



Department
for Transport

Cross Country Prospectus



Connecting Britain's Cities

July 2018

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The Purpose of this Document

This Prospectus is intended for potential bidders for the Cross Country franchise. It aims to give them:

- the Department's aspirations for the franchise;
- information about the franchise to help them determine whether they wish to seek pre-qualification for the competition as (a single entity or as part of a consortium); and
- early guidance on areas to be considered when preparing bids.

Please note, however, that this document should not be relied upon as a statement of the Department's final requirements for the Cross Country franchise. Those requirements may change in light of public consultation to be held before the Invitation to Tender (ITT).

The information in this Prospectus should not be relied upon as a statement of the Secretary of State's final requirements for the Cross Country franchise.

PART

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Part 1: The Opportunity

1.1 Introduction

Cross Country is one of Britain's strategically important franchises. It offers through services from Cornwall, the South Coast, the Midlands and South Wales to the north of England and central and north east Scotland. It connects seven out of ten of the major cities in the UK and serves several university towns and airports.

The franchise is at an important milestone. Farebox revenue has been growing year on year and Cross Country has developed into a stable and resilient business that generates a premium for the taxpayer and a healthy return for investors.

The main challenge is to address the immediate problems of crowding. However, we want an innovative bidder who can deliver more than this: there is potential to grow the franchise by developing new markets.

Our vision for the next franchise is to **unlock unrealised potential whilst maintaining and building on its current stable foundations.**

We want to capture unrealised potential by increasing the capacity of the Cross Country service and offering passengers an enhanced journey experience.

We envisage improved rolling stock and real time performance at key points on the network. There is an aspiration for new geographic markets.

Our aspiration is to transform the customer experience for passengers. Our priority is to reduce crowding on the network. Beyond that, our focus is on delivering a high quality, door-to-door journey experience for passengers. We envisage more smart ticket options, better real time information for passengers, better connectivity at stations, Wi-Fi and a constant focus on improving journey times and reliability for passengers. We aspire to create a modern, door-to-door, journey experience.

The next franchise will be let for between seven and ten years. We believe that this is the optimum solution to incentivise the scale of transformation that is required on the franchise and to allow the new franchisee's initiatives the time to embed in the market.

1.2 The Department's Objectives for the Cross Country franchise

Supporting the UK Economy

- Within the affordability constraints on public funding, improve rail services and connectivity between Britain's core cities (apart from London), exploring opportunities to expand the capacity, reach and speed of the network, and thereby help rebalance and grow the UK economy.
- Improve the social and environmental sustainability of the franchise.

Delivering Improvements for Passengers

- Resolve the immediate problems of overcrowding, where appropriate, and have an effective strategy to meet future demand for services, working within rolling stock availability.
- Ensure a consistent, optimum level of customer experience, addressing the needs of passengers with different journey purposes.
- Improve Right Time performance across the franchise.
- Recognising that one-in-two Cross Country passengers change trains, improve the connecting experience for passengers at key interchanges.

Optimising Multi-Operator Networks

- Recognising that across its network, Cross Country operates alongside other TOCs and does not run stations, ensure close cooperation between the franchise, other rail operators on the same route, HS2 Ltd and Network Rail to deliver ongoing improvements.

Engaging Stakeholders

- Ensure good engagement between the franchisee and stakeholders, including passengers, local communities, Network Rail, and other train and freight operators.

Maximising Value for Passengers and Taxpayers

- Maximise the commercial value of the franchise, for the benefit of the passenger and taxpayer, through revenue growth and cost efficiency. Try to do this, in particular, by growing existing and (where appropriate) new geographic and/or service markets, while ensuring value-for-money for the taxpayer. More specifically, explore the opportunity to address concerns about the structure and levels of certain end-to-end fares.
- Maximise the benefits from investment in infrastructure, where possible, getting improvements for Cross Country passengers while contributing to the realisation of benefits from HS2 and other initiatives.

1.3 Developing the Franchise Specification

The specification for the new franchise will be set out in detail in the ITT. The development of the specification involves systematic and detailed analysis and public consultation. The figure below shows the main steps involved.



1.3.1 Government Policy

The starting point is a consideration of Government policy for rail because the specification provides an opportunity to embed and drive outcomes as part of a new Franchise Agreement. Such policies include:

- accessibility;
- working closely with Network Rail; and
- smart ticketing.

1.3.2 Market Assessment

To inform the specification, we have undertaken a market review to understand the current franchise and its operational and financial performance, and how this aligns to policy options in areas such as performance measures, passenger satisfaction, and capacity.

1.3.3 Public Consultation and Stakeholder Engagement

The Government's rail franchising programme puts the interests of passengers and other stakeholders at its core. Consequently, the competition involves significant stakeholder engagement.

We engaged stakeholders during September 2017 to help inform our early thinking and objectives for this franchise. This included passenger representatives, such as Transport Focus and transport user groups, and devolved and local government. The results of this engagement have been shared with all Pre-Qualification Questionnaire (PQQ) Passport Holders.

The Department continues to meet with stakeholders to discuss the new franchise. It is running a public consultation to inform the specification included in the ITT. This consultation will seek the views and aspirations of passengers and other stakeholders, including rail industry partners, elected representatives at local and national levels, and local interest groups. We will publish, alongside the ITT, a summary of consultation responses and how they were reflected in the specification.

1.3.4 Options and Specification

Policy gives us things we must include in the specification. The market review, public consultation and other stakeholder engagement give us ideas to consider. We will draw this all together in a process of optioneering where we sift options,



test the most promising and identify a suite of options, to be reflected in the specification.¹

1.4 Aspirations

To achieve the Department's objectives for the new franchise, we expect bidders to set out ideas for improving operations for the benefit of the passenger, especially in these areas:

- increase capacity;
- customer experience;
- rolling stock;
- operational performance;
- turning the Cross Country trade mark into a real brand;
- working with Network Rail, other TOCs and Freight Operating Companies (FOCs);
- security;
- HS2 and East West Rail opportunities;
- sustainability;
- Innovation; and
- new destinations.

We also present, later in this section, the aspirations of our partners Network Rail and Transport Focus.

¹ <https://www.gov.uk/government/publications/rail-passenger-franchise-competition-guide>

1.4.1 Increasing Capacity and Resolving Crowding

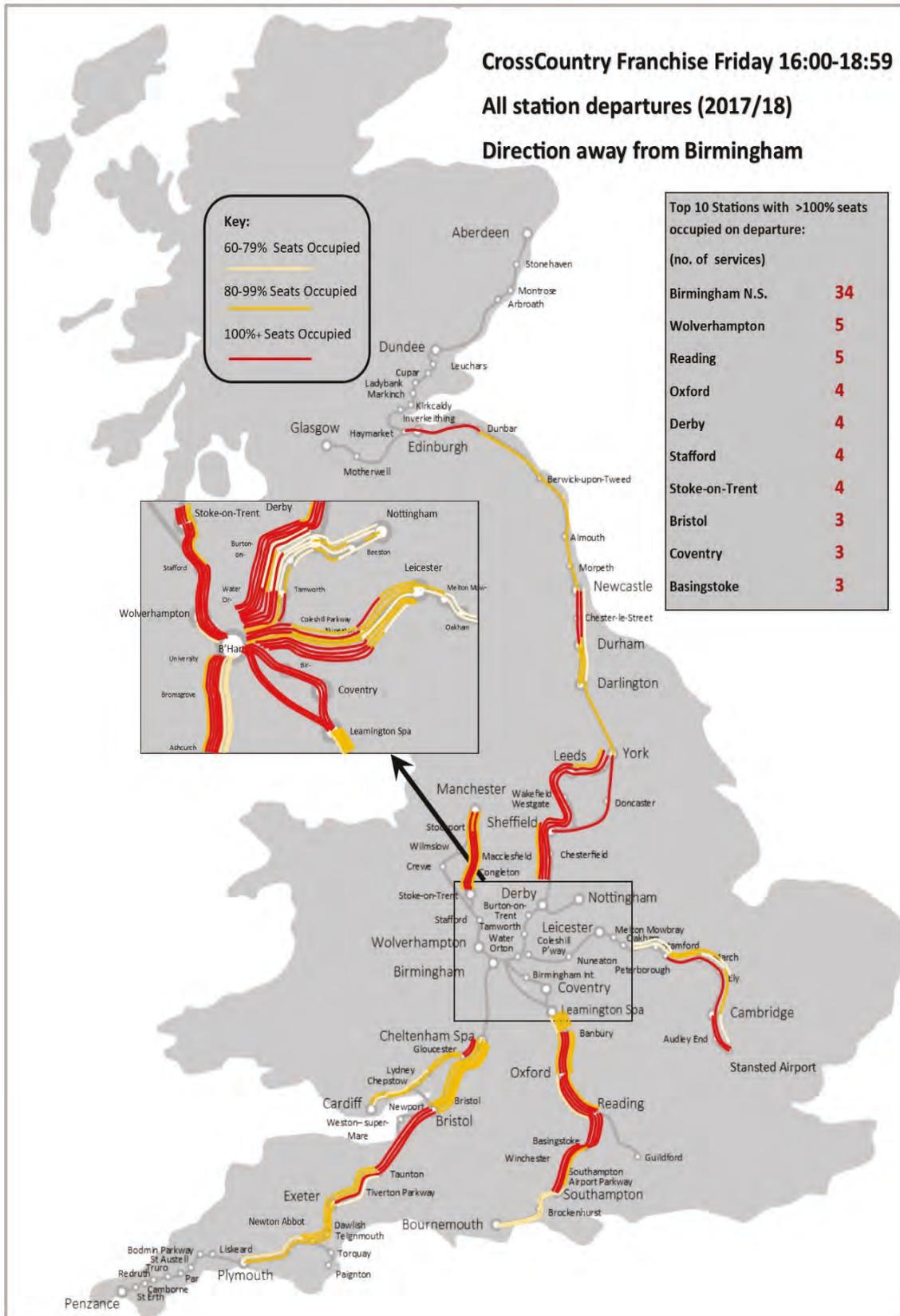
Resolving crowding is a key objective for the next franchise and an area where we invite bidders to think creatively.

