
Cross Country Franchise Competition Scrapped as Rail Review Announced

As reported in our last media article, although the Department for Transport issued a prospectus for the renewal of the Cross Country franchise to prospective bidders on 20th September, it was quickly followed by a decision that the competition will not proceed. Instead a direct award is to be made to Arriva to extend the existing contract beyond 2019.

The decision follows the announcement of a new Government Rail Review to consider the structure of the industry, and as a result the DfT has assessed the validity of all ongoing franchise competitions and other live rail projects. The view has been taken that due to the unique geographic nature of the [Cross Country franchise](#), which runs from Aberdeen to Penzance and cuts across multiple parts of the railway, that awarding a new contract in 2019 could be inconsistent with the review conclusions. All other ongoing franchise competitions and rail projects in the course of implementation are to continue.



The review, which is described as the most significant since privatisation, will be led by Keith Williams (pictured) as independent chair with the support of an expert panel. Mr Williams is a former Chief Executive of British Airways and the current Deputy Chairman of the John Lewis Partnership. The panel will also include Roger Marsh who chairs the body representing the 11 Local Enterprise Partnerships in the north of England. The remit is to consider ambitious reforms that benefit passengers and support a stronger fairer economy and is to investigate greater integration between track and train, stronger regional partnerships, and improved value for money.

The changes are anticipated to be significant as it is the intention to publish a white paper to present policy preferences as a prelude to a new Railways Act that could either replace or make amendments to the present 1993 legislation which sets out the structure of the industry and the regulatory duties of the Office for Rail and Road. All aspects of the industry are to be analysed

and recommendations are to include improvement to the current franchising model in terms of delivering better services and value for money for passengers, commercial sustainability and innovation. Particular regard is to be paid to the changing pattern of demand that has become evident with the decline in the use of season tickets as a result of price increases linked to the Retail Prices Index of 3.6% on 2018 and the intended 3.2% in 2019, and the effect of greater workplace flexibility. There is also emphasis on leveraging the commercial model to ensure an improved result for passengers and taxpayers, with a more effective balance between public and private sector involvement and structures that reduce fragmentation and increase accountability. Judgements are also to be made about how the railway can support a fares system that delivers value for money for passengers and taxpayers, and what measures can be taken to improve industrial relations to maintain services.



The review was announced at the same time that the interim inquiry report conducted by Professor Stephen Glaister of the Office of Rail and Road into the May 2018 timetable disruption was published and the findings of his final report at the end of the year will be taken into account. While the review is taking place, the Government will continue with its programme of rail investment with industry funding of £48 billion over the next 5 years.

The formal terms of reference and membership of the panel will be advised when Parliament returns in October. The Transport Secretary has asked that the review engages with a wide range of stakeholders in all parts of the country, including passenger representatives,

businesses, and local and devolved bodies and governments.

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