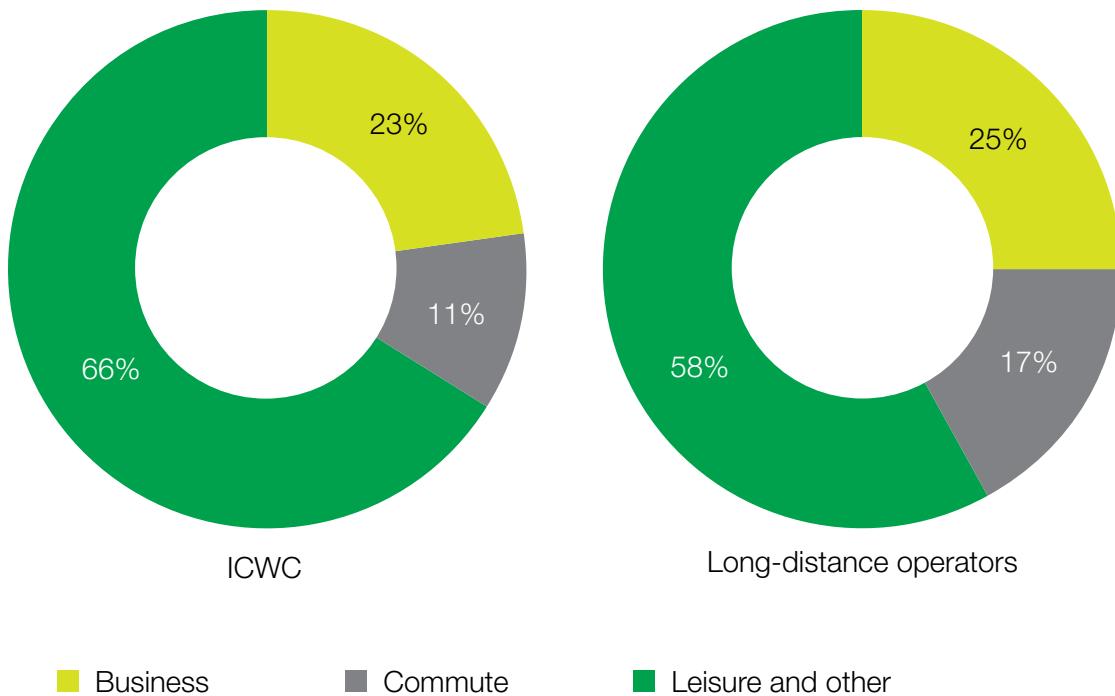
In December 2008 the final phase of the West Coast Route Modernisation was completed – an infrastructure investment of £9 billion over 10 years and the introduction of a new fleet of tilting high-speed trains. This major improvement project delivered an increased maximum line-speed of 125mph (with a 3 trains per hour 125mph timetable from both Manchester and Birmingham to London) and faster journey times. In addition there was a significant increase in route capacity which enabled many other locations to also enjoy more frequent and faster train services.



4. InterCity West Coast Markets

The ICWC market has tended to be dominated by leisure travel, with 66% of journeys made for reasons such as leisure trips and visiting friends or relatives, 23% being for business and 11% commuters.

Figure 4: ICWC Proportion of Journeys by Journey Purpose



Source: NRPS, average Autumn 2014 and Spring 2015.

The table below shows the service groups and patterns offered by the ICWC franchise. As part of the West Coast Route Modernisation programme a 3tph high-speed timetable between London, Birmingham and Manchester was introduced, and in 2014 services commenced to Shrewsbury and Blackpool.

Table 1: Summary of ICWC Services

| Service Group | Frequency | Rolling stock | Train miles per year |
|---|--|--|----------------------|
| London – Birmingham – Edinburgh/Glasgow | 1tph | Class 390 Pendolino Class 221 Voyager | 4.1m |
| London – Birmingham | 3tph (including above service) 2 trains per day continue to Shrewsbury 9 peak trains per day continue to Wolverhampton | Class 390 Pendolino (Class 221 Voyager for services to Shrewsbury) | 2.8m |
| London – Chester, Bangor and Holyhead | 1tph to Chester (5 trains per day to Holyhead) | Class 221 Voyager | 1.9m |
| London – Liverpool | 1tph, 2tph peak | Class 390 Pendolino | 2.3m |
| London – Manchester | 2tph via Stoke-on-Trent 1tph via Crewe | Class 390 Pendolino | 5.8m |
| London – Glasgow | 1tph 1 train per day operates to and from Blackpool North | Class 390 Pendolino (Class 221 Voyager for services to Blackpool) | 4.4m |

5. Performance

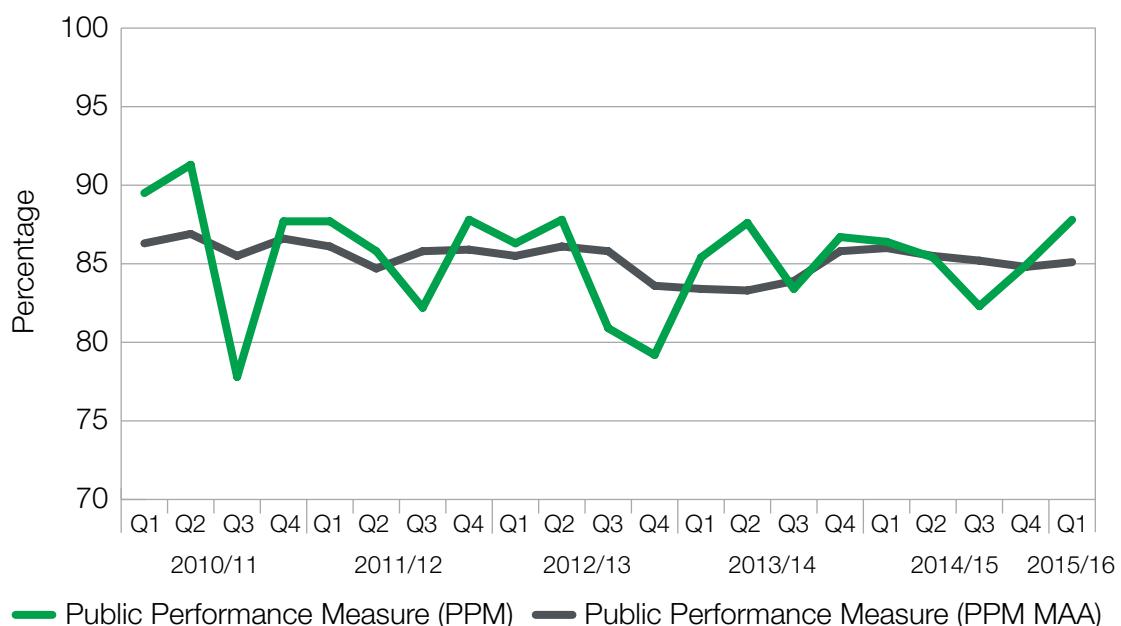
The current operator's Public Performance Measure (PPM) at Period 8 of 2015/2016 was 86.4%, with the national average at 84.3%. 15% of total delay was caused by the current operator in the same period.

The Moving Annual Average (MAA) target for 2014/15 was 85.5% (which was the same level as achieved at the end of 2013/14), below the target for the end of CP5 which is 88%. The MAA for PPM has remained relatively steady at around 85% for the last 3 years.

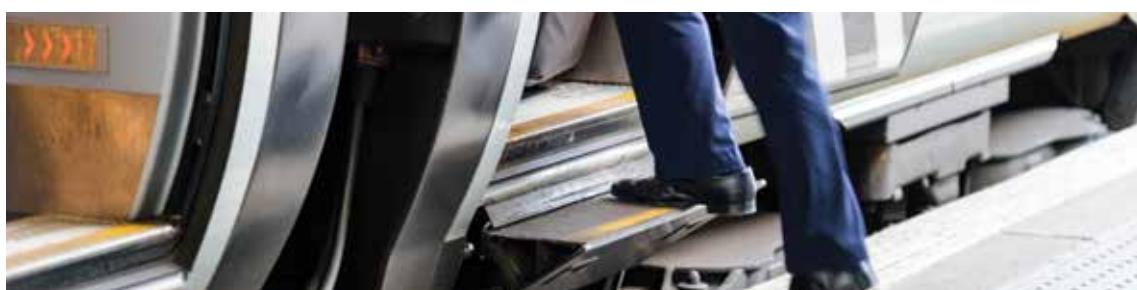
Passenger Experience

The Spring 2015 National Rail Passenger Survey (NRPS) found that overall satisfaction with the current operator was 89%, above the long-distance average of 88%. Overall passengers had high levels of satisfaction with the frequency of trains on their route, the speed of the journey, the upkeep and repair of the train and their personal security on board.

Figure 5: ICWC PPM



Source: Network Rail/ORR published PPM results.



6. Trains and Their Maintenance

The current rolling stock has received significant investment and was introduced into service in 2002. The franchise operates both Pendolino (electric) and Super Voyager (diesel) rolling stock. All of this rolling stock is comprised of Tilting Multiple Units and is capable of speeds of up to 140mph. The Pendolino rolling stock has recently undergone a refurbishment programme, including the conversion of 21 first class carriages to standard class to alleviate crowding.