From Mondays to Thursdays, Cross Country trains are extremely busy in the morning and evening peak. On Fridays, crowding on Cross Country trains starts from lunchtime onwards and, on some routes, extends into the late evening. A crowding map below gives a snapshot of crowding hotspots, illustrating the evening peak away from Birmingham on a Friday.

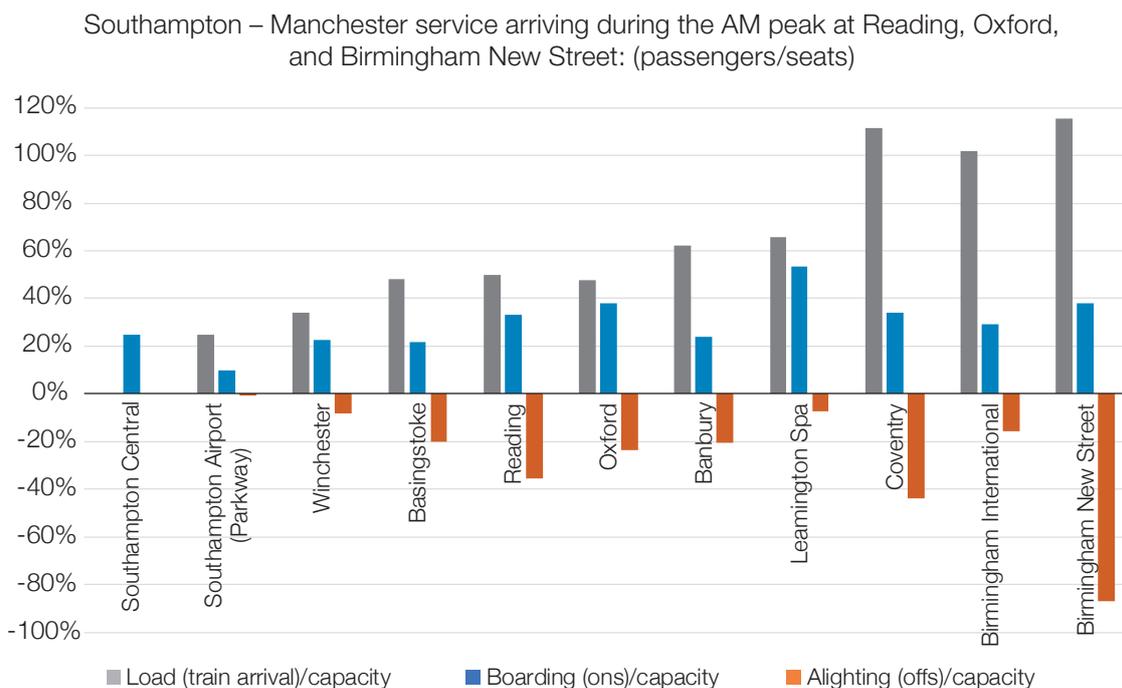
Sundays are quieter in the mornings but Sunday afternoons are very busy. During this period numerous longer distance services, in particular, tend to have more passengers than seats.

The crowding map shows current pinch points but also demonstrates where crowding could be worse in future if things don't change. The amber lines in the map will likely change to red during the next franchise. Consequently, unless action is taken to address overcrowding, it will be worse in the future.

We expect solving crowding will be a common theme and so encourage an integrated approach comprised of initiatives in the areas of timetabling, train layouts, maintenance regimes and fares.



Of importance for crowding, and specific for the Cross Country franchise, is the level of passenger churn at intermediate stations along the route. For example, certain Southampton – Manchester services call at Reading, Oxford and Birmingham New Street during the morning peak (assumed to be 07:00-09:59). These services experience significant churn along the route, at stations such as Basingstoke, Reading, Oxford, Banbury and Coventry. At each of these locations passengers equivalent to between 20-40% of total seating capacity alight from the train, with a similar number boarding and taking their place.



1.4.2 Customer Experience

We welcome bids that focus on the following aspirations for improving the customer experience:

- the door-to-door journey (including fares and ticketing);
- Wi-Fi and Mobile Connectivity;
- changing trains;
- Delay Repay; and
- accessibility.

Door-to-door Journey (including fares and ticketing)

The next franchise is an opportunity to deliver a new door-to-door experience that is beyond passengers’ current expectations. The Department will expect bidders to set out how they will improve the ticket buying experience, through the actual purchasing of tickets and the fares being set.

Cross Country passengers can currently reserve a seat up to ten minutes before the train departs from the passenger’s boarding station. This means passengers have increased flexibility and access to cheaper, advance fares and reserved seats on the day of travel. However, this can lead to incidents of passengers who are

already on the train in an unreserved seat, having to give up the seat part way through their journey if it is subsequently reserved. We will look for bidders to set out how these issues can be resolved.

Bids should demonstrate how they will facilitate onward connectivity at stations, especially key transport hubs such as Birmingham New Street. More information should be provided on trains and at stations to help passengers with onward travel and connections.

Bids that demonstrate innovative ways of improving the journey experience are welcomed. We expect to see a consistently high quality service provided to all customers, reflecting the strengths of the future Cross Country brand and addressing the needs of travellers from different demographics and with different journey purposes. An on-board experience that caters for both business and leisure needs is vital for customers.

Bidders should use current and new technology to improve the door-to-door journey experience for passengers. This should include proactive engagement with customers, communities and stakeholders to embed a customer-driven culture throughout the business. There should also be a focus on a personalised journey experience to deliver an improved service experience for passengers.

Wi-Fi and Mobile Connectivity

The ability to work and stay connected is important to passengers. Therefore, we expect the next franchise to continue offering Wi-Fi to all passengers on their journeys. The service available to Cross Country customers should include:

- the ability to use email, online messaging services, web browsing and social media; and
- a good mobile connection on the routes serving the majority of passengers.

We welcome bids that meet these requirements and demonstrate a commitment to deliver improved Wi-Fi and mobile connectivity to customers.



Changing Trains

Cross Country is not a Station Facility Operator (SFO) of any stations. However, the Cross Country network connects with other networks and currently one-in-two Cross Country passengers change trains. The new franchisee will need to tailor the interchange experience for passengers, including those with luggage and older, less mobile people who do not want to travel by car.

Many passengers currently change at Birmingham New Street, which is a busy inter-change. Bidders are invited to explore other convenient locations to change trains. These should be advertised, and bidders should ensure that sales platforms, such as National Rail Enquiries, reflect this. We expect the interchange experience to be a key consideration in a bidder's strategy for customer experience.

Delay Repay

The next TOC will need to compensate passengers 25% of the fare paid for a single journey for delays of between 15 and 29 minutes. Delay Repay 15 is being rolled out across all of the Department's franchises as contracts come up for renewal. Additionally, the next TOC will be required to continue to compensate passengers for delays of 30 minutes or more, as mandated for all rail franchises let since 2007. The entitlement is 50% of the single fare for delays of 30 to 59 minutes, and 100% of the single fare for delays of 60 minutes or more. For delays of 2 hours or more, the entitlement is 100% of the return fare.

We want TOCs to make claiming compensation for delays as swift and simple as possible for passengers, and to promote awareness of compensation rights. We encourage a simple online process for passengers to make claims and for the TOC to then check and issue payments. In this context, we expect TOCs to take steps to ensure that they have a process in place for dealing appropriately with any fraudulent compensation claims.



Accessibility

We expect bids to demonstrate how the next franchise will support passengers with a wide variety of additional accessibility requirements, which may be physical, mental, cognitive or sensory in nature. To this end, bidders will be asked to make specific proposals in response to the ITT. Bidders will be expected to demonstrate they have considered the experience of disabled passengers from door-to-door, including elements of journey planning, station and cross-operator interchange and onward connectivity.

Such proposals would need to include the physical environment (e.g. on trains) and also the appropriate use of technology, such as support for assistive technology. The effectiveness of staff training is also a key consideration, recognising the important role which staff play in assisting passengers.

1.4.3 Rolling Stock

Bidders should provide train layouts that meet the needs of all Cross Country passengers. Where appropriate, rolling stock should balance the needs of long distance passengers and short distance commuters. This should include ensuring long distance passengers have a consistent level of comfort throughout their journey whilst at the same time ensuring commuters have access to a reliable and acceptably comfortable journey.

