

Developing a more sustainable future for **Island Line**



Contents

Foreword	3
Welcome to Island Line: an introduction	4
The challenges Island Line faces	4
Engagement to date	5
Our commitments	6
Consultation questions	12
Appendix (i): Island Line - consultation and costed option governance	15
Appendix (ii): Franchise Agreement excerpt	18

Foreword

Island Line is important. The eight miles of track provides crucial connectivity for Island communities. It means that people can make quicker journeys both on the Island, and onward too, to the mainland. It connects with local bus services and cross-Solent routes



The route provides many benefits to the communities it serves. It operates services for commuters, tourists, students and residents alike. It delivers social benefits by linking areas of high population on the island, along the Ryde to Shanklin corridor. It drives economic links by supporting businesses along the route. And it produces environmental benefits by taking cars off an increasingly congested road network.

Yet despite its significance, it faces a challenging future. The route records an annual loss. Operating costs are significantly higher than annual revenue (around four times the annual revenue).

The trains are nearly 80 years old, providing a customer experience that cannot be described as modern. Spare parts are increasingly challenging to obtain; reliability and availability is becoming an issue.

The infrastructure also requires investment. The tunnel floods. The stations require painting. The third rail and power supplies need replacing. Any alternative or new trains may need infrastructure changes to operate effectively.

The Island deserves a better railway. Island Line deserves a better future. We now have a unique opportunity to develop a more sustainable future for Island Line. This is an exciting moment in the route's history when, if we get this right, we can deliver a major step change in transport on the Island and boost the wider economy.

Over the next few months, we will work closely with the Isle of Wight Council to develop a more sustainable future for Island Line. As part of our consultation, we want you to tell us what the future of Island Line should look like.

Next year, drawing from this consultation, we will submit our ideas to the Government to secure a more sustainable future for this critical part of Island life. We look forward to working with you.

Andy Mellors, Managing Director, South Western Railway

Welcome to Island Line: an introduction

Welcome to South Western Railway's (SWR's) consultation on Island Line. Last year, FirstGroup and MTR met a range of Island stakeholders. Each of them told us that Island Line needs to be placed on a more sustainable footing than it is today.

In the franchise specification, the Department for Transport (DfT) echoed this, stating it wanted the next franchisee to “work with the Isle of Wight Council to secure a long-term sustainable solution to the future of the Island Line during the course of the next franchise that will enable it to become a more sustainable business”.

Over the next few months, SWR will take the first steps to achieve this ambition. Through individual meetings with Island stakeholders and working with our partner, the Isle of Wight Council, we are running this consultation to understand people's views on how we can develop that sustainable future for Island Line.

This paper sets out the primary questions we are asking as we develop our proposals for the future of the route. These consultation questions will act as a meeting guide with Island Line stakeholders. Also, as well as holding individual meetings, we welcome electronic responses to this consultation. We set out how these can be submitted later in this paper.

Next year, informed by this consultation, we will deliver a costed option by May 2018, setting out our proposals to the Department for Transport.

The challenges Island Line faces

Island Line faces multiple issues today. The current financial position is not sustainable with operating costs far exceeding the annual revenue. The Class 483 trains are nearly 80 years old. The customer experience on-board is not modern and does not meet customer expectations. The trains are not comfortable for customers, either in terms of their seating or ride quality. The Island Line fleet contrasts unfavourably with SWR's mainland trains that provide a far more comfortable and modern experience for customers. The train fleet is facing a shortage of parts and not all units are operational. Of the fleet of six trains, three are currently serviceable.

The fleet is a franchise asset. In other words, the franchise owns the rolling stock. In the UK rail industry, this is unusual as rolling stock leasing companies (ROSCOs) own most trains and carriages, letting them to individual Train Operating Companies (TOCs). Any replacement rolling stock, therefore, is likely to incur additional costs through leasing charges unlike today's fleet.

The timetable does not serve customer needs. Trains run at uneven intervals of every 20 and 40 minutes due to current infrastructure constraints, and does not connect with the Wightlink catamaran half-hourly service at Ryde Pier Head, or Hovertravel, as well as it might.

Island Line is different from the mainland rail network. It is operated as a vertically integrated railway. SWR leases the infrastructure from Network Rail; the current lease agreement ends on 31 March 2019. It has a “look forward” clause that means once every five years, Network Rail adjusts the payments it receives based on work undertaken. It adds these payments to the other charges and they are paid over the remaining lease period. This has led to escalating costs as the remaining contract period becomes shorter as the 2019 lease end date approaches. This has the effect of increasing Island Line’s cost base, even though these are not day to day operating costs. This arrangement impacts the route’s profitability.