The Pendolino fleet is maintained by Alstom under contract, and the maintenance requirements of the Super Voyager fleet are contracted to Bombardier. The core fleet has undertakings provided by the Department for Transport under section 54 of the *Railways Act 1993* which guarantee use of the Pendolinos until 31 March 2022 and of the Super Voyagers until 31 March 2019.



7. Stations

ICWC serves 49 stations, and is Station Facility Operator for 17 of these stations. The franchise serves 6 of the total 19 Network Rail managed stations, and the remaining 26 stations on the route are managed by other franchises.

Overall satisfaction with stations for the current operator was recorded at 77% in the Spring 2015 NRPS, down from 79% the previous year. This is behind the long-distance sector average of 84% recorded as satisfied or good.

Several station upgrades are taking place on the franchise route, including the major rebuild of Birmingham New Street Station, where the first phase of the station concourse and retail outlets opened in September 2015. There is also a £20 million programme of improvements to stations, and planned redevelopment of Wolverhampton Station. This will include an expanded car park, incorporating improved public access on the approach to the railway station, along with an extension to the tram network and provision of a tram stop at the railway station. The Programme is being delivered in partnership by Wolverhampton City Council, Neptune Developments, Centro, Network Rail, Virgin Trains and the Canal & River Trust, and enabling works commenced in September 2015.

Table 2: ICWC Managed Stations

| Category | Description | Trips per annum | Stations |
|----------|----------------------|--------------------|---|
| A | National hub | Over 2 million | Crewe Stockport Preston |
| B | Regional interchange | Over 2 million | Birmingham International Carlisle Coventry Lancaster Warrington Bank Quay Wigan North Western Wolverhampton |
| C | Important feeder | 0.5 – 2 million | Macclesfield Rugby Runcorn Stafford Stoke-on-Trent |
| D | Medium staffed | 0.25 – 0.5 million | Oxenholme Lake District |
| E | Small staffed | Under 0.25 million | Penrith North Lakes |

8. Fares and Ticket Retail

Around 60% of all tickets sold on the ICWC franchise are unregulated fares whilst 40% are regulated. The ICWC franchise currently offers a range of First and Standard class tickets with differing restrictions following industry standards. Cheaper tickets on competing operators cannot be used on ICWC services.

Over the past 5 years, the industry has seen a growth in ticket sales over the Internet of around 30%, and a 20% decline in the number of tickets sold at the station.



Figure 6: Proportion of Tickets Sold by Sales Channel

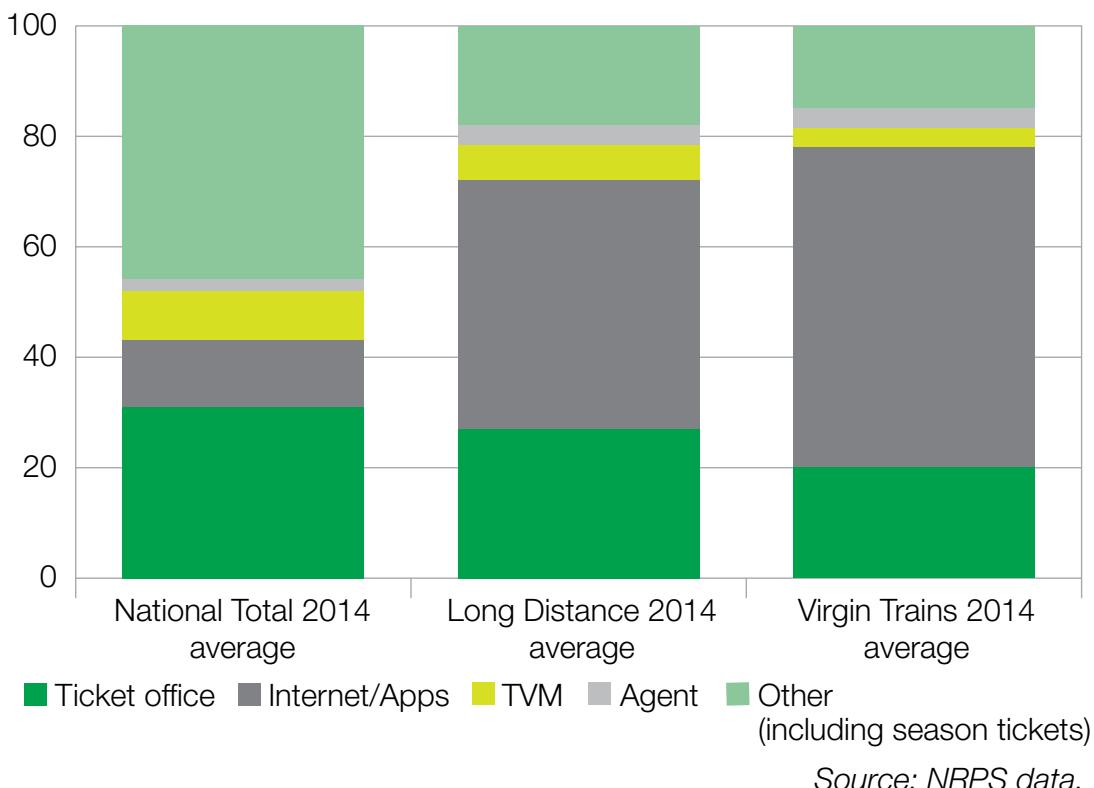
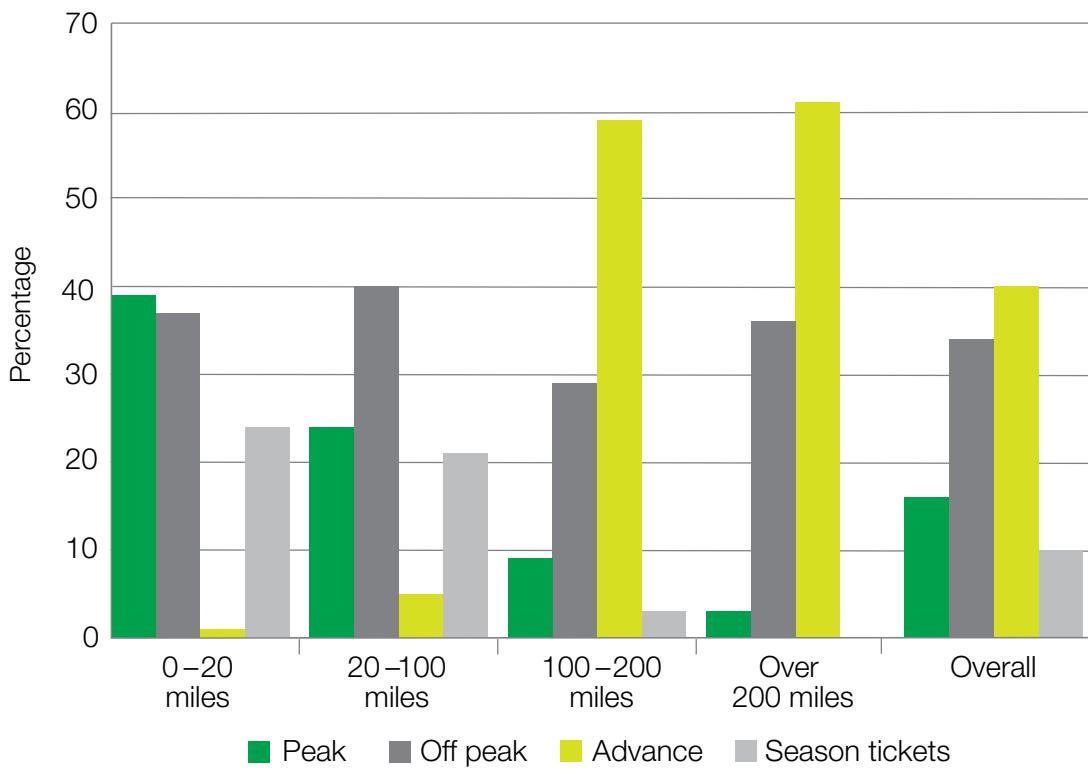