We also welcome bids that set out plans to provide an on-board experience that passengers expect in the 21st century, such as consistent catering, modern, reliable seat reservation systems, sufficient space for luggage and bikes and on-board technology.

The current fleet of Cross Country Voyager trains are susceptible to delays or cancellations where unusually high tides are combined with strong onshore winds in the Dawlish area due to sea water affecting the electrics of this fleet. When this happens, Voyager trains terminate at Exeter or Bristol. The Department recognises the frustration this causes passengers who have to join already busy trains to travel further west, and we will be asking what bidders might do to address this in the next franchise.

1.4.4 Operational Performance

The next TOC will need to work with stakeholders across the Cross Country network to improve Right Time performance at all destinations. We expect the TOC to continuously analyse performance failure and instigate solutions that eradicate root causes of failures and improve the service for all passengers.

Bids should also set out how they will provide operational resilience all year round across the whole network, irrespective of weather conditions.

1.4.5 Turning the Cross Country Trade Mark into a Real Brand

We welcome bids that consider the use of effective marketing, more visible staff and more proactive communication with passengers to create a strong brand that passengers can identify with.

1.4.6 Working with Network Rail, other TOCs and FOCs

We expect the new TOC to develop close and collaborative working arrangements with Network Rail appropriate to the multi-route nature of the franchise. The aim will be to reduce industry costs, improve safety and performance, and maximise the value of the franchise.

Bidders, proposals will need to demonstrate support for the development of the Digital Rail programme alongside Network Rail. There should also be a focus on improving efficiency and minimising the impact of track possessions.

Cross Country operates in eight out of ten of Network Rail's geographical route areas and interacts with all but three TOCs and all FOCs. We welcome bids that demonstrate how the next operator will interact with other TOCs and FOCs on the network.



1.4.7 Security

Passengers have an expectation they will be safe and secure on the network. This should continue to be a priority and the next franchisee must ensure it supports high levels of security in their areas of operation.

Franchisees will need to have clear plans in place to respond to emergencies or major incidents, in line with industry best practice². These plans should include how passengers will be supported in such situations. Well trained staff are a crucial part of delivering a safer, more secure and low crime railway. Bidders should demonstrate how they will ensure staff are suitably trained in areas which support better security outcomes, and how to respond to an incident or emergency.

² See ATOC Guidance Note “Emergency Planning, Knowledge, Understanding and Responsibilities”

CCTV provides a powerful technological aid, both for deterrence and detection. The Department requires a franchisee who, when procuring, installing or upgrading on-train CCTV systems will reflect the principles in ATOC and British Transport Police (BTP) guidance documents³ outlined in ATOC's.



1.4.8 HS2 and East West Rail Opportunities

HS2

The UK's new high-speed railway, HS2, will increase the capacity and connectivity of the national rail network. For the next Cross Country franchise, HS2 will be both a challenge and an opportunity. There will be 3 stages of HS2:

- HS2 Phase 1 – is the construction of the high speed infrastructure between London and the West Midlands and is due to commence operations in December 2026. HS2 services between London and Birmingham and between London and Manchester will call at the high quality interchange station at Old Oak Common, giving potentially shorter journey times than the current Cross Country services between Reading and Birmingham and Manchester.
- HS2 Phase 2a – is the extension of high speed services north from Handsacre Junction to Crewe and is due to commence in December 2027. Phase 2a changes the routing of the London to Manchester train services so that all three trains operate via Crewe.
- HS2 Phase 2b – is the extension of HS2 services from Crewe to Manchester and Golborne Junction, near Wigan, on high speed lines, as well as from the West Midlands to Leeds and beyond and is due to commence operations in 2033. These services will have a significant impact on Cross Country services.

In Phase 1 (early in the next franchise) the new TOC will have to handle the impact on Cross Country services of HS2 engineering works. This will impact Cross Country mostly to the east of Birmingham, particularly at Water Orton. Bids should include innovative solutions to manage engineering delays.

When Phase 2a of HS2 opens in 2027, Cross Country trains will play a key role in providing capacity between Stoke-on-Trent and Manchester.

³ "National Rail and Underground Closed Circuit Television (CCTV)" and BTP's "Output requirements from CCTV Systems" guidance document

After the completion of Phase 2b (currently expected for 2033), HS2 will ease congestion and free-up capacity on the network. Potentially, there will be opportunities for Cross Country to fill in gaps and open new routes. Long-term planning will be essential to ensure Cross Country remains competitive and attractive to customers and adaptable to serving new markets and connecting more cities in Britain.

East West Rail

East West Rail will also create opportunities for Cross Country long-distance services from the mid-2020s, as the Western and Central sections of its programme complete. To realise this potential however, it is likely that additional interventions will be required at capacity pinch points, such as Oxford and Bletchley, where East West Rail interfaces with already-congested mainlines. We expect bidders to engage with East West Rail to aid the planning work required for this project.

1.4.9 Sustainability

The Department expects to set out a proposition where the future franchise will embed the Rail Sustainable Development Principles developed by the Rail Safety and Standards Board (RSSB), including:

- improving carbon and air quality (especially as Cross Country is a diesel based franchise);
- focus on local communities and needs; and
- socio-economic growth focussed on more deprived areas.

A key requirement of the new franchise will be a greater focus on the RSSB Principles. The franchisee will need to proactively develop meaningful relationships with the communities the franchise serves, working with stakeholders across the regions to encourage greater social inclusion and contribute to the economic growth of the UK.



1.4.10 Innovation

A productive, innovative rail industry is essential to deliver the Department's ambitions for the railway, and for the UK economy overall. We want a dynamic, collaborative efficient and confident rail sector that is able to drive through transformational change and rigorous cost control to deliver a better performing, higher capacity, lower cost railway.

To deliver the best possible solutions, the next operator will need to collaborate with Network Rail, TOCs, FOCs and other stakeholders to ensure the widest possible value is delivered to passengers. Some of the capabilities we wish to see delivered might involve innovations that enable:

- the implementation of the Digital Rail Programme, and the long term aspiration to run trains closer together to increase the capacity of the railway;
- efficient passenger flows through trains to reduce overcrowding;
- the collection of information in real time to enable staff to make better decisions and provide customers with up to date information;
- more space on trains by using more flexible interiors; and
- more personalised customer experience;

We have established the UK Rail Research and Innovation Network and new Rail Innovation Accelerator Tech Hubs, to help bidders bring forward more innovative ideas in bids, and in the life of franchise agreements. We welcome bids that engage with these and similar bodies elsewhere to develop more innovative solutions.

1.4.11 Creating New Markets

We will encourage bidders to think creatively about potential new routes, destinations and markets for Cross Country. An objective for the next franchise is to grow the existing network and increase patronage, while ensuring value-for-money for the taxpayer.

Therefore, we welcome innovative options for the growth of the franchise. New geographic markets should not be limited to destinations or routes Cross Country have served in the past. In particular, we encourage ideas that focus on long distance journeys, connecting new cities and regions together, but which do not abstract revenue from other operators.

1.4.12 Improving Efficiency

We will want the next business to perform better, focusing on performance, operations and efficiency savings. In 2017/18, operating costs (including performance regime payments) were £450.7 million.

1.4.13 Workforce Development

Bidders, proposals will need to build on and develop the skills and capability of the work force. We will look at how bidders plan to train and develop the workforce and the supply chain, in particular training and hiring apprentices. We also welcome proposals that give staff a stake in the company.

1.5 The Commercial Structure

This section outlines the commercial proposition for the Cross Country Franchise. It sets out a framework for a commercially viable proposition that aspires to deliver Government policy and desired outcomes from the rail network, and represents value-for-money to the fare paying passenger and the taxpayer. At present the Department is considering the following:

Franchise Term: We expect the core franchise term to be between seven and ten years. There is anticipated to be an optional extension period for the franchise. The Department is considering the length of, and its approach to the allocation of risks in, the extension period, taking in to account the shape of emerging major programmes during the franchise term that might bear upon these.

Capital Requirements: We expect that the franchisee will have to procure:

- a season ticket bond, likely to be at least £5 million;
- a performance bond of around £15 million; and
- Parent Company Support (PCS) – referred to in the EoI Questionnaire and PPD as “the Guarantee” – comprising of a fixed PCS amount of £30 million for the EoI stage (or such higher amount as the Department may decide at the tender stage), plus a further variable PCS amount which will depend on the level of the franchise payments bid. It is likely that up to 50% of the PCS will be required to be bonded.

Maintenance of Liquidity Ratios: We currently anticipate that the liquidity ratio tests to be applied to the new franchise will be the same as those set out in Schedule 12 of the Franchise Agreement used for recent franchises, supported by trigger points for lock-up (where the operator will be prevented from making distributions) and for an event of default.

Cost and Revenue Risk: It is currently envisaged that the franchise operator will bear both cost and revenue risk for the duration of the franchise. A range of options are being considered to limit the operator’s exposure to revenue risk including, but not limited to, a Forecast Revenue Risk share mechanism and a combined mechanism that includes Forecast Revenue Risk Share and a Gross Domestic Product exogenous risk share mechanism.