As well as the trains, the infrastructure needs investment too. Ryde tunnel floods, the track does not provide a smooth ride and the current infrastructure prevents an even interval thirty-minute service frequency to connect to Wightlink services at Ryde Pier Head. Ryde Pier is Network Rail’s responsibility to maintain rather than the franchisee; the extent and timing of major renewals on the pier is unknown.

There is significant debate on the infrastructure condition including on power supply, third rail and signalling. In terms of the power supply, the Garnett Report, published in 2016, reported there is not enough power to allow Island Line to run two, four car sets at the same time. FirstGroup and MTR have had limited access to Island Line before the franchise started; SWR is now undertaking due diligence on the infrastructure condition in parallel to this consultation. The results of this will inform our costed option next year.

Increasing costs are one reason for poor financial performance. Collecting the fares due from passengers is another contributor. Revenue protection on this route is challenging. Guards cannot move from one carriage to another while the train is moving because of safety issues. This means, at busy times, checking tickets is difficult. Anecdotal evidence suggests that revenue could be higher if revenue protection improved.

The Island’s stations have not received investment for some time. Despite the sterling efforts of the Community Rail Partnership, many not only need repainting but significant updating. The station facilities require modernisation to provide an appropriate, efficient, and pleasant retail and transport interchange experience. Ryde Esplanade is an example where the interface with connecting transport could be much improved – both with Southern Vectis, the Island’s main bus operator, and Hovertravel, the Ryde to Southsea hovercraft operator. The latter connection is particularly challenging, with a high footbridge connecting bus and hover terminals, problematic for those with reduced mobility, or for travellers with luggage. The stations also present regeneration opportunities that could bring much needed funding into the Island Line network and provide a wider economic benefit to the Island.

Engagement to date

During the franchise bid in 2016, FirstGroup and MTR engaged widely with a significant number and range of Isle of Wight stakeholders, including the following:

- Isle of Wight Council
- Solent LEP
- Go South Coast
- Isle of Wight Chamber of Commerce
- Keep Island Line in Franchise (KILF)
- Solent Transport
- Wightlink
- Bob Seely MP
- Andrew Turner (former MP)
- Hovertravel
- Isle of Wight Steam Railway
- Red Funnel
- Visit Isle of Wight
- Christopher Garnett OBE, chairman, Isle of Wight’s Transport Infrastructure Task Force

Since the DfT awarded the franchise to FirstGroup and MTR, we have met each of these stakeholders again, and since the General Election, we have also met the new MP for the Isle of Wight, Bob Seely. We have also had constructive meetings with the new Isle of Wight Council administration including the leader, Councillor Dave Stewart, and the Transport portfolio holder, Councillor Ian Ward.

During the recent meetings, we have set out our process for developing a more sustainable future for Island Line. We have also described the costed option process that we are required to deliver to DfT. We have engaged with the DfT during mobilisation to ensure it is comfortable with our approach.

Our commitments

We have two sets of commitments for Island Line. The first is the immediate set of commitments that we are delivering from the start of the franchise. The second is the longer term plan to develop a more sustainable future for Island Line.

The immediate actions

In addition to the consultation, we have some immediate measures we will be taking to improve Island Line. These are set out below.

Regional Development Managers

We have appointed a Regional Development Manager (RDM) for the Solent & South area covering south Hampshire and Isle of Wight area. In total, the franchise will have three RDMs. The other two will cover the western and northern parts of the franchise.

We have deployed our RDM model effectively at FirstGroup's Great Western Railway (GWR) and TransPennine Express (TPE) franchises. RDMs engage directly with stakeholders, identifying capacity improvement projects with local authorities and Local Enterprise Partnerships (LEPs), leveraging into the railway third party funding, such as Section 106 income, and act as the glue between interested organisations to deliver rail enhancement projects. We will also create a stakeholder forum by December 2017 to ensure we regularly hear Island Line stakeholder views.

Business plan

We will run Island Line professionally and focus on operating it as a business. To achieve that ambition, we will develop a Business Plan for Island Line, establishing a clear strategy for the route and a set of financial forecasts against which we can measure our performance. We have established an Island Line Business Unit so that from Day One of the franchise, we are able to report a profit and loss account, a balance sheet and a cash flow statement, to understand better from where the income is generated and the costs arise.



Tourism and Ticketing

We will also deliver a range of marketing and ticketing changes to the route. We are already discussing these with the cross-Solent operators. Together, we will offer good-value combined rail sea tickets to encourage visitors to come to the Island and provide better value for residents visiting the mainland.

We have also joined Visit Isle of Wight, and work with together with them and the Community Rail Partnership, to help raise the profile of the Island and its railway. We will collaborate in launching joint marketing campaigns to attract visitors and boost the Island's economy. We will work closely with Island visitor attractions as part of this strategy, including the Isle of Wight Stream Railway. Also, we will take basic steps to make the Island a clear and visible destination to users of the mainland part of the franchise. To this end we have added the Island to the destination boards at Waterloo. We will make it a clear destination both on our on-board announcements, and on our website and customer app.