Figure 7: Journeys by Ticket Type Overall and by Distance Band



9. Passenger Experience – Journeys

Figure 8: Overall Satisfaction with the Journey

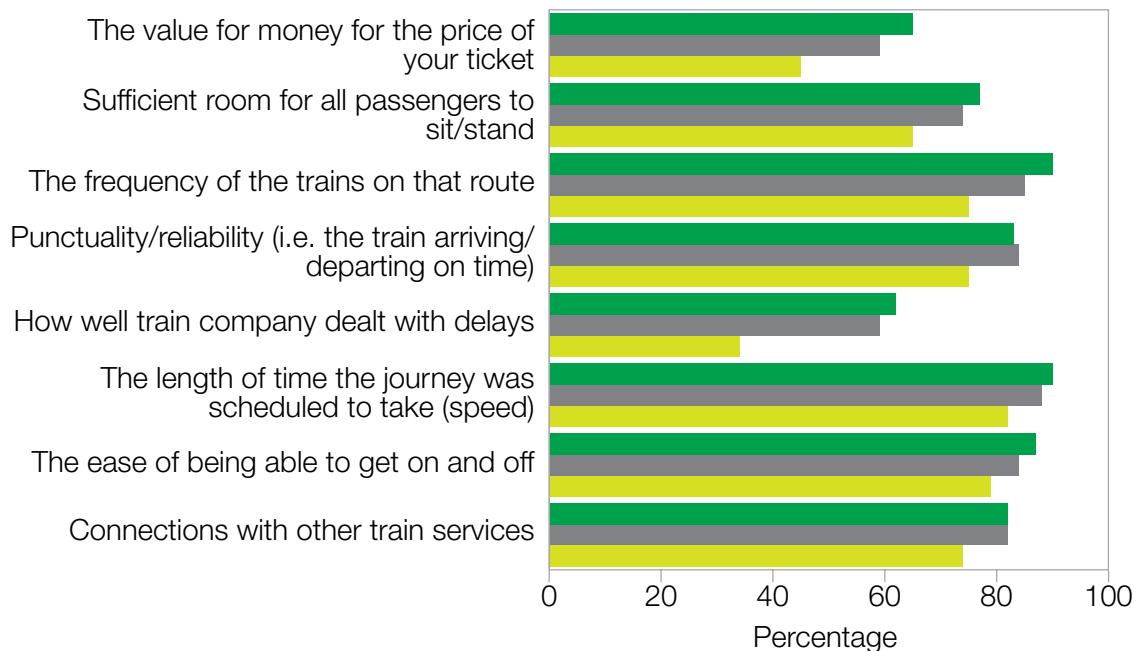
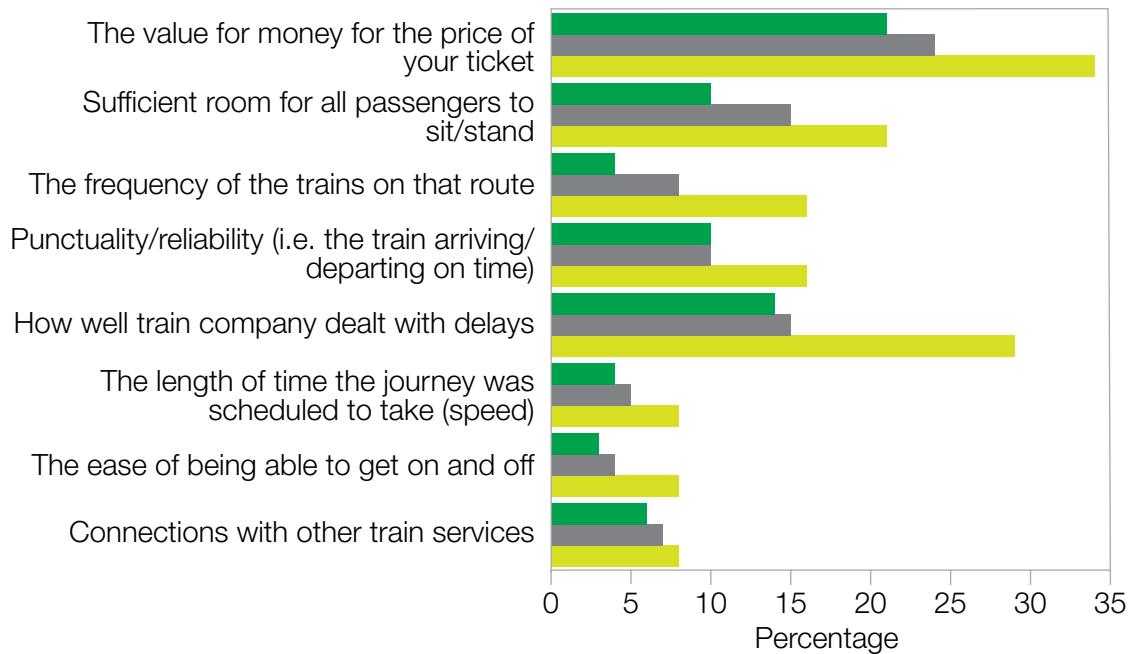


Figure 9: Overall Dissatisfaction with the Journey



Source: Spring 2015 NRPS.

10. Passenger Experience – Stations

The Spring 2015 NRPS found that general satisfaction with the 17 stations managed by the current operator was 77% (below the long-distance average of 84%).

Figure 10: Overall Satisfaction with the Station

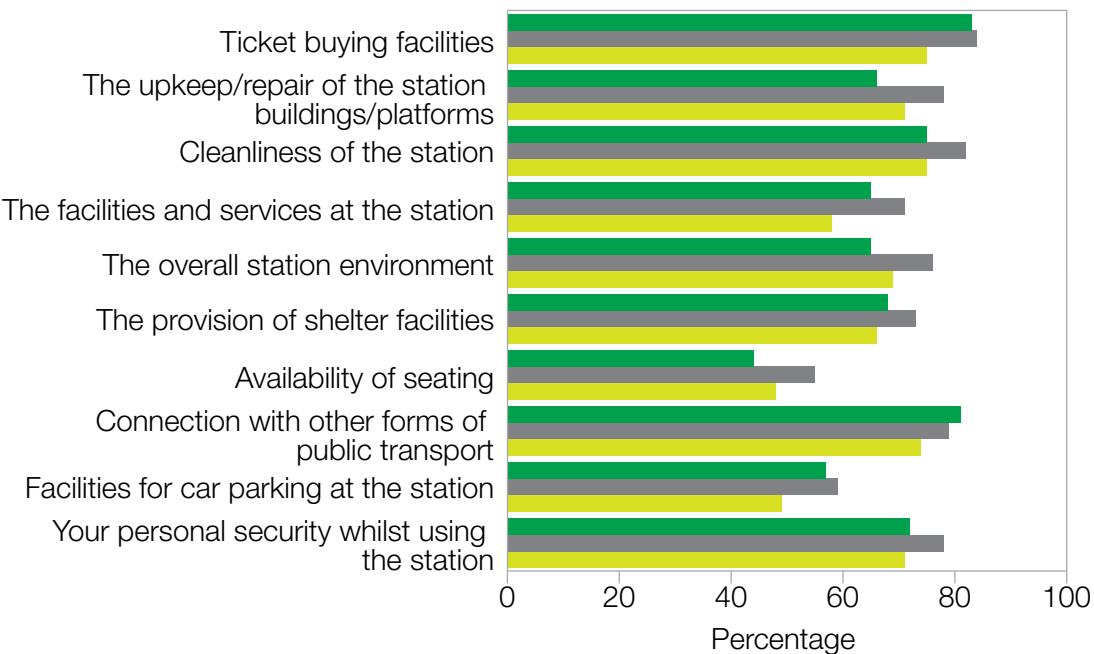
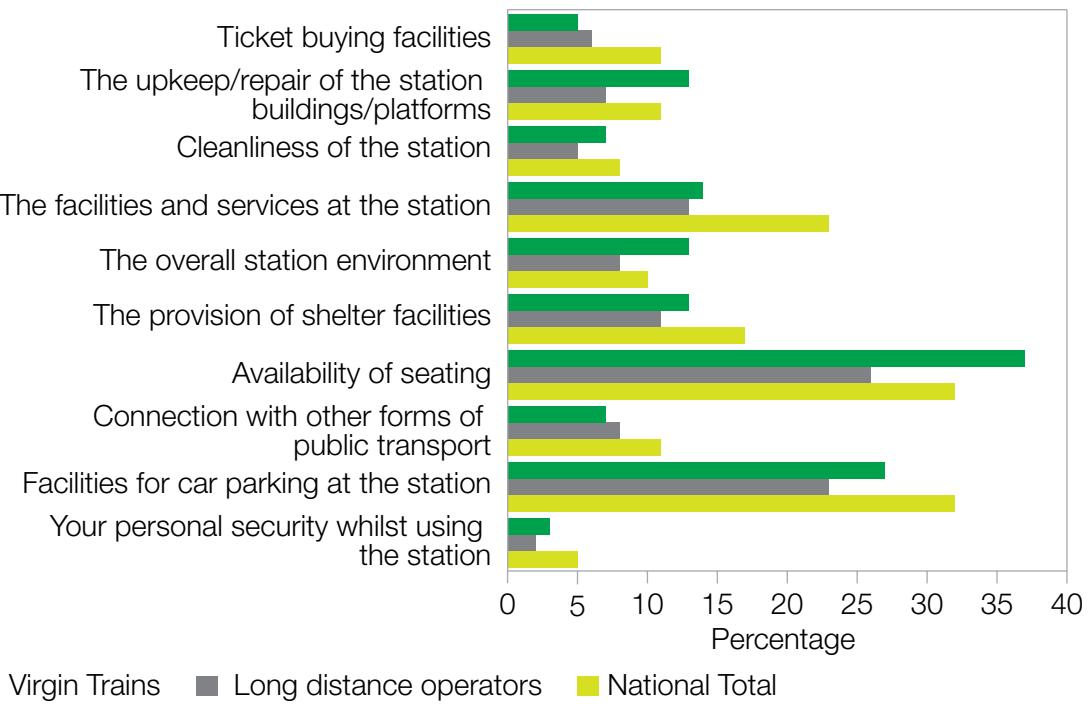


Figure 11: Overall Dissatisfaction with the Station



Source: Spring 2015 NRPS.