Residual Value Mechanism: In order to promote long-term investment, the Franchise Agreement will include a mechanism for recognising the residual value of investments which have a longer useful economic life and a commercial value beyond the term of the franchise, but which may not provide a commercial return during the life of the franchise. The exact parameters of this mechanism will be outlined in the ITT and the draft Franchise Agreement.

Profit Share: There will be a proportional profit-sharing mechanism. The Department will consider the appropriate level of returns commensurate with the risks taken when developing the mechanism. We also expect to include profit sharing arrangements to ensure the franchise is compliant with European Law.⁴

Change Mechanism: An appropriate change mechanism is also being considered to ensure the franchise is able to react appropriately to changes in circumstances and technology.

⁴ EU Regulation 1370/2007, which requires that there is no “over compensation” for the provision of public services.

1.6 Aspirations of Our Industry Partners



In its selection of a new partner, the Department will also base its choice on which bidder best demonstrates how it will develop and implement much closer alignment of incentives to deliver enhancements and improved day-to-day performance for passengers. Key to this will be developing close, effective and collaborative working arrangements with Network Rail. This could include consideration of how alliancing principles might be applied to the multi-operator nature of the routes operated by this franchise. The desired outcomes of this collaborative approach with Network Rail are improved safety and performance and reduced industry costs, delivering benefit to both the passengers and the taxpayer.

We would encourage bidders to engage with Network Rail, and would expect them to investigate a number of joint tasks where opportunities to work more closely exist. These include but are not limited to:

- providing more capacity for passengers
- improving train service performance
- working with Network Rail to ensure that performance aims are aligned, and that
- supporting the Digital Railway deployment programme
- robust timetable planning and development
- collaborative working for the mutual benefit of all businesses, including in approaches to stations, depots and stabling
- joint working on system interfaces and monitoring
- 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
- exploring any other opportunities to reduce whole-industry costs
- joint working on efficient delivery of projects – a collaborative approach to reach the best whole industry solutions.
- working to ensure that the rail industry becomes a more diverse and inclusive place to work



Putting the passenger at the heart of the Cross Country franchise competition

Transport Focus is pleased to contribute to this Prospectus for the next Cross Country 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 the specification and future planning and operations.

Our research identifies the issues that are important to passengers. We have conducted two Cross Country projects on behalf of the DfT in recent years. At the end of 2015 we held focus groups with passengers across the network to understand their experience of using the services and to explore their aspirations for the future. More recently we have examined the experience of interchange and the views of people who rarely, if ever, use Cross Country to make their journeys. These findings provide useful insight for the next franchise competition and add depth to the hard data derived from the National Rail Passenger Survey (NRPS) and our 2017 Rail Passengers' Priorities for Improvement study.

The passengers' priorities for improvement data provides us with clear markers for the future franchise. Passengers' emphasise the need for better value for money for the price of their tickets and sufficiently frequent services on which they can get a seat. These factors, along with punctual and reliable services and good quality information, particularly during delays, make up the core offer – the things passengers expect to receive when they pay for, and make, their journey. The desire for free Wi-Fi on the train is also a high priority, with many passengers expecting this to be a given. There is also a strong emphasis on the maintenance and cleanliness of the trains and on-board toilets.

The Autumn 2017 NRPS highlights the importance of punctuality and reliability as the most significant driver of both passenger satisfaction and dissatisfaction on CrossCountry services. The cleanliness of the inside of the train and frequency of trains are also important influencers of satisfaction. Poor experiences of the train operator's handling of delays and the level of crowding are other notable drivers of dissatisfaction.

Analysis of NRPS scores can show the strengths and weaknesses across a range of factors as experienced by passengers travelling at different times, for various reasons, across the network. For example, satisfaction with the level of crowding is lower for passengers travelling on Manchester routes to the South than on services from Scotland and the North East or East-West services (Nottingham-Cardiff and Birmingham-Stansted). Satisfaction with availability of staff on the train is higher for the Scotland/North East routes than others.

Feedback from the CrossCountry qualitative research identified the overall brand identity, and associated quality of experience, as an area for improvement. Some passengers said that a stronger, more recognisable image would make it easier for them to actively choose to use Cross Country services more. Others said that they find the current service to be adequate, but rather basic and 'understated'.

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

Over the coming months we will share all our research evidence with the Department for Transport and potential bidders, and continue promoting passenger interests to help shape a successful passenger-orientated franchise. We are keen to engage with interested parties to share our knowledge and provide a confidential perspective on potential approaches to improving passenger experiences in the new franchise.

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. We will be proposing a role for NRPS in harnessing passenger feedback to drive improvements for the future.

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 positive engagement, communicating honestly and transparently and treating customers fairly. The value of engaged and empowered staff who work proactively to deliver the best possible customer service cannot be over-stated.

Passenger fares contribute significantly to the income of the Cross Country network, and the franchise plays a vital role in the economy and many peoples' lives as they make trips for leisure, business and work. 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.

The Cross Country network covers more of Britain than any other. This franchise competition is an opportunity to create a brand identity that people across the country recognise and are proud of. A brand that represents the many diverse communities it serves. A brand that really epitomises outstanding customer service.

PART

2



Part 2: The Franchise Competition

2.1 The Competition Process

Through this competition, the Department will procure and appoint a franchisee to run the new Cross Country franchise.

The Franchise Agreement to be let through the procurement is a ‘public services contract’ (currently envisaged to be in the form of a services concession contract) for the purposes of Regulation 1370/2007. The re-franchising process for the Cross Country franchise will be conducted in accordance with the requirements of Article 5(3) of Regulation 1370/2007, which requires that ‘the procedure adopted for competitive tendering shall be open to all operators, shall be fair and shall observe the principles of transparency and non-discrimination’. Article 5(3) also permits negotiations in order to determine how best to meet specific or complex requirements.

Regulation 1370/2007 does not prescribe the procedures which are to be followed when selecting a new private sector partner. It is therefore open to the Department to set its own process for the Cross Country re-franchising, provided that the process meets the principles of transparency and equal treatment and non-discrimination and otherwise complies with the requirements outlined above.

2.2 The Competition Timeline

The following table gives an indication of the likely timetable for the Cross Country Franchise Competition. This is only a guide and we may depart from the timetable or procurement process.

Expressions of Interest invited	July 2018
Bidders shortlisted	September 2018
ITT issued to bidders	January 2019
Bids received	April 2019
Contract award (after standstill period)	October 2019
Start of new Franchise Agreement	Late 2019

2.3 Pre-qualification – Expressions of interest

The Secretary of State is required under Section 26(3) of the Railways Act 1993 to not issue an ITT to any person unless it considers that such person has the appropriate financial position and managerial competence, and is otherwise suitable to be the franchisee.

The Department uses a two part pre-qualification process to determine, among other things, financial position, managerial competence and suitability.

Through the first part of the pre-qualification process – the Passport System – economic operators become Passport Holders eligible to participate in the second part of the process and submit expressions of interest for franchise competitions.

The Department is inviting expressions of interest in the Cross Country franchise with the issue of its Eol pack, which includes everything a Passport Holder needs to do to apply to pre-qualify as a bidder for the new franchise. Economic operators who are Passport Holders at the time the Department issues the Cross Country Eol pack may submit applications to become bidders. To see the Eol pack and submit an application, please go to AWARD.

Those successful in pre-qualification and shortlisted as bidders for the Cross Country franchise will receive the ITT and be invited to tender for the new franchise.

2.4 Invitation to Tender

The Department currently intends that the Franchise Agreement will be awarded to the bidder which submits the most economically advantageous offer. The award criteria will take into account the price, quality and deliverability of the bid. More details about the award criteria will be published in the ITT.

At ITT, bidders will be required to demonstrate, through the submission of a number of Delivery Plans, how they will meet our specification for the franchise. We will use these plans and other supporting evidence submitted by bidders in accordance with the ITT to assess the quality and deliverability of bids.

The Department is seeking bids that combine ambition, innovation and deliverability. If appropriate, the evaluation criteria for the competition may offer bidders the opportunity to exceed our minimum requirements in certain areas. The evaluation of bids is likely to take into account quality (in terms of the credibility of meeting and, if appropriate, exceeding Passenger Services requirements), the benefits that will be delivered and the robustness and resilience of the plans. The ‘quality’ requirements and process for evaluating them will be set out in the ITT.

The evaluation process will include an assessment of the financial robustness of each bid. The assessment may include provision for risk adjustments within the evaluation process, if appropriate, to take into account our assessment of the financial risk arising from the bid. The details of the financial robustness assessment will be included in the ITT.

The Department will wish to contract initiatives taken into account in scoring Delivery Plans, to ensure that the Franchise Agreement includes factors taken into account when awarding the franchise. Our current intention is that the Department will be responsible for the drafting of committed obligations based on bidders’ submissions. The process and detail of this will be set out in the ITT.

PART



3



Part 3: Cross Country – The Existing Business

3.1 Introduction

The current TOC for the Cross Country franchise is Arriva CrossCountry (AXC), owned by Arriva UK Trains. The current franchise began in November 2007 and a 2016 Direct Award extended it to October 2019, with a further extension of up to thirteen reporting periods available.

