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Bids for two London commuter rail franchises sought

By Jane Wild

The first big rail franchise competition since the botched West Coast mainline rail tender opened on Thursday, as the government sought bids to run two London commuter franchises.

The competitions for Thameslink and the smaller Essex Thameside service linking London and Southend are expected to prompt a rush of interest from operators after a hiatus following the cancellation of the West Coast mainline competition last year.

The fallout from this saw the government cancel three other active tenders, including the two restarted on Thursday.

As part of the changes by the government to the franchising process, Thameslink will be let as a seven-year management contract in which the government bears all the risk on revenues and the operator is paid a fixed fee.

The switch is one of the changes designed to remove risk from some of the franchises where disruptive engineering work is planned, causing problems for operators in forecasting demand and revenue growth.

The government also plans to expand the Thameslink contract, which currently covers services north of London including from Peterborough and Luton and south of the capital to Brighton.

From July 2015 the winning bidder will take over the running of the Southern franchise, which operates commuter services out of London Bridge and Victoria stations to the south coast.

The four UK-listed transport groups – Go-Ahead, [Firstgroup](#), [National Express](#) and [Stagecoach](#) – are all expected to bid for at least one of the franchises but will face competition from foreign bidders, including Hong Kong-listed [MTR](#), and Abelio, a subsidiary of Nederlandse Spoorwegen, the Dutch state railway.

[Go-Ahead](#) is expected to team up with its partner Keolis, a subsidiary of France's SNCF.

The government is set to announce the successful bidders next May, with both contracts starting in September next year.

Next month the government is also expected to kick-start the privatisation of the East Coast main line, which has been state-run since 2009.

The East Coast competition will be the last franchise let before the general election in 2015. The government is extending the contracts of the incumbents on the remaining 13 rail franchises as it tries to smooth out the schedule in the wake of the West Coast rail fiasco.

Simon Burns, rail minister, said: "Rail franchising has been a force for good on our railways and the department has been working hard to roll out its new franchising schedule."

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