11. Passenger Experience – Train Facilities

Figure 13: Overall Satisfaction with the Train

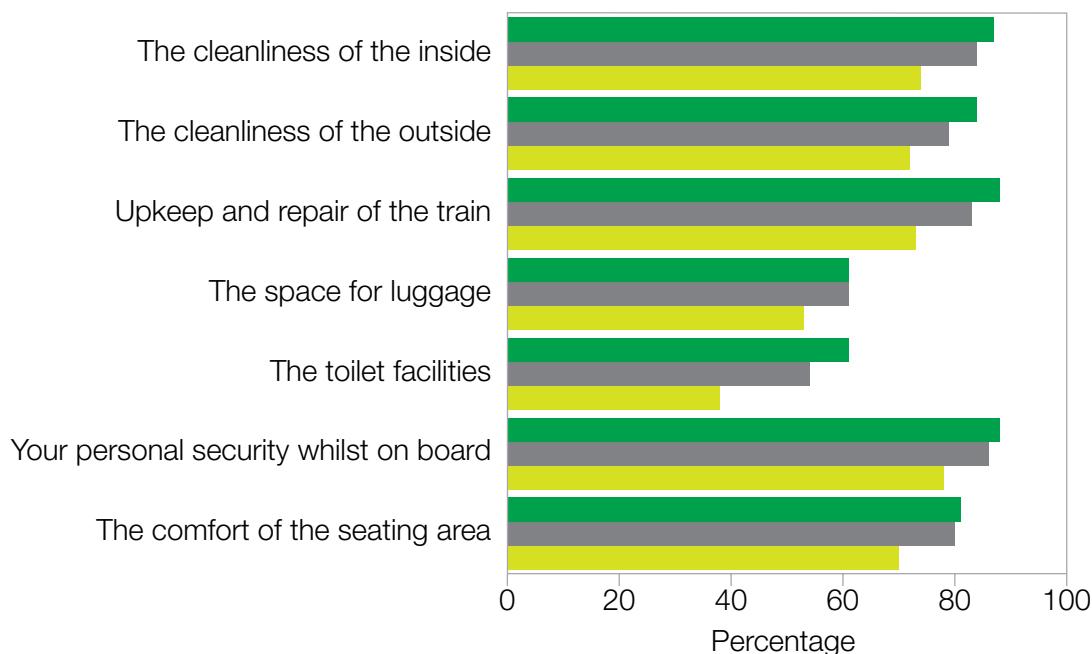
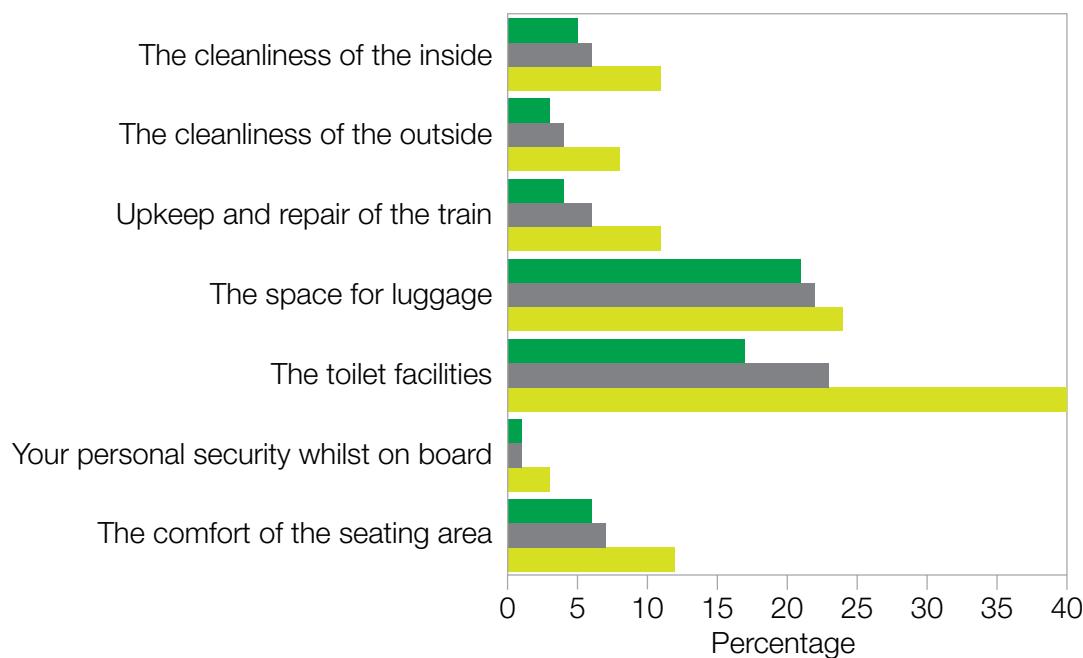


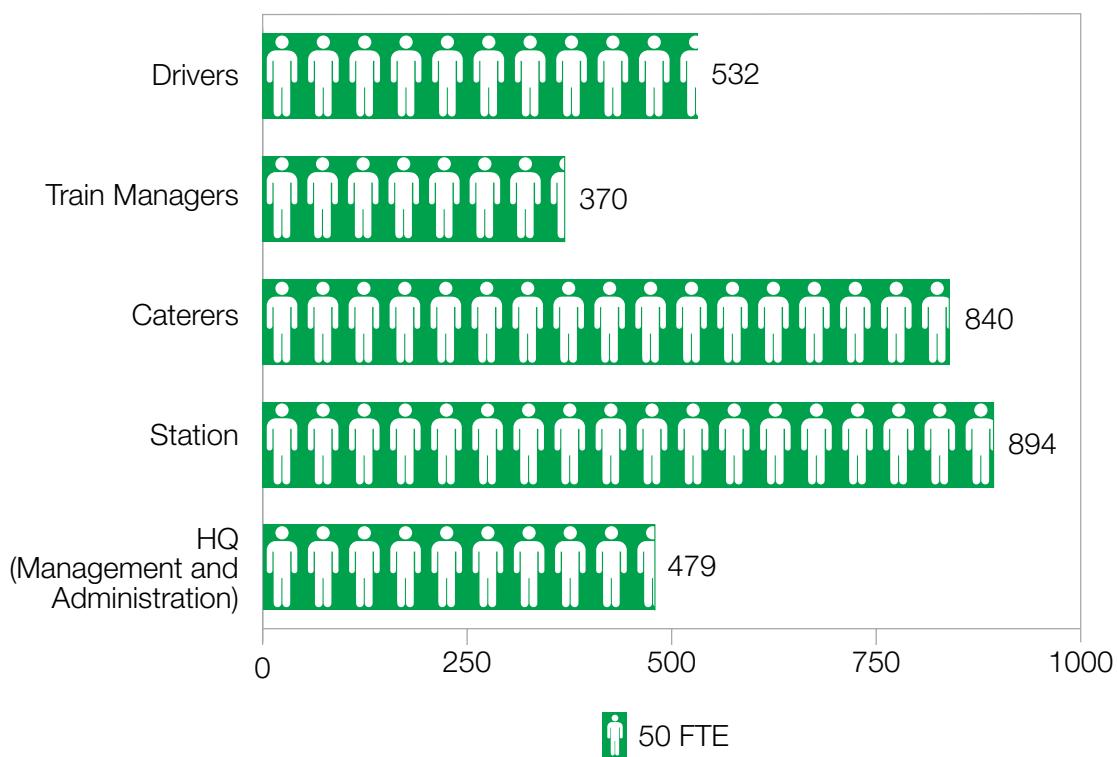
Figure 13: Overall Dissatisfaction with the Train



12. Staffing

The ICWC franchise had approximately 3,000 full time equivalents (FTE) at the end of the 2014/15 financial year. Of these, 2,636 were classed as 'frontline' (ticket office, onboard, revenue protection), with 479 head office roles including management and directors. Frontline staff include drivers, train managers, caterers and station staff.

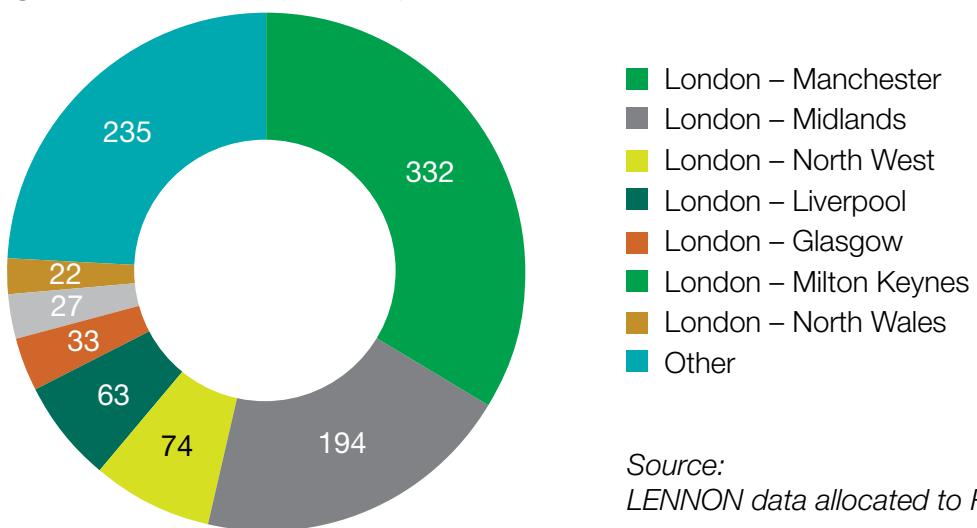
Figure 15: Staff by Grade FTE 2014/15



13. Financial Information

The ICWC franchise's passenger revenues were £969.9 million in 2014/15, from 35 million journeys, giving an average yield of £28 per passenger journey. Journeys have increased by 20% in the last 5 years, and revenues by 27% (in nominal terms).