At a Glance

Passenger journeys ⁵	40.1 million
Purpose of those journeys ⁶	64% leisure 13% business 23% commuter
Fleet size ⁷	92 diesel trains Class 220/221 Voyagers, Class 43 HSTs and Class 170 Turbostars
Stations served	121
Stations managed	None
Number of employees ⁸	1,823 full-time
Fare box Revenue ⁹	£529.9 million
Ticket Revenue ⁹	£471.4 million standard class £43.1 million first class £25.9 million season tickets
Operational performance (PPM) ⁹	87.7% (2017-18 average)
Passenger Satisfaction ¹⁰	83% (Autumn 2017)

* Farebox revenue total does not equate to the sum of the split by ticket type due to other items, such as claims and refunds.

5 Arriva CrossCountry's Management Accounts 2017-18

6 Industry standard mapping of ticket sales data

7 Arriva CrossCountry

8 Periodic Management Accounts year ending 2017-18

9 <https://www.networkrail.co.uk/who-we-are/how-we-work/performance/public-performance-measure/>

10 National Rail Passenger Survey – Autumn 2017

Cross Country Prospectus: Connecting Britain's Cities

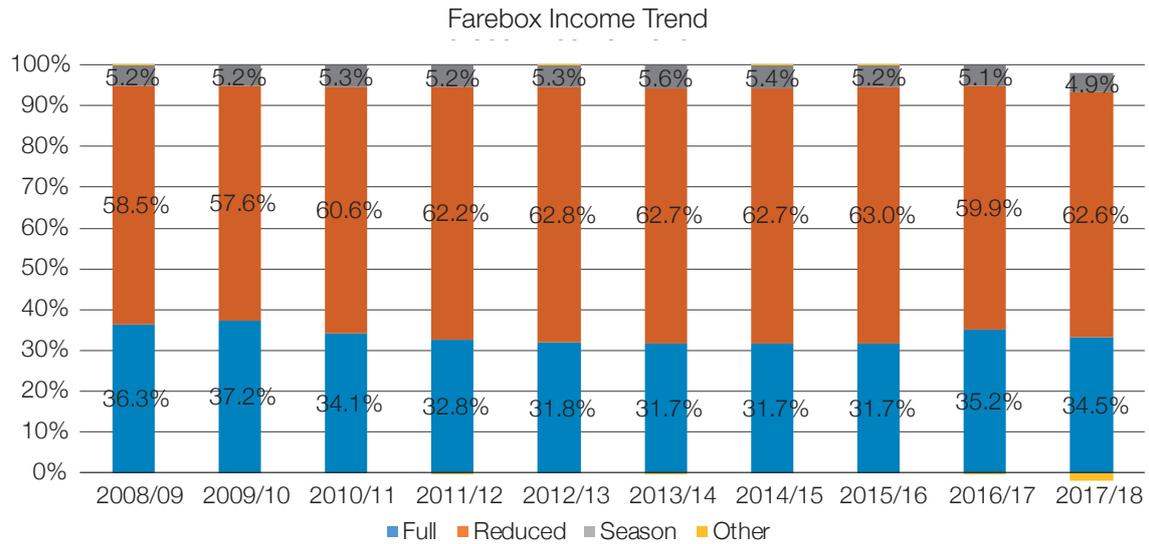


Note: This map of the current Cross Country network shows the year-round services, and not the additional summer ones. Also the train service from Bath Spa (one per day) is not shown, and not all stations served are shown.

3.2 Financial Information

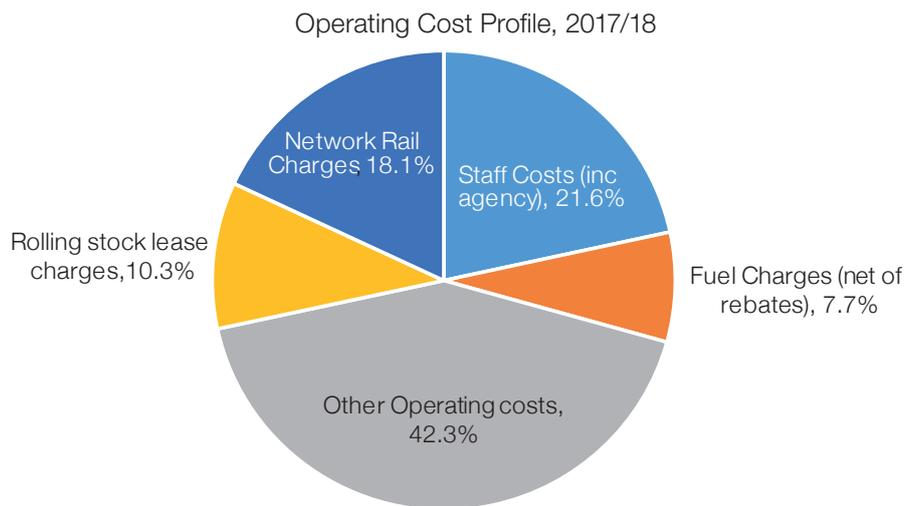
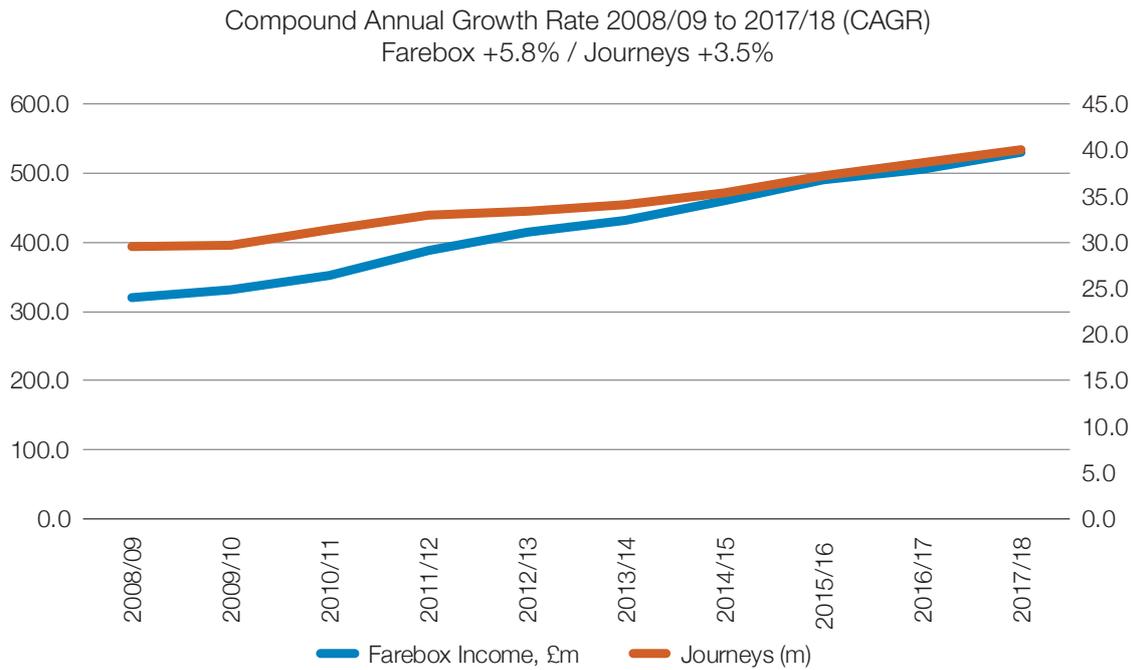
The following information has been extracted from periodic management accounts supplied by AXC to the Department. All financial information is represented in nominal terms unless otherwise stated, and relates to financial years ending 31 March.

Between 2008/09 and 2017/18 AXC's farebox income has continued to increase, growing by 65% from £320.3million to £529.9million.



AXC has paid a franchise premium since 2011/12. Prior to then it was receiving a subsidy. A £59million premium was paid in 2017/18. However, the franchise received £174million and £91million revenue support in 2015/16 and 2016/17, respectively (and received support in earlier years, from November 2011 to the end of the last franchise).

The 2017/18 underlying total revenue (excluding revenue support) exceeds costs by £67million (excluding franchise premium and performance costs). The next franchisee is expected to build on and maximise the commercial value of this franchise, for the benefit of the passenger and the taxpayer, through both revenue growth and cost efficiencies.



3.3 Routes and Services of the Current Franchise

The map in section 3.1 shows the current Cross Country network. Cross Country has the largest geographical spread of all British passenger franchises. Its trains serve destinations from Cornwall, the South Coast, the Midlands and South Wales to the north of England and central and north east Scotland. It operates through seven of the eight Network Rail geographical routes. It does not serve London.