We will ensure our marketing and ticketing reflects our customer needs in other ways too. We will continue to operate the Islander card. We will also include the Island in the smart card we are rolling out across our franchise. Solent Transport, the consortium of councils in the area, including the Isle of Wight Council, currently runs the SolentGo smart card. While this works on cross-Solent ferry operators, and in South Hampshire buses, it does not yet work on the South Western Railway network. We will change that, and integrate our smart card scheme with SolentGo, including on Island Line.

Other initiatives

We will implement other proposals too. We will install free, faster Wi-Fi at our all franchise stations including the eight on Island Line. We are also setting up a Customer & Communities Improvement (CCI) fund. Often, we hear ideas for the railway that would have real benefit to our customers, but for which a firm business case cannot be made. Our Island Line CCI fund will help meet those kind of aspirations. Every year, we will provide £50,000 funding into this CCI fund. It will be available from April 2018.

Each of these proposals will have a beneficial impact on Island Line. However, these are short-term in nature and do not of themselves place the route on a more sustainable footing. This consultation is designed to start the process to deliver this longer-term ambition.

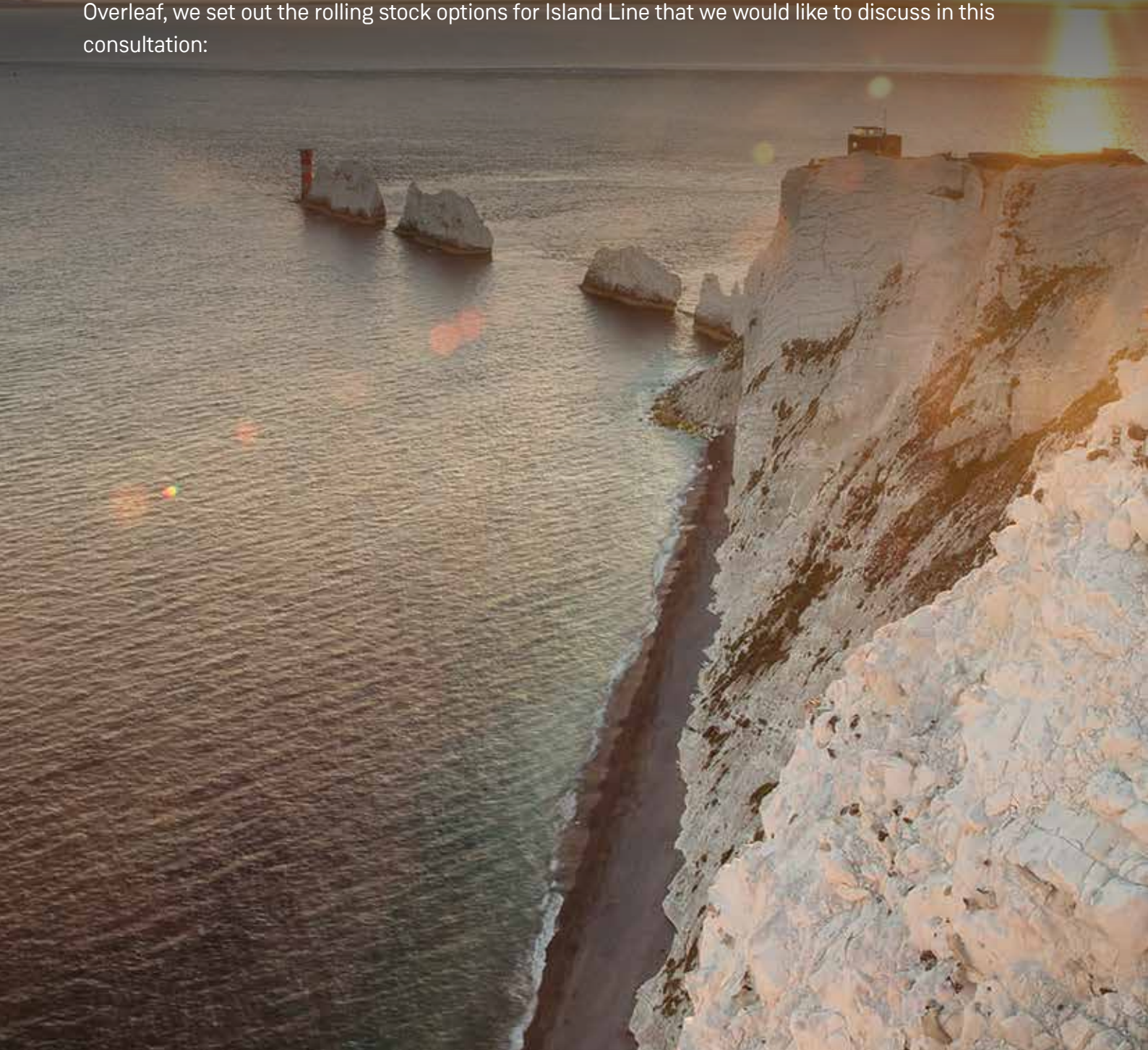
The longer term actions

Our longer term ambition is to develop a more sustainable future for Island Line. This is a unique moment for Island Line, and indeed the Isle of Wight, and provides an exciting opportunity to rectify some deep-seated issues with the route. Working with the Isle of Wight Council and other key stakeholders, we will run this consultation to obtain as much information as possible. This consultation will take the form of individual stakeholder meetings and written submissions. Stakeholders can also respond to this consultation by email: islandline.consultation@swrailway.com

We will then assimilate this information and develop a costed option. This will cover a comprehensive set of proposals for the route's future. Our costed option will include infrastructure and rolling stock proposals. We will deliver the costed option report to DfT by the end of May 2018. It will seek to identify the optimal way to place the route on a more sustainable basis than today.

Rolling stock options

Overleaf, we set out the rolling stock options for Island Line that we would like to discuss in this consultation:



	Description	Advantages	Disadvantages
Class 483 trains	Existing fleet	Franchise asset – no lease costs	Nearly 80 years old Parts availability Poor customer experience Limited capability of electrical supply
New or re-engineered self-propelled flywheel train. This type of train operates on the Stourbridge Line in the West Midlands.	Ultra-light rail using innovative flywheel energy storage	Bespoke solution Self-powered No third rail infrastructure required; reduce the load on Isle of Wight power supply	Not widely used Lease / capital costs
New or re-engineered self-propelled – diesel train.	Different types of stock available	Availability Existing train Light maintenance Modern customer experience No third rail infrastructure required; reduce the load on Isle of Wight power supply	Diesel availability/ storage Platform works required Lease / capital costs Environmental concerns