Figure 15: Revenue by Journey 2014/15



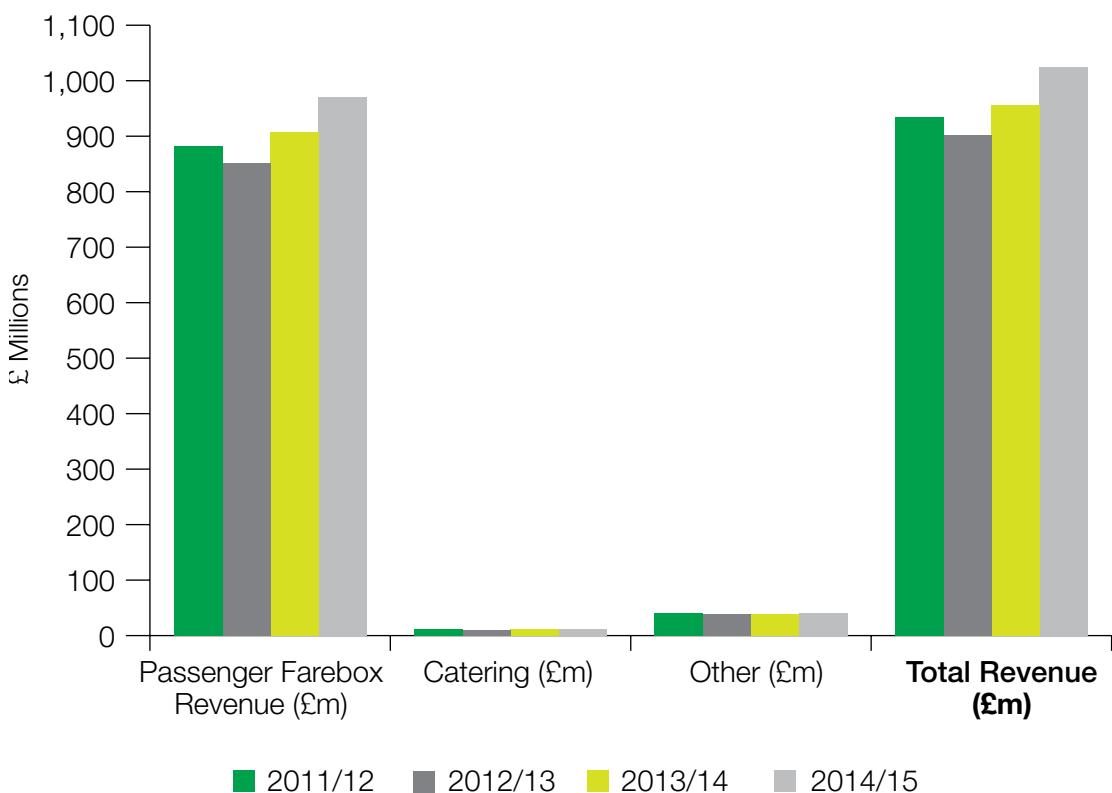
Source:
LENNON data allocated to RIFF zones.



14. Operating Income

Operating Income in 2014/15 was made up of 94.7% farebox, with the remaining 5.3% relating to other revenue, which is defined as non-passenger ticket revenue such as catering revenue and also including other revenue from retail commission, car parks, stations and from Network Rail income.

Figure 16: Income Generated, ICWC Franchise



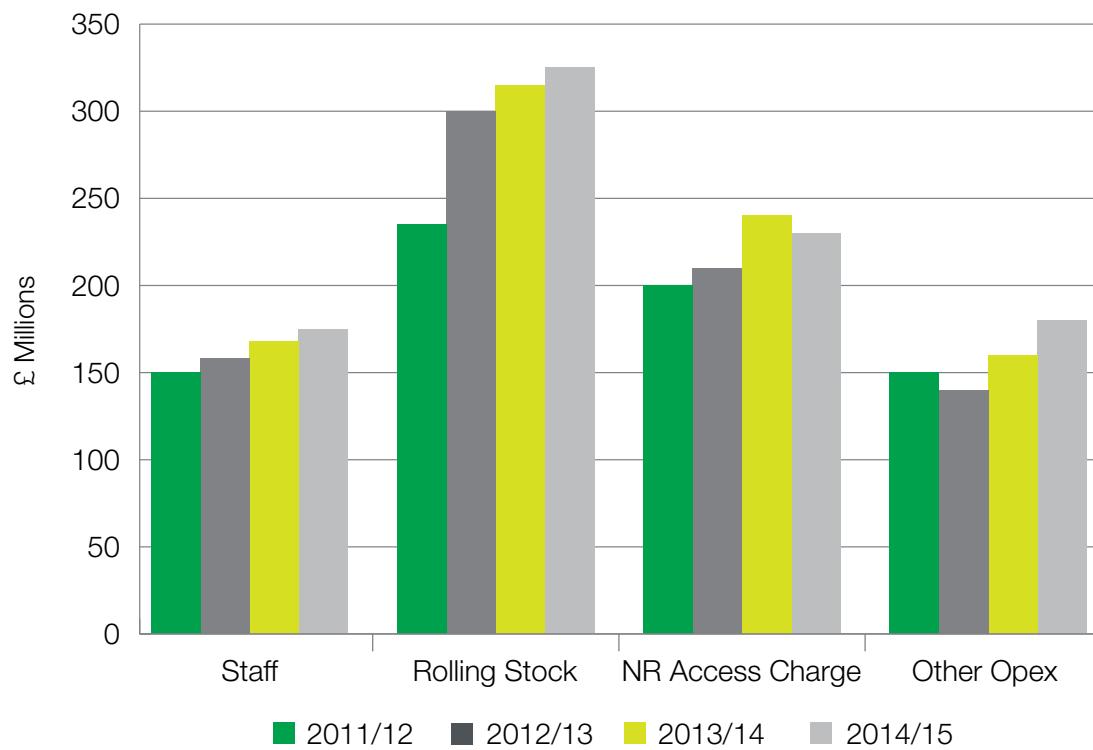
Source: 2014/15 Management Accounts.



Average rolling stock costs make up the largest proportion of total costs (35% of total costs), followed by Network Rail (26%), other operating costs (20%) and staff (19%).

The largest cost increase between 2011/12 and 2014/15 was in rolling stock costs. This was due to the strengthening of the existing rolling stock fleet with new carriages in 2012.

Figure 17: Costs, ICWC Franchise



Source: 2014/15 Management Accounts.





PART

C

Sets out Passenger Services' vision and aspirations for ICWC.

15. Rail Executive and Passenger Services Objectives

Our Mission Statement

Our **mission** is to lead a **world-class** railway that creates **opportunity** for people and businesses.

Our Delivery Partners

Passenger Services will actively seek delivery partners who not only support, but embrace our aims and strive always to achieve them by playing a full and effective role in the passenger rail industry. As well as fulfilling their contractual and other legal responsibilities, we will be looking for delivery partners to exemplify certain behaviours and values which we believe will contribute to the success of our Rail Franchising Programme:

-  An inclusive, passenger-centric and market-led approach.
-  An eagerness to develop long-term, open and honest relationships and to work collaboratively, not only with Rail Executive but with all public and private industry stakeholders, in order to seek and implement innovative solutions and explore commercial opportunities.
-  The dynamism, flexibility and resilience to respond positively to passenger and market developments and to seize opportunities.
-  To be forward-looking and have an enthusiasm for innovation.
-  A willingness to invest in workforce development and to help promote the rail industry as a career of choice.
-  A commitment to the sustained success and good reputation of rail franchising and of our railways as a whole.