All trains serve Birmingham New Street, and the core routes currently covered by Cross Country with an hourly daytime service are set out below (although some trains operate beyond these, for example, to Glasgow, Aberdeen, Penzance and Paignton):

Long distance service (operated by Voyager and High Speed Train fleets)

Edinburgh to Plymouth

Long distance services (operated by Voyager fleet)

Bournemouth to Manchester

Bristol to Manchester

Reading to Newcastle

Long Distance Services (operated by a Class 170 Train fleet)

Birmingham to Stansted Airport

Nottingham to Cardiff

Local (Stopping services operated by the Class 170 Train fleet)

Birmingham to Nottingham

Birmingham to Leicester

The majority of Cross Country routes are long distance intercity or regional routes. However, Birmingham to Leicester and Birmingham to Nottingham are much more local, stopping services, primarily used by commuters. It has been suggested by stakeholders that Cross Country should be a long distance operator with the focus on providing good quality long distance and inter-regional services. Separating out and transferring these local services from Cross Country to another franchise would allow Cross Country to focus on its longer distance routes whilst putting these services in a franchise which operates similar services.

The benefits of doing so would be considered alongside the costs and disruption for the companies and staff involved. The Department is beginning exploratory talks with relevant TOCs on operational feasibility. It should be noted that it is not proposed to transfer the Birmingham to Stansted and Cardiff to Nottingham services to another operator as part of this remapping.

At the date of publication of this Prospectus, the Secretary of State has not made any decision to remap any Cross Country services, either by transferring existing services to or from another franchisee. Any changes would only take place with public support.

3.4 Journey Times

AXC has three types of trains; Voyagers, High Speed Trains (HSTs) and Turbostars (for more detail, see section 3.9). Voyagers and HSTs have the technical capability to run at 125mph but can only operate at full speed on part of the network. Level crossings and curves in the track slow train speeds.

The high level of passenger churn at some stations has resulted in relatively long station dwell times. The current rolling stock was not designed to accommodate high numbers of passengers leaving and joining the train.

Currently, journeys are “slowed down” by approximately 2,000 minutes each day, which equates to around 7 minutes per train¹¹. This could be due to the churn of passengers and/or extra pathing time in the timetable. From a passenger perspective, this translates into longer journey times and the perception of a slower journey as the train will spend significant amounts of time stationary.

3.5 Community Rail

Community Rail connects communities and their railways through community based partnerships, groups, organisations, social enterprises and volunteers. In England and Wales, a Community Rail line is a railway supported by a local Community Rail Partnership (CRP) organisation with the aim of engaging local people in the development and promotion of the routes, services and stations. The Association of Community Rail Partnerships (ACoRP), the national umbrella organisation for community rail, has produced a booklet setting out the benefits of community rail.¹²

Cross Country serves some of the largest towns and cities in Britain and provides services of economic and social importance to smaller communities. Linking 24 existing CRPs across the country (20 in England and Wales and four in Scotland), this franchise can play a key role in delivering the Department's new Community Rail Strategy.

The Department will expect the interests of local communities to be embedded in decision-making in the next franchise, so that those who depend on and benefit from the railway can play a greater part in supporting and improving it. Bidders will be encouraged to expand the interaction with local government, business, ACoRP and CRPs, as well as promoting station adoption and supporting local social enterprise schemes.

Bidders will have the opportunity to build on AXC's innovative partnership with the Scout Association to promote rail safety among young people. Supported by the British Transport Police, this scheme encourages Britain's younger generations to be safe and understand more of the potential dangers when on or near the railway.

To support social enterprise, AXC has worked with ACoRP to design a social enterprise toolkit to support CRPs.

With a range of partnerships to work with, the new franchisee will have an opportunity to play a leading role in helping to build public trust in our railways.

¹¹ Network Rail, Freight & National Passenger Operators, May 2017

¹² <https://communityrail.org.uk/wp-content/uploads/2018/02/ACoRP-Whats-been-achieved-in-community-rail.pdf>



3.6 On-board Services

3.6.1 Standard Class Services

AXC offers a trolley service on most of its trains, seven days a week, between 06:00 and 20:00. There are some routes with limited or no catering options. Catering is only available on selected services between Birmingham/Stansted Airport and Nottingham/Cardiff. There is no catering from Penzance to Plymouth, Stansted to Peterborough and Edinburgh to Aberdeen.¹³ The range on offer includes hot and cold sandwiches, soft drinks, hot drinks, snacks and alcoholic drinks.¹⁴ Wi-Fi is available to purchase in all standard coaches at £2 per hour.

3.6.2 First Class Services

AXC's First Class catering offer consists of a selection of complimentary food plus an additional range of products available to purchase. The complimentary catering service is available 06:00 to 20:00, Monday to Friday. The catering varies depending on the type of train service. For example, between Peterborough/Cardiff, catering is only available on selected services. Most services between Birmingham/Nottingham and Cardiff/Birmingham offer tea, coffee, water and biscuits rather than the full First Class menu.

There is also a drink and snack menu consisting of snacks, soft drinks, tea/coffee, sandwiches and breakfast items. The First Class offer is reduced at weekends and bank holidays.¹⁵

¹³ <https://www.crosscountrytrains.co.uk/media/2184/catering-map-2017-map-1.pdf>

¹⁴ <https://www.crosscountrytrains.co.uk/media/2184/catering-map-2017-map-1.pdf>www.crosscountrytrains.co.uk/on-board-with-crosscountry/food-drink

¹⁵ <https://www.crosscountrytrains.co.uk/on-board-with-crosscountry/first-class-food-and-drink>

There are fewer seats and more space in First Class carriages, with one less seat per row compared to Standard Class. AXC advertises larger reclining seats and extra table space in First Class.

Wi-Fi is free for all to use in First Class carriages.¹⁶

3.7 Fares

AXC offers a range of tickets:

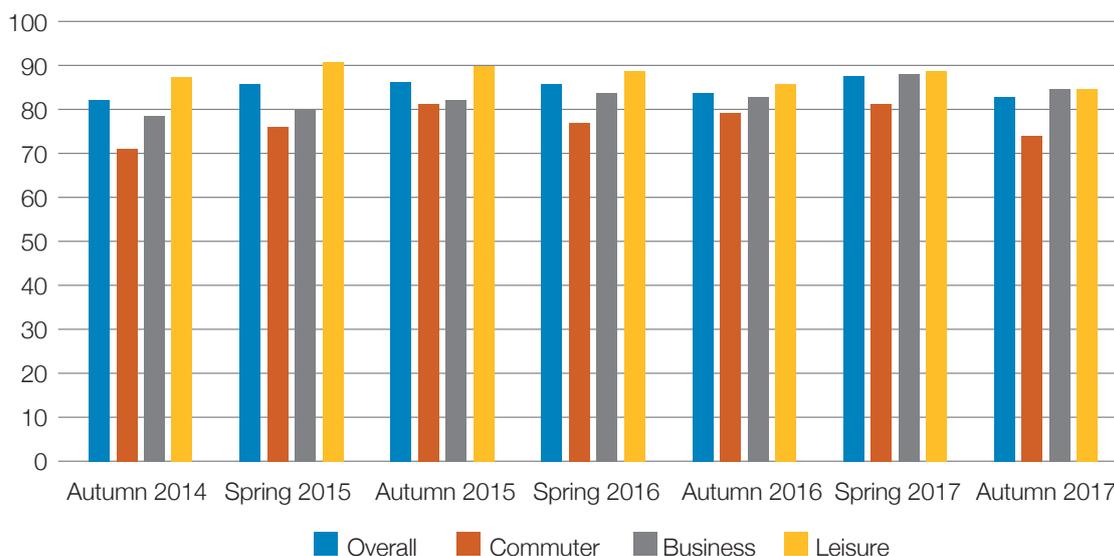
Anytime Single/ Anytime Day Return/ Anytime Return	Off-peak/ Super Off-Peak	Seasons	First Class	Advance Tickets
Fully flexible with no limited availability	Off-peak includes travel on the weekends, public holidays and weekdays after 09:30. Not valid from 15:30 – 18:00	Available season tickets are 7-day, monthly and monthly plus (which is valid between a month and a year)	First class available for all types of tickets	Available to purchase from day of travel to twelve weeks in advance

There are a number of routes where AXC trains compete with other TOCs. Where there is a lot of competition, fare prices tend to be cheaper, if compared by journey distance (example included below).

Flow	Operator	Journey Time ¹	Single			Day Return	
			Anytime	Off-Peak ²	Advance ³	Anytime	Off-Peak
York – Sheffield	XC	45 mins	£11.60	£5.60	£11.60	£22.30	£11.20
	NT	66 mins	£18.70	£17.80	–	£37.40	£35.60

3.8 Customer Satisfaction

AXC's National Rail Passenger Survey (NRPS) satisfaction score was 83% in Autumn 2017.



