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Thameslink and Southern franchises to merge

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The Department for Transport has invited expressions of interest to run the new Thameslink, Essex Thameside and Great Western rail franchises.

Under the first of a new generation of longer franchises, bidders will be expected to take on responsibility for improving stations, integrating infrastructure improvements and, in some cases, procuring new rolling stock.

The Thameside and Great Western franchises are both set to run for 15 years with contracts beginning in May 2013 and April 2013 respectively. Both include a profit share mechanism and may include a mechanism for sharing revenue risk linked to economic factors.

For Thameside the chosen bidder will be expected to take full repairing leases for all C2C stations and possibly London Fenchurch station. A performance bond of £6m and season ticket bond of £20m will be payable.

Similarly, the chosen bidder for Great Western will take full repairing leases on some or all of the stations that it operates other than Network Rail managed stations. It will also be expected to engage with industry partners developing the Airtrack Lite and Heathrow Western Access schemes and will have the opportunity to tender to provide these new services.

The DfT says it expects that the franchise operator will take responsibility for the provision of rolling stock. This is likely to include the procurement of a fleet of electric multiple units to take advantage of the planned electrification of the Great Western route. From 2017 new Intercity Express Trains are due to be delivered to the franchise operator with the full fleet available from early 2018. A performance bond of £50m and season ticket bond of £25m are payable by the successful bidder.

A shorter contract is available for Thameslink to coincide with the major timetable changes occurring during the rebuilding of London Bridge station and the introduction of new timetables following the completion of Thameslink Programme Key Output 2. A seven year contract, starting in September 2013 and with a possible two year extension, is being advertised.

As well as including the existing First Capital Connect services on the Thameslink and Great Northern routes, the successful bidder will take over a number of Southeastern routes by the end of 2014, including those which are currently jointly operated, to facilitate the new Thameslink service pattern.

In addition, the new Thameslink franchisee would take over all services included in the existing Southern franchise at some point between July 2014 and July 2017 when the current deal expires. Stations such as Horsham, East Grinstead, Caterham and Tattenham Corner, which are served by Southern, are due to gain cross-London services once the Thameslink Programme is completed.

In a further sign of the two franchises being integrated, the new operator may be required to provide up to £100m as a final delivery payment for the new rolling stock being procured for the existing Southern franchise (TB 7958). The £100m will be required as a cash payment between September

First Capital Connect: next Thameslink franchise is set to include Southern and Southeastern routes



WESTERN, THAMESLINK AND ESSEX THAMESIDE FRANCHISE SCHEDULE

- Feb 2012 - All franchises - return of PQQs
- April 2012 - All franchises - bidders shortlisted
- May 2012 - Great Western ITT
- June 2012 - Essex Thameside ITT
- Oct 2012 - Thameslink ITT
- Dec 2012 - Great Western winner announced
- Jan 2013 - Essex Thameside winner announced
- April 2013 - Great Western franchise starts
- May 2013 - Thameslink winner announced
- May 2013 - Essex Thameside franchise starts
- Sept 2013 - Thameslink franchise starts

*Source: DfT OJEU notices
Details accurate at December 2012*

2013 and July 2017 and may be used by the operator to offset the funding requirements of the performance bond and season ticket bond - which may be secured with a loan agreement with Southern operator GoVia.

The DfT says the new Thameslink contract will be framed around the risk inherent within the particular circumstances of this franchise. A performance bond of £75m and season ticket bond of £70m will be required.

Expressions of interest for all three franchises are due in by 9 February 2012. The government is expected to publish a rail paper early next year detailing the new approach to franchising.

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