Values



Joined Up

Open

Confident

Ambitious

Our Mission
is to lead a World Class Railway that creates opportunity for people and businesses

15.1 Rail Executive and Passenger Services Franchise Programme Objectives

Through franchising, Passenger Services aims to encourage a flourishing, competitive passenger rail market which secures high performing, value for money services for passengers and taxpayers whilst driving cost effectiveness. We aim to stimulate innovation in order to advance our vision of a world class railway that creates opportunity for people and businesses, including by promoting continuous improvements in passenger experience and boosting the efficiency and sustainability of the railway. In particular, our competitions will be aimed at achieving:

- A railway in which passengers are understood and their needs placed at the centre of business planning and operations;
- An excellent experience for passengers, with customer service, train and station facilities and journey information, particularly during disruption, that exceed their expectations;
- Seamless travel for all, through improvements in accessibility;
- Increased capacity and improved demand planning, alongside the development of existing markets and the cultivation of new ones;
- Better, simpler door to door journeys, including through greater interconnectivity between rail and other modes of transport;
- An ever safer environment for passengers and all those who work on the railway, by maintaining and improving health and safety standards;
- The smooth implementation of major infrastructure and rolling stock projects and the full realisation of the benefits they offer;
- An increase in the long-term value of the railways through investment, cost efficiency and improved management;
- An industry which is sustainable and a reduction in its environmental impact; and
- An industry which is joined up and works collaboratively with its members, including small and medium enterprises, and with local and national stakeholders to achieve benefits for all, including broad-ranging socio-economic benefits for communities and for the country as a whole.



16. Vision for ICWC

Future ICWC passenger services will be informed by the public consultation. Rail Executive is committed to engaging widely with all interested parties in the development of the specification, and the public consultation, planned for 2016, forms a critical part of this process. Rail Executive will continue to participate in an ongoing engagement process with relevant stakeholders until proposals are finalised.



Vision for the future operator

Rail Executive's vision for the future ICWC operator is **to enable economic growth, support investment and make journeys better for passengers.**

The future operator will have achieved this vision by focusing on:

- **Passengers** – providing a highly personalised service offering, through a detailed understanding of what makes each passenger satisfied and how this might change in the future.
- **Markets** – realising opportunities to grow the current market and develop new markets by providing additional capacity, improving connectivity and journey times, and tailoring services to match the differing needs of the business, leisure and commuter markets.
- **Communities** – working in partnership with communities to understand the role that ICWC plays and how this could support the towns and communities served, seeking ways to tailor the service further, for example by operating more seasonal trains to tourist destinations or enhancing the role of the station in the community.
- **The whole journey** – providing a seamless end-to-end high quality journey, when:
 - **Booking a ticket** – providing passengers with all the information needed to make a decision on when and how they travel. Providing a range of fares which are clear, fair and consistent, and ticket fulfilment options that reflect the needs of passengers.
 - **At stations** – developing inclusive stations that reflect the role they play as important interchanges for onward journeys. Developing passengers' access to information and assistance at stations, for example by improving the visibility of staff, visual and voice information systems (digital loops), and identifying areas for special assistance.
 - **On board** – providing best-in-class on-board passenger service with reliable journeys, a wide range of on-board products to meet passengers' needs and by ensuring that passengers are kept informed about their journey through wi-fi and enhanced mobile connectivity.
 - **After the journey** – excellence in post-journey service, increasing advocacy and repeat patronage for the ICWC franchise and the railways.
- **The future** – enabling delivery of the long-term vision for services on the West Coast Main Line beyond the introduction of HS2 services and being reactive to new technologies and changes in passenger trends as they emerge. Delivering a safe and sustainable operation through investment in technology and the workforce.

The vision will be embedded in all future operations.

Train service

The future operator will be the first choice for travel on the West Coast, delivering a high-quality InterCity train service realising opportunities to provide additional capacity, new services and improvements to connectivity and journey times. Services will be tailored to meet the needs of the markets served, such as seasonal trains to meet the needs of tourism and additional services to cater for spikes in demand around sporting and other special events. The future operator will have taken advantage of investment in 140mph enabled rolling stock and modern infrastructure to materially improve operating speeds and reduce journey times between destinations on this route.

Performance

The future operator will improve on current levels of performance, delivering a highly reliable service for passengers working with Network Rail and other passenger and freight operators to deliver a high performing West Coast Main Line. The future operator will be the best source for all information on performance and passengers will have complete information on any delay or perturbation including the implications for any onward journeys.

Passenger experience

The future operator will provide a step change in passenger satisfaction by providing a highly personalised end-to-end journey experience tailored to meet the needs of the passengers. This will include delivering the Government's commitment for free Wi-Fi on all franchised passenger trains in England and Wales by 2018.

Capacity and crowding

The future operator will be expected to both build the market for intercity travel on the West Coast Main Line in advance of HS2 and develop new markets for the post-HS2 services on the 'classic' network. Therefore a key challenge is accommodating this growth in addition to other forecast growth on the route. To successfully meet this challenge the future operator will have to innovate and identify opportunities to deliver additional capacity as well as making best use of existing capacity and resource.

Branding and product

The future operator will develop a brand which is reflective of the towns and cities served and respectful of the history of the route. The brand will be capable of outlasting the term of the business creating a real legacy for train services on the route. Trains and the on-board environment will be presented as a modern, clean and smart product for passengers.

Stations

The future operator will realise the exciting development opportunities offered by stations across the network going beyond the traditional rail perspective. They will work with partners from both inside and outside the industry to make stations destinations in their own right for socialising, culture, health, wellbeing, creativity and learning, with flexible office space and shops. Stations will be integrated with their local communities, making them social places that make creative use of space and support vibrant local economies.

Fares and ticketing

We expect the future operator to introduce more modern approaches to ticket retailing and fulfilment, making greater use of new technology and trends in passenger behaviour. They will improve retailing of products and services, from ticket search and acquisition to on-board and at station services. Smart and integrated tickets should be easily accessible on the widest variety of media (smartphones, tablets, print at home, etc.) and their pricing, availability and time of use should be transparent in order to facilitate seamless travel across boundaries with other transport authorities. The future operator will commit to significantly increase the usage of smart ticketing, working with the Department, Local Authorities and other stakeholders towards the ultimate withdrawal of magnetic stripe ticketing.

The future operator will provide passengers with widespread and easy access to the full range of tickets and ensure that passengers have the information they need to select and purchase the most appropriate ticket for their journey.

Rail Executive expects the future operator to create new, more flexible products that benefit passengers, including introducing tickets that will benefit those who work or commute part-time. We also expect the future operator to make use of unregulated fares to tackle anomalies such as removing split ticketing. The future operator will introduce modern approaches to retail tickets such as making greater use of new technology at train stations, review the opening hours of ticket offices and considering how best to deploy station staff and the duties they perform. Efficiencies in back-office and support functions are also expected from the new operator.

Improving efficiency

The future operator will create, develop and manage high-performing partnerships, alliances and arrangements with industry and other key stakeholders to deliver improvements in whole-industry efficiency in order to secure a sustainable and efficient railway for the future.

Digital Services and Systems

The future operator shall make best use of digital technologies and services, such as European Rail Traffic Management System (ERTMS) and mobile communications, to reduce operating costs, increase capacity and transform the passenger experience.

Safety

The future operator will exhibit excellence in safety leadership and management; delivering a safe and secure operation for passengers and staff. We expect the operator to have developed a proactive, positive, open and inclusive approach to health and safety culture so that each member of staff feels that they have an important part to play in achieving the highest levels of health and safety for customers, staff and suppliers.

Workforce development

The future operator will be expected to create a skills legacy for the future by:

- Supporting equality, diversity, health and wellbeing of the workforce;
- Developing skills so that rail has the right people with the right skills for the long-term, including apprenticeship schemes;
- Investment in workforce, building skills and capability, improving employee engagement, and demonstrating a genuine pride in developing staff over the long-term; and
- Attracting currently underrepresented groups into the rail industry and building a diverse workforce. This particularly includes ensuring that women are fully aware of the opportunities the industry offers.

Innovation

We intend that the future operator will support and embed innovation throughout its business in order to improve customer service and operational performance, deliver efficiency, and reduce industry costs. They will raise the bar in innovation capability through leading and developing great people, learning from other industries and embedding innovation tools and techniques into their organisation, linking to outcomes around exceptional passenger service, efficient operation and industry cost reduction.

Sustainability

The future operator will deliver a sustainable railway operation through embedding the Rail Industry Sustainable Development Principles¹. They will reduce the impact of operations on the environment through reducing waste and consumption of energy and water, along with adopting a sustainable approach to procurement.

1. <http://www.rssb.co.uk/Library/improving-industry-performance/2009-report-rail-industry-sustainable-development-principles.pdf>



1-5, 8-11, 13 & 14 →

Way out

1 to 5, 8 to 12

13 & 14

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Way out

1 to 5, 8 to 12

13 & 14

17. Transport Focus Research



Promoting passenger perspectives in the InterCity West Coast franchise competition

Transport Focus is pleased to contribute to this Overview and Vision Document for the next InterCity West Coast franchise. In our capacity as the independent watchdog for Britain's rail passengers we want to stress the importance of a franchise that places passenger interests at the heart of planning and operations.

Our research identifies the issues that are important to passengers. On behalf of the DfT we have just completed a series of focus groups and in-depth interviews with passengers across the West Coast network. We will use the findings from these structured conversations to build our understanding of current experience and future aspirations. This qualitative research provides additional insight, and adds depth to the hard data derived from the National Rail Passenger Survey and the 2014 Rail Passengers' Priorities for Improvement¹ study.

Over the coming months we will share all our research evidence with the Department, potential bidders and other stakeholders, and will continue promoting passenger interests to help shape a successful passenger-orientated franchise.