New or re-engineered self-propelled battery train.	Different types of stock available	Existing train Light maintenance Diesel back-up engine Modern customer experience No third rail infrastructure required; reduce the load on Isle of Wight power supply	Battery solution being tested Platform works required Lease / capital costs
New trains	Bespoke new trains – to be built by an as yet unidentified rolling stock manufacturer	Custom-designed Modern customer experience	Longer lead time High lease / capital costs for building a small volume of trains
Tram / train hybrid	A tram or light rail, self-powered through an on-board engine rather than through overhead wires or the existing third rail system	New train Self-powered	Gauging Axle weight High lease / capital costs for building a small volume of trains Diesel Lease / capital costs

	Description	Advantages	Disadvantages
Light rail (overhead lines)	A lower weight train, powered by overhead wires rather than by the existing third rail system	New train	Tunnel clearance Lease / capital costs Platform works required Overhead lines
Guided bus way	Creating a dedicated bus lane / road, using a combination of the existing railway line and road network	Bus capital and leasing costs are lower than rail equivalents	Bus provision is already high Southern Vectis run parallel bus services to Island Line Road capacity is limited Issues of buses clearing existing railway structures

Infrastructure options

Below we set out some of the infrastructure options for Island Line:

Infrastructure options	Description	Advantages	Disadvantages
Third rail	Existing third rail to power the rolling stock	Existing infrastructure	Maintenance costs Renewal costs Disruption while third rail is replaced. Limited capability of electrical supply
Overhead lines	Overhead lines supplying power for rolling stock	Proven system used in UK and Europe	Tunnel and bridge clearance Capital costs Disruption while lines installed.
Independent power supply	Self-powered rolling stock through on-board engine (e.g. battery, diesel)	Remove third rail, reducing maintenance costs Reduce the load on Isle of Wight power supply	Diesel storage and air pollution risk Battery solutions not yet proven

Infrastructure options	Description	Advantages	Disadvantages
Existing signalling	Existing signalling system	Existing infrastructure	Maintenance costs Signal system close to the end of asset life
Radio Electronic Token Block (RETB) signalling	Token system controlling access to the route	Remove signals, so reducing maintenance costs	Capital cost Technology may become obsolete as radio bands transfer to other users
European Rail and Traffic Management System (ERMETS)	New signalling technology; in-cab based signals	Remove signals, so reducing maintenance costs	Capital costs Requires on-train fitment so retro-fit or new stock required

Having considered all the above options and the associated advantages and disadvantages, and bearing in mind the requirement which is to make Island Line more sustainable, we consider the most appropriate way forward would include the following:

- **A self-powered train which can be accommodated on the existing infrastructure. This