

Island Line – Technical Advisory

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Document Control

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Overview of the current franchise

Island Line operator

- Island Line part of a wider rail franchise, South West Trains
 - South West (SW) rail franchise administrated by the Department for Transport (DfT), started in 1996
 - Stagecoach has won all SW franchise competitions in 1996, 2001 and 2007
 - Current SW franchise contract started in 2007, ends in June 2017
 - Stagecoach operates under South West Trains (SWT) and Island Line (IL) brand.
- Previous Island Line franchise
 - Operated under a separate franchise agreement from 1996 to 2007
 - Stagecoach was the operator
 - Merged with SW franchise in 2007 SW competition

Note:

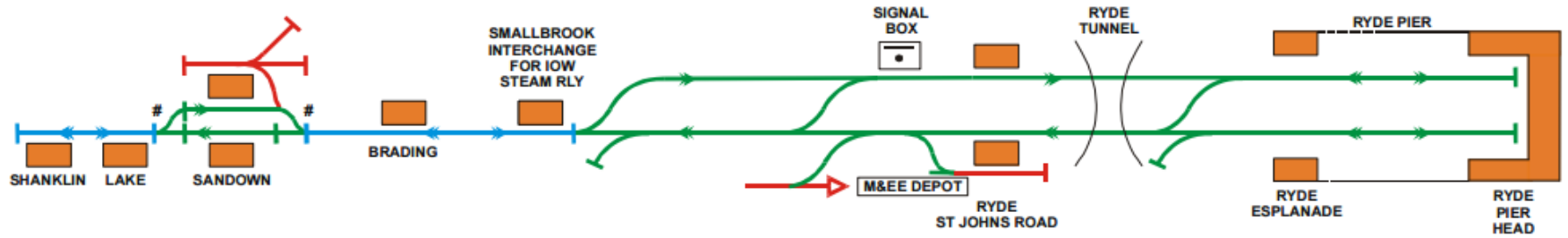
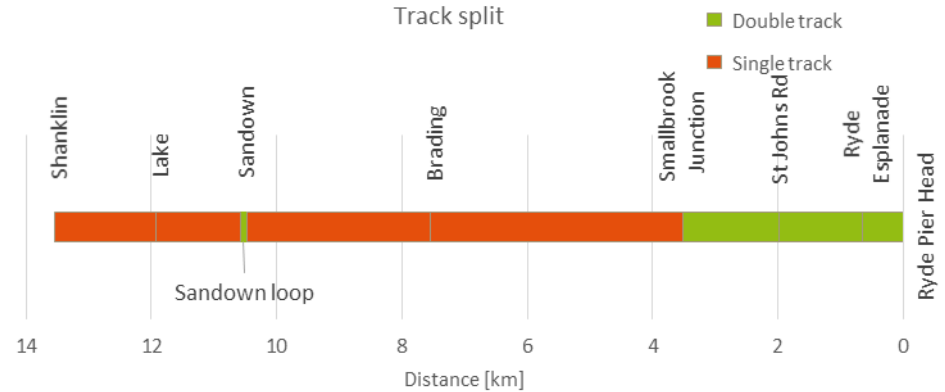
A rail franchise is a contract between an operator (franchisee) and the DfT for the provision of rail services under agreed set of requirements.

Rolling stock is usually leased from rolling stock companies (ROSCOs)

Overview of the current franchise

Railway infrastructure

- Length: 13.4 km (8.3 miles)
- Mainly single track: 74%
- Layout restricts services to 20 min pattern using Sandown loop



Overview of the current franchise

Stations and train services

- Stations:
 - 8 stations
 - Staffed stations: Ryde Pier, Ryde Esplanade and Shanklin
 - Smallbrook Junction is a platform for interchange with steam railway, no pedestrian access to the platform
- Service:
 - Mon-Sat: 5:35-23:00 / Sun: 6:35-23:00
 - 20/40 min service pattern
 - Average travel time of 23 min



Scale of Island Line

Subsidies (Table redacted)

- Island Line need subsidies
- Overall, SWT pays money (“premium”) to the government, but complicated by grant paid by Government to Network Rail
- Relatively high level of subsidies per passenger for IL

Rail Franchising

Overview

- Programme set and managed by DfT Rail Executive: DfT specifies and runs procurement, within an affordability envelope agreed with Treasury
- Process revised post Brown and Laidlaw reviews in 2012/13
- Risk allocation between franchising authority and franchisee to optimise benefits to the Exchequer and incentivise bids
- Operator of Last Resort is DfT (Directly Operated Railways)
- Previous devolution deals have meant some risks retained by DfT, including Operator of Last Resort
- Franchise terms tend to be 7-10 years
- Procurement takes 24 months
- DfT appoints external Technical, Legal and Financial advisors
- Franchise Agreement is between the Franchisee and Secretary of State
- Devolved Concessions in Scotland, London, Merseyside.
- Partnership agreement is a transitional phase for Rail North with Rail North and DfT set up to manage Northern and TransPennine on behalf of SoS, pending full devolution.

SWT Refranchising

Key dates

DfT to replace the current South West franchise (which includes the Island Line) through competitive procurement, rather than reach a Direct Award Agreement with Stagecoach:

- OJEU date: November 2015
- PQQ date: Not known to date (likely to coincide with OJEU)
- ITT date: June 2016
- Island Line service level expected to remain broadly as today although there will be a period of stakeholder consultation by DfT and by bidders.

Five alternatives

Scenarios

1. DfT continue to let the Island Line as part of the South West franchise competition
2. DfT let Island Line as a separate franchise
3. IOW UC let Island Line without infrastructure
4. IOW UC let Island Line with infrastructure
5. DfT/IOW UC Business Unit within SWT franchise

Themes for discussion

- Has IOW UC got an affordable vision for the franchise?
- IOW UC require active cooperation of DfT and an open + professional relationship;
- IOW UC cannot afford to let the IOW UC without ongoing support from DfT;
- DfT cannot tolerate any delay to SWT competition – but might carve out arrangements for Island Line;
- Devolution agenda;
- Transaction costs.

Q&A and Discussion