Passengers' priorities for improvement are generally very consistent. However, for ICWC two things stand out. Firstly, the considerable emphasis on being able to get a seat and, secondly, the desire for free Wi-Fi available on the train. These factors, along with better value for money for the price of tickets, sufficiently frequent, punctual and reliable services and information during delays are the key priorities for improvement. West Coast passengers also place greater priority on high standards of maintenance and cleanliness of the inside of the train and toilet facilities. For a new franchise to be successful and well-respected it will be essential to respond to passengers' aspirations for these important journey requirements.

The overall passenger experience is influenced by a wide range of factors. So it is vital that the franchise specification recognises the full spectrum of passenger needs and the importance of quality in all aspects of service provision. We will be looking to bidders to respond positively and creatively to the opportunities presented by a new franchise as they develop their proposals for the future.

Our research into passengers' understanding of franchising indicates that passengers want a greater say in the process. They want to know what is being purchased on their behalf and they want their views reflected in holding the operator to account for the quality of service they deliver.

Our recent Rail Passenger Trust Survey² found that, whilst passengers are fairly positive about rail and their last journey experience, few would recommend it as a way to travel. To build greater trust and confidence amongst passengers it is important not only to deliver a punctual and reliable service, but also to build a stronger relationship with passengers, this being based on communicating openly and honestly and treating customers fairly.

Looking ahead, we are pleased that the National Rail Passenger Survey can play a role in harnessing passenger feedback to drive improvements for the future. Positive plans for passenger engagement and a commitment to transparency of information will also help build trust and confidence.

Passenger fares represent nearly two thirds of the income of the rail industry and the InterCity West Coast franchise plays an important role in many peoples' lives as they make often lengthy journeys, particularly for business and leisure. On behalf of all current and future users of these services, we ask that passenger interests are placed squarely at the heart of the new franchise.

¹ <http://www.transportfocus.org.uk/research/publications/rail-passengers-priorities-for-improvements-october->

² <http://www.transportfocus.org.uk/research/publications/passengers-relationship-with-the-rail-industry>

In September 2015, as part of the development of the evidence base to inform the InterCity West Coast competition, Transport Focus undertook qualitative research, on behalf of the DfT, to understand passengers' current experiences and their aspirations for the future of the franchise.

A series of focus groups were held across the ICWC network, as well as a number of in-depth interviews with disabled users of the service. The research explored a number of key areas:

- Modal choice
- Journey planning, fares and ticket purchase
- The environment at the station and on-board the train
- The train service operation
- Customer service and staff
- Value for money

Overall, the view of the ICWC experience is generally positive. The train service compares well to other modes of transport and other rail journeys. However, there are a number of concerns around fares and ticketing, as well as issues with the on-board environment. Some station experiences also cause passengers concern. There is scope to develop the passenger relationship through personalisation, recognition and reward.

.....

Key aspirations for improvement identified by the ICWC research are:

-  A fare structure that is transparent and easy to understand
-  A simple, seamless ticketing process
-  On-board enhancements to luggage storage, Wi-fi and toilets
-  Increased staff visibility and a proactive approach to customer service
-  Crowd management and boarding procedures at Euston Station
-  Customer recognition and reward

Focus group participants also discussed crowding on board trains. This was noted as being a problem for passengers joining at stations on route e.g. Birmingham or south of Glasgow and also when particular events, such as football matches, were taking place.

Disruption was generally felt to be handled fairly well, although there was a desire for greater advance notification to allow passengers to avoid waiting at the station for trains that have been delayed. Clear and regular updates for passengers on board were also regarded as a key requirement.

Taken together with data from NRPS² and the rail priorities for improvement study³, the recent qualitative research adds a further dimension to our understanding of passengers' requirements for the next ICWC franchise.

Key elements from the various research strands are highlighted below.



Train services – capacity and frequency

- 'Passengers always able to get a seat on the train' is the top priority for improvement for ICWC passengers – regarded as over 5½ times more important than the 'average' factor.
- The current operator's NRPS score for 'sufficient room for all passengers to sit/stand' is 77% satisfied overall: weekend passengers' scores are 87% and weekday passengers' 75%. The long-distance sector scores are 74%, 77% and 73% respectively.
- Whilst many of the focus group participants (a number of whom were travelling on advance tickets with seat reservations) were generally able to find a seat, many reported experiences of congested trains with other people standing.
- Insufficient seating is seen as largely unacceptable, with concerns expressed over safety as well as comfort.
- The NRPS score for 'the frequency of the trains on that route' is 90%, against a long-distance sector score of 85%.
- However, 'trains sufficiently frequent at the times I wish to travel' still ranked third – and twice as important as the 'average' factor – amongst ICWC passengers' priorities for improvement.

2. <http://www.transportfocus.org.uk/research/publications/national-rail-passenger-survey-spring-2015-train-operating-company-toc-reports>

3. <http://www.transportfocus.org.uk/research/publications/rail-passengers-priorities-for-improvements-october-2014>



Value for money, fares and ticketing

- ‘The value for money for the price of your ticket’ is the second-highest priority for improvement for ICWC passengers, at nearly 5 times the importance of the ‘average’ factor.
- The ICWC NRPS score for ‘value for money’ is 65% overall (59% for long-distance sector), reflecting 63% satisfaction amongst weekday passengers and 73% for weekend travellers.
- In the focus groups, ICWC fares were described as often significantly more expensive than other operators on similar routes. However, with what is considered to be an enhanced service offering, this was seen by many to represent a reasonable cost-benefit trade-off.
- Nevertheless, despite the availability of some lower-cost advance purchase tickets, the variability of fares for what are perceived to be similar journeys and the high cost of many walk-up fares cause passengers concern.
- Passengers want to see simplified ticket choices and processes, greater transparency about fares and better communication of offers.



Train reliability and punctuality

- The fifth priority for improvement on ICWC is the ‘train company keeps passengers informed about delays’, whilst ‘train arriving/departing on time’ and ‘less-frequent major unplanned disruptions to your journey’ were ranked sixth and eighth respectively, with all these factors being more important than the ‘average’.
- ICWC NRPS scores for ‘punctuality and reliability’ and ‘how well train company dealt with delays’ are 83 and 62% respectively. This compares with percentage scores of 84% and 59% for the long-distance sector.
- The reliability and punctuality of trains did not emerge as a strong theme in the qualitative research and disruption was generally felt to be handled fairly well.



Train facilities

- On ICWC ‘free Wi-fi available on the train’ is the fourth-ranking priority for improvement, notably higher than the tenth position amongst passengers nationally.
- The provision of free Wi-fi was also a recurring theme within focus groups, along with corresponding improvements to the quality and reliability of the Wi-fi signal.
- Other on-board improvements consistently mentioned in the qualitative research relate to the storage and security of luggage and enhanced toilet facilities, particularly cleanliness and odour.
- ‘Well maintained, clean toilet facilities’ on every train is the ninth priority for improvement for ICWC passengers, compared to fourteenth priority nationally.
- NRPS ICWC train satisfaction scores for ‘toilet facilities’ and ‘space for luggage’ are both 61%, whereas the ‘cleanliness of the inside’ of the train scores 87%.



Stations

- ICWC NRPS scores for station factors vary widely, with ‘overall satisfaction with the station’ scoring 77%, ‘upkeep and repair’ 66% and ‘availability of seating’ 44%.
- Improvements at many of the larger stations served by ICWC were recognised in the focus group discussions.
- However, the concourse crush at Euston was consistently noted as unpleasant and stressful, compounded by the short-notice platform announcements and the onerous ticket checks train-side.
- Views of smaller stations tended to reflect the gap between the environments at these compared to the larger locations.
- Improvements to the station experience identified from the qualitative research include free, cleaner and smarter toilet facilities, provision of more seating and expansion of the retail and catering offer.



Customer service

- Views of staff expressed in the qualitative research were generally fairly positive.
- However, there were also consistent themes identifying a desire for greater proactivity and a distinguishing customer service ethos, moving transactions beyond the merely functional.
- ICWC scores for the ‘attitude and helpfulness of staff’ at stations and on trains are 81% and 82% respectively, in line with scores for the long-distance sector as a whole.

Further details of this research, and other publications exploring passenger perspectives on a range of issues, can be found on the Transport Focus website (www.transportfocus.org.uk). The Transport Focus team are happy to discuss their research, and implications for the ICWC franchise, with any prospective operators.

18. Stakeholder Aspirations

Network Rail⁴

Network Rail (NR) have provided the following statement on their aspirations for ICWC:

We expect bidders to develop close and collaborative working arrangements with NR. Options could include forming an alliance appropriate to the multi-operator nature of the franchise routes, with the aim of reducing industry costs, improving safety and performance, and maximising value.