¹⁶ <https://www.crosscountrytrains.co.uk/tickets/ticket-types/first-class>

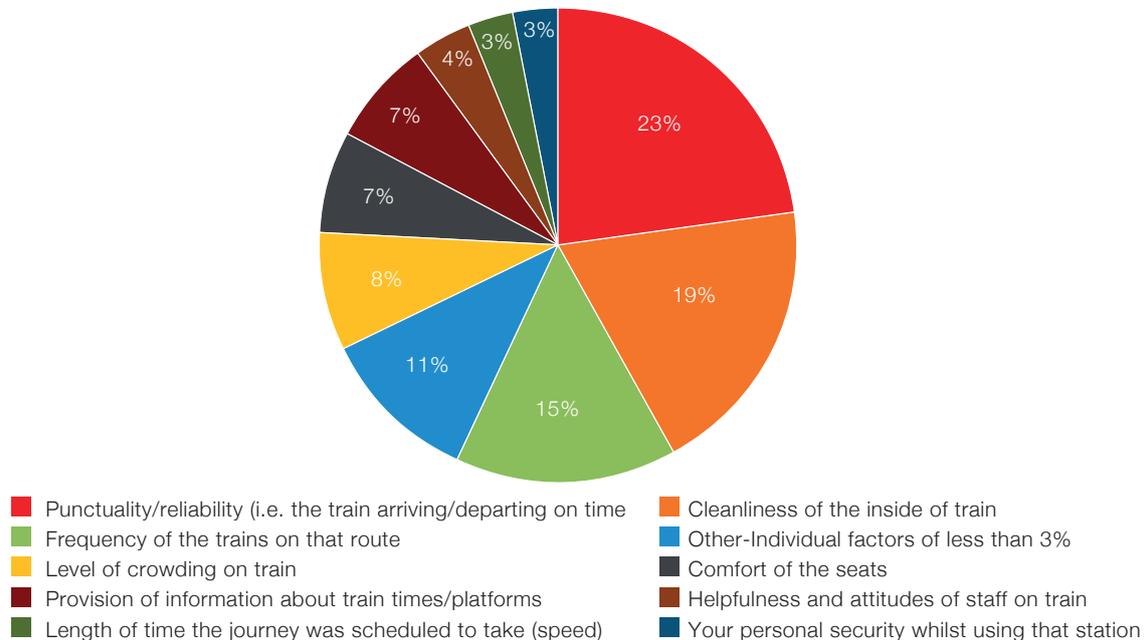
The chart above shows satisfaction by journey type. In general, NRPS results show customer satisfaction is highest amongst leisure and business passengers but lowest amongst commuters. Satisfaction amongst leisure passengers is higher, or at least equal, to satisfaction amongst business passengers.

The highest score for satisfaction at the station was obtained for: (1) how requests to station staff were handled; (2) provision of information about train times/ platforms; and (3) ticket buying facilities. The lowest score was obtained for: (1) availability of WiFi; (2) toilet facilities at the station; (3) availability of seating; and (4) facilities for car parking.

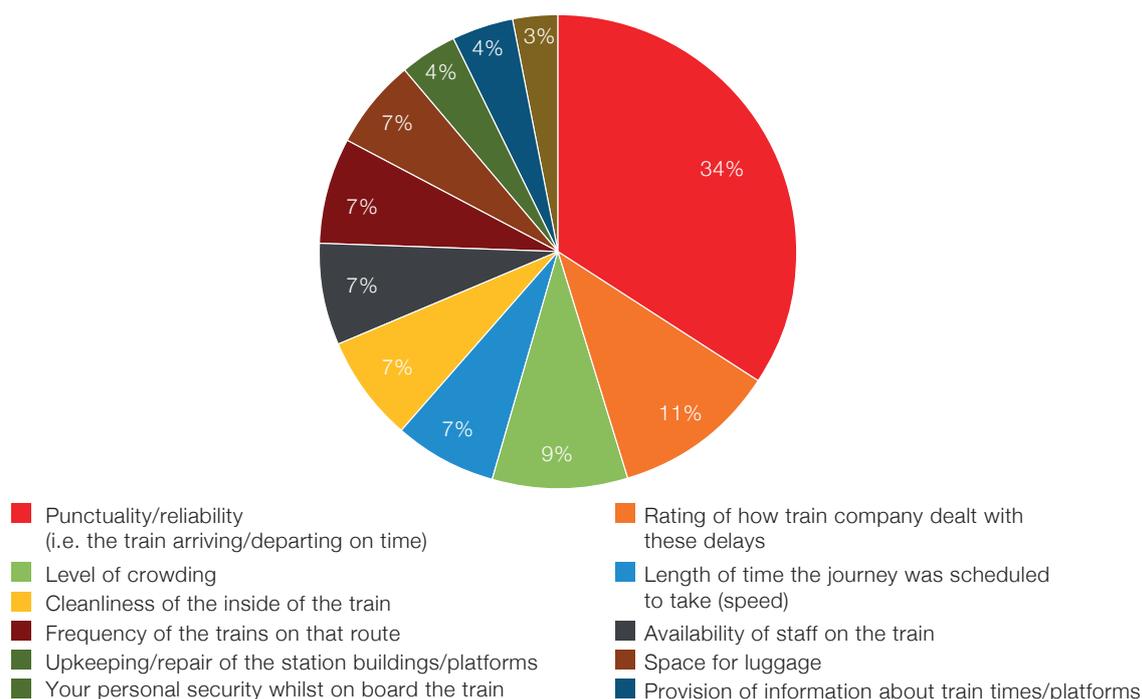
Overall satisfaction with trains was 79% in Autumn 2017. The highest scores were obtained on: (1) punctuality; (2) cleanliness of the inside of the train; and (3) the frequency of the trains on that route. The lowest scores were obtained for: (1) punctuality and reliability; (2) rating how the train company dealt with delays; and (3) level of crowding.

The analysis below examines which of the NRPS factors are most important in determining overall satisfaction and dissatisfaction. It shows that punctuality and reliability has a key role in influencing the passenger experience and is the most significant driver for both satisfaction and dissatisfaction. Other factors that most influence satisfaction are: cleanliness of the inside of the train, frequency of the trains on the route and level of crowding. How the train company dealt with delays and the level of crowding are the other most important influencers of dissatisfaction.

Drivers of Passenger Satisfaction



Drivers of Passenger Dissatisfaction



3.9 Changing Trains

Currently, one-in-two Cross Country passengers change trains.¹⁷ All trains call at Birmingham New Street which, consequently, is a busy inter-change. AXC advises passengers to use four stations (Cheltenham Spa, Leamington Spa, Derby and Wolverhampton) as a fall back for an interchange at Birmingham New Street.¹⁸

3.10 Fleet and Engineering

This table shows the types of trains used by AXC.

Train Type		Routes	Maintenance Centre/Supplier
	Class 170 (Turbostar)	Cardiff – Nottingham, Birmingham – Stansted	Tyseley (Birmingham). London Midland
	Class 220/221 (Voyager)	All routes except those operated by class 170s	Central Rivers (Staffordshire) Bombardier
	Class 43 (HST)	Edinburgh – Plymouth	Craigentinny (Edinburgh). Virgin Trains East Coast

¹⁷ FNPO report

¹⁸ <https://www.crosscountrytrains.co.uk/media/1298/crosscountry-route-map.pdf>

Cross Country's rolling stock is relatively young. The average age is 18 years, compared with a national average of 21 years. By May 2018, all of Cross Country vehicles will comply with accessibility standards. However, despite the rolling stock being relatively young, passengers may perceive the Cross Country fleet to be old in the near future when other franchises upgrade their rolling stock. The table below shows AXC Rolling Stock Fleet, as of December 2017.

Type of Rolling Stock	Fleet Size	Fuel Type	Route Usage	Maximum Speed miles per hour	Number of Seats	Leasing Company
Voyagers Class 221	20 x 5 car	Diesel	Long distance	125	262	Voyager Leasing Ltd
Voyagers Class 221	4 x 4 car	Diesel	Long distance	125	200	Voyager Leasing Ltd
Voyagers Class 220	34 x 4 car	Diesel	Intercity	125	200	Voyager Leasing Ltd
High Speed Train (HST) Class 43	5 power car	Diesel	Long distance/intercity	125	7 car formation = 459	Porterbrook/Angel
Turbostars Class 170	13 x 2 car	Diesel	Middle distance/regional	100	120	Porterbrook
Turbostars Class 170	16 x 3 car	Diesel	Middle distance/regional	100	200	Porterbrook

AXC operates 92 train sets comprising 376 vehicles.

Diesel Multiple Units (DMUs) are used because some lines on the Cross Country network are not electrified. The AXC DMUs run under wires north of Doncaster, on the East Coast Mainline.

AXC Voyager Trains

AXC operates Class 220 and 221 Voyager trains on the majority of its long-distance services. They are formed of four or five coaches – three or four Standard Class and one First Class – and are sometimes coupled together to give longer trains. There are 62 seats per coach in Standard Class and 26 in First Class.¹⁹ The Voyagers score high on technical reliability, with approximately 23,000 Miles per Technical Incident (MTIN) in 2018.²⁰ However, there are issues with the narrow seat pitch and a lack of luggage space.²¹ AXC's Voyagers account for 72% of the TOC's annual mileage.

Voyager trains are susceptible to delays or cancellations during high tides in the Dawlish area due to sea water affecting the electrics of this fleet. When this happens voyager trains terminate at Exeter or Bristol.

High Speed Trains (HSTs)

AXC operates a fleet of five Class 43 High Speed Train (HST) sets, which run solely on the Plymouth to Edinburgh via Birmingham and Leeds corridor. They all provide 457 seats across seven carriages, with five Standard and two First Class carriages available to customers.²² HSTs technical reliability is approximately 11,000 MTIN in 2018.²³ The HST fleet is comparatively old compared to other franchises and consequently performance could be improved. They account for 4% of the TOC's annual mileage²⁴.