We would encourage bidders to engage with NR on a number of topics, and would expect bidders to investigate a number of joint tasks which span the range of NR's and the franchisee's business, including:

- **System safety** – opportunities to work together to further improve safety and security for passengers and railway industry staff.
- Improving train service **performance**.
- Working with NR and other operators to manage the implications for passengers of **HS2** construction, including at Euston.
- **Robust timetable** planning and development.
- Collaborative approaches at **stations**, including asset management, operation and other initiatives to reduce costs and maximise the value of the station portfolio.
- Joint working on **systems interfaces and monitoring**, including train-borne monitoring equipment.
- **Integrated access planning** – taking a strategic and collaborative approach based on whole-industry costs and impacts.
- Opportunities for aligning **people, culture and leadership development** initiatives.
- Any other opportunities bidders and NR may identify to reduce **whole-industry costs**.

Where the current franchisee and NR currently undertake joint tasks to deliver industry value for money and improve safety and performance, we would expect bidders to engage with NR on the continuation of these tasks.

4. Statement provided by Network Rail dated 25 September 2015.

Transport Scotland⁵

Transport Scotland have provided the following statement on their aspirations for ICWC: The Scottish Ministers' aspiration for the specification of the ICWC Franchise is clear: safe, fast, frequent, reliable and punctual services connecting Scotland to London Euston and London Kings Cross and intermediate locations with on-board facilities, and fares that attract and retain passengers.

The Scottish Government is keen to promote the use of rail as an alternative to domestic aviation on cross-border routes. That is central to the Government's aim of creating an increased rate of sustainable economic growth, and to Scotland's transition to a world-leading low carbon economy.

The long-distance Anglo-Scottish travel market is currently dominated by air. Whilst rail has demonstrated its ability to attract passengers from the air market in recent years it can increase its share further by offering faster journeys, better-targeted arrival times, improved on-board and station facilities, and competitive fares, and by demonstrating the benefits of rail as a more environmentally sustainable mode.

Market growth may be best supported on the route by moving towards a balance between journey times and connectivity, with fast/stopping services as appropriate for demand. A restricted stopping pattern south of Preston may have the dual benefits of reducing journey times, and providing a more dedicated passenger capacity for Scottish passengers. It is expected, though, that any service pattern will consider the needs of individual travel markets within the overall provision, and in so doing have due regard to connections for onward journeys.

All indications are that increased service provision at Motherwell will drive market growth. Motherwell sits centrally in a large catchment area of adjoining towns, well connected by the local rail and road network. It is local to developing business sectors, and high-value residential areas. Improved connectivity will necessarily drive sustainable economic growth within the locality.

Carlisle provides access to south-west Scotland and, accordingly, any measures that enhance the connectivity and attractiveness of Carlisle are to be welcomed.

In respect of the service offer, there should not be a perception that rail provides a lesser service than competing modes. Accordingly, rail must provide clear, readily understandable passenger information, and catering, seating, Wi-fi connectivity and luggage storage must be provided at levels commensurate with the needs of business and leisure passengers on a long-distance journey. Additionally, measures must be taken to improve capacity, reduce overcrowding and ensure that ticketing is in line with prevailing practice, which increasingly facilitates integrated journeys.

It is also important that the service must be underpinned by continuous improvements in reliability, punctuality and quality of the passenger experience.

The Scottish Government looks forward to working constructively with the successful franchisee in delivering a service that strives to meet the needs of passengers and the Government's aligned objectives.

5. Letter received from Scottish Government dated 24 September 2015.

Welsh Government⁶

The Welsh Government has provided the following statement on their aspirations for ICWC:

The Welsh Government has outlined the considerable opportunities relating to Wales for the ICWC rail franchise.

The economy of mid and north Wales is worth almost £14 billion per annum and is integrally linked to a wider economic area stretching to Manchester and Birmingham, with an output of £58 billion per annum. In addition to significant investment from the Welsh Government, continuing to secure wider EU and UK investment to enable further economic growth will be an ongoing aim.

The mid and north Wales area has a strong manufacturing base covering the aerospace, automotive, food, paper, electronics and green energy sectors. It is home to 3 Enterprise Zones that have been established to support jobs and economic growth. In addition, work is commencing in 2018 on Wylfa Newydd Nuclear Power Station which is one of the largest engineering projects in the UK.

Mid and north Wales are also popular tourism destinations which attract around 44 million visitors every year. The Welsh Government has clearly set out ambitions to improve physical and technological connectivity, including improving rail links to major cities and airports in England, to enable better connectivity and further drive up visitor numbers. The Welsh Government is also actively raising awareness in its overseas target markets to grow the volume.

Significant potential exists for the rail industry serving mid and north Wales to grow alongside the wider economy. Passenger flows between the north Wales Coast and London are anticipated to grow by 27% before 2023. Significant growth is also expected between the Cambrian lines and the West Midlands, with an increase of 21% anticipated by 2023. Network capacity already exists for operators to grow the rail market in an area where 2011 census data suggests that only 3% of all cross-border journeys are made by rail. Network Rail's Welsh Route Study has identified a number of funding investment choices in respect of the network serving the mid and north Wales area for delivery during the 2019 to 2024 period. The Welsh Government is working closely with stakeholders to press for significant investment in the area during this period.

The Welsh Government looks forward to working closely with bidders to consider options for growing the rail market associated with Wales in order to deliver benefits for all concerned.

6. Letter received from Welsh Government dated 5 October 2015.

19. Communities

ICWC services provide a wide range of socially and economically important services to communities across the region. In some places, partnership working between the train operator and the local community has stimulated interest in and use of the railway, and enabled improvements in quality which would otherwise not have been affordable. To achieve our objectives, we envisage that the future operator would build on these successes and to develop partnerships with local transport authorities in the north of England, Transport Scotland, the Welsh Government and with other bodies so that those who depend on and benefit from the railway can play a greater part in supporting and improving it.

Community Rail

We envisage that the future operator will work in partnership with Rail Executive, Network Rail, Association of Community Rail Partnerships, relevant Community Rail Partnerships and/or other relevant parties to develop initiatives to support Community Rail Routes.





Glossary

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| ATO | Association of Train Operating Companies |
| DfT | Department for Transport |
| ERTMS | European Rail Traffic Management System |
| ICWC | InterCity West Coast |
| MAA | Moving Annual Average |
| NRPS | National Rail Passenger Survey |
| ORR | Office of Rail and Road |
| PPM | Public Performance Measure |
| RIFF | Rail Industry Forecasting Framework |
| SFO | Station Facility Owner |
| TOC | Train Operating Company |

Useful Links

| | |
|--------------------------|---|
| ATOC | http://www.atoc.org |
| Department for Transport | https://www.gov.uk/dft |
| HS2 | http://www.hs2.com |
| Network Rail | http://www.networkrail.co.uk |
| ORR | http://orr.gov.uk |
| RSSB | http://www.rssb.co.uk |
| Transport Focus | http://www.transportfocus.org.uk |
| Transport Scotland | http://www.transportscotland.gov.uk |
| Welsh Government | http://gov.wales |

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The information contained in this document has been prepared in good faith but neither it nor any other information provided to a prospective operator or shareholder or any of its affiliates at any time in connection with the ICWC franchise purports to contain all of the information that a prospective operator or shareholder may require, nor has it been independently verified. Neither the Secretary of State, nor any of his employees, agents or advisers ("representatives"), makes any representation or warranty (express or implied) (and no such representatives have any authority to make such representations and warranties) as to the adequacy, accuracy, reasonableness or completeness of the information contained in this document or other information provided.

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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 the operator in the relevant Agreement or in any other relevant agreement entered into at the same time as the Agreement is entered into or becomes unconditional. Nothing in this document is intended to create a contract between the Secretary of State and any potential operator.

Legal, technical and financial advisers will be acting for the Secretary of State in relation to the letting of this franchise and will not regard any other person as their client or be responsible to anyone other than the Secretary of State for providing the protections afforded to their client or for advising any other person on the contents of this document or any matter referred to in it.

No contract or legal obligation shall result from any disclosure of information or other communication by the Secretary of State in connection with this document, including the issue of an ITT, or from the reliance of any person on any information

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The only obligations which are intended to come into existence pursuant to this document are those intended to arise from a duly executed written agreement on the face of which it is apparent that such an agreement is intended by all parties thereto to be a Franchise Agreement for the purposes of the Railways Act 1993 and the Railways Act 2005 and any contracts ancillary to such an agreement. No legal relations are intended to arise until such a resulting Franchise Agreement is signed. The subject matter of this document shall have contractual effect only if and to the extent it is contained in the express terms of the Franchise Agreement and any ancillary documents.

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The Secretary of State reserves the right not to award a contract, to make whatever changes he sees fit to the structure and timing of the procurement process, to cancel the process in its entirety at any stage and, where he considers it appropriate to do so, make a direct contract award pursuant to Articles 5(5) or 5(6) of Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) Nos 1191/69 and 1107/70 (the “Regulation”). Rail Executive reserves the right at any time to issue further supplementary instructions and updates and amendments to the instructions and information contained in this document as it thinks fit or to change its requirements.

For the avoidance of doubt, this document is not a “Prospectus” to which the Prospectus Rules as enforced by the Financial Conduct Authority apply.

In the event of a discrepancy between this document and the expression of interest documentation, the expression of interest documentation shall prevail.

The Department for Transport is engaging the following external advisers on the ICWC franchise competition:

Atkins Global;

Grant Thornton UK LLP; and

Addleshaw Goddard LLP.

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