Turbostars

AXC operates Class 170 Turbostar sets on inter-urban services from Cardiff to Nottingham and Birmingham to Stansted Airport via Leicester. A mixture of two and three carriage sets are used, with a small number of peak time services operated by multiple sets coupled together into four and five carriage lengths. There are a total of 29 sets, with the number of seats provided ranging from 120 to 200 per train. Each set has a small First Class section of nine seats, with the remainder of the set having Standard Class provision.²⁵ The Turbostar's technical reliability is approximately 16,000 MTIN in 2018.²⁶ They account for 24% of AXC's annual mileage²⁷.

19 <https://www.crosscountrytrains.co.uk/on-board-with-crosscountry/our-trains>

20 MTIN report – period 13

21 NRPS Autumn 2017

22 <https://www.crosscountrytrains.co.uk/on-board-with-crosscountry/our-trains>

23 MTIN report – period 13

24 MTIN report – period 13

25 <https://www.crosscountrytrains.co.uk/on-board-with-crosscountry/our-trains>

26 MTIN report – period 13

27 MTIN report – period 13

3.10.1 Depots

AXC does not operate any depots or stabling facilities, however it has access to maintenance and stabling facilities as follows:

Voyagers: Central Rivers (Burton-on-Trent), Craigentenny (Edinburgh) (separate agreement to HSTs), Tyne Yard (Newcastle), Crofton (Wakefield), Eastleigh, Barton Hill (Bristol), Laira (Plymouth), separate agreement to HSTs), Longsight (Manchester) and Long Rock (Penzance).

HSTs: Craigentenny (Edinburgh), Neville Hill (Leeds) and Laira (Plymouth).

Turbostars: Tyseley (Birmingham), Cambridge, Canton (Cardiff), Leicester (sidings only, no depot) and Eastcroft (Nottingham).

The Voyager fleet is maintained at a specialist depot constructed at the same time as the trains. This is located at Central Rivers, between Burton on Trent and Birmingham. The units are a “dry” lease, with Bombardier charging all maintenance costs through a Train Service Agreement (TSA) with AXC. The availability requirement for traffic is 91%.

The HSTs are maintained at Craigentenny (Edinburgh), Neville Hill (Leeds) and Laira (Plymouth) depots, where AXC has a depot access agreement. This facility is shared with other TOC’s rolling stock. AXC leases the vehicles on a “dry” lease and so is responsible for the maintenance. The TOC then sub-contracts others to do that maintenance on its behalf.

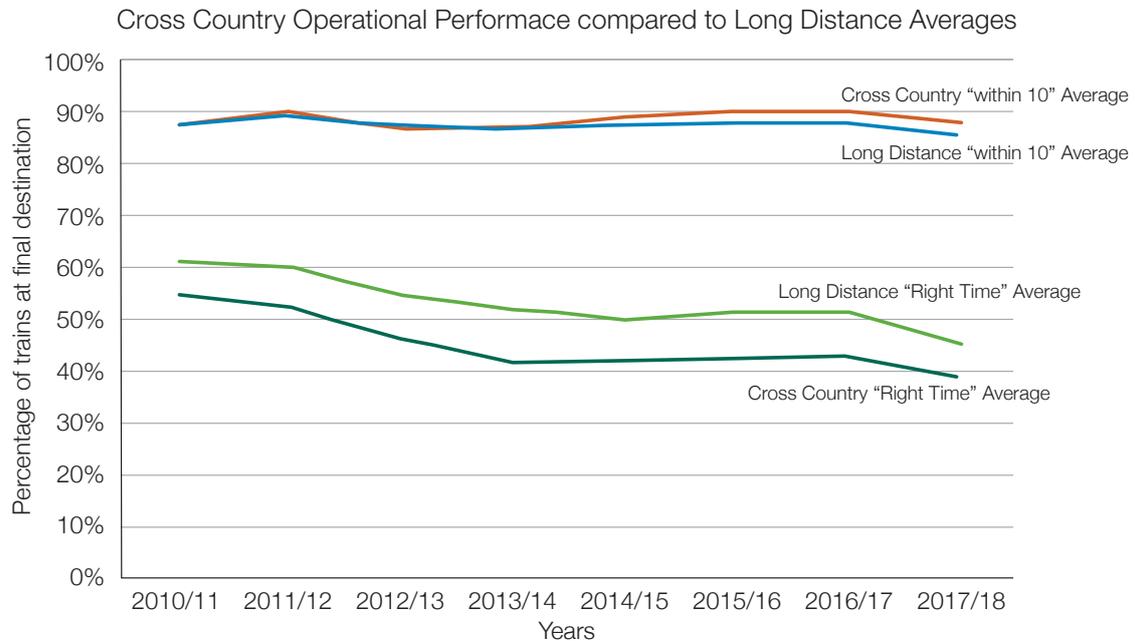
Class 170 Turbostars are maintained through West Midlands’s Trains Tyseley depot in Birmingham by way of a Maintenance and Servicing Agreement. The fleet is on a “soggy” lease from the Rolling Stock Operating Company (ROSCO) and West Midlands Trains provide light maintenance at their Tyseley Depot. The availability requirement for traffic on weekdays is 86%.

Arriva TrainCare currently operate overnight servicing and maintenance for five units of the Cross Country DMU Class 170 fleet at one depot at Cambridge. Overnight service provision is solely for AXC and there are no other TOCs using the facility. Approximately 347 vehicles visit the depot per period. The light maintenance work includes fuel point exams, toilet tanking, general service, any work arising and a light clean.

3.10.2 Operations

Performance

The Public Performance Measure (PPM) shows the percentage of trains which arrive at their terminating station within 5 minutes (regional services) or 10 minutes (for long distance services). The PPM graph below shows that AXC's PPM for 10 minutes is 87.7%.



For delay minutes, only 10% of overall delay minutes are caused by the TOC themselves with 90% being caused by Network and other train and freight operators.²⁸

Right Time Performance

AXC has been operating consistently in Right Time performance. However, AXC is the worst performing TOC amongst its long-distance peers.²⁹

Freight

Cross Country's network interacts with a large number of freight services, reflecting the geographic spread of the franchise. These freight services play a vital role in moving goods around the country and help to reduce the number of lorries on our roads. Particularly important flows include container trains from Southampton towards the Midlands, North West and Scotland via Reading and Oxford, as well as container trains from Felixstowe towards the Midlands and Yorkshire via Ely and Peterborough.

These services are carrying consumer goods to distribution centres in one direction and goods for export in the opposite direction, and the number of these trains is set to grow further in the future. Important flows on the East Coast Main Line include steel products from Scunthorpe as well as biomass between the Port of Tyne and Drax power station.

²⁸ Network Rail performance reports

²⁹ <https://www.networkrail.co.uk/who-we-are/how-we-work/performance/public-performance-measure/>

Important Notice

This document is issued by the Secretary of State pursuant to its functions and duties under the Railways Act 1993. It forms part of a competitive procurement conducted in accordance with relevant legal requirements including Regulation 1370/2007.

This document is not a recommendation by the Secretary of State, or any other person, to enter into any agreement or to make any investment decision. In considering any investment in a franchise, recipients should make their own independent assessment and seek their own professional financial and legal advice.

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

The Secretary of State expressly disclaims any and all liability (other than in respect of fraud or fraudulent misrepresentation) based on or relating to any such information or representations or warranties (express or implied) contained in, or errors or omissions from, this document or other information, or based on or relating to the recipient's use of this document or other information, or the use of this document or other information by any of their affiliates or the respective representatives of any of them in the course of their evaluation of any franchise or the shares of any franchisee or any other decision.

The only information which will have any legal effect and/or upon which any person may rely will be such information (if any) as has been specifically and expressly represented and/or warranted in writing to a successful franchisee in the Franchise Agreement or in any other relevant agreement entered into at the same time as the Franchise Agreement is entered into or becomes unconditional.

Legal, technical and financial advisers will be acting for the Secretary of State in relation to the re-franchising process for the Cross Country 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, or any other information provided to a prospective franchisee or shareholder or the Cross Country franchise.

The Secretary of State is not and shall not be liable for any expenses, costs or liabilities incurred by those expressing an interest, submitting a Franchise Application in response to the Franchise EOI, or negotiating or bidding for the Franchise Agreement or any other agreement entered into in connection with the Franchise Agreement, or any such costs incurred by their associated entities or any other person. In particular, the Secretary of State is not and shall not be liable for any expenses, costs or liabilities incurred by those making a Franchise Application in response to the Franchise EOI without knowing the outcome of their Passport Application.

The Secretary of State reserves the right not to award the Franchise Agreement, or any contract, to make whatever changes it sees fit to the structure and timing of the re-franchising process for the Cross Country franchise (including issuing updates and amendments to this document or any other information provided), to cancel the process in its entirety at any stage and, where it considers it appropriate to do so, to make a direct award pursuant to Regulation 1370/2007.

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 Prospectus and the documentation in the EOI Pack, the EOI Pack documentation shall prevail.

The Secretary of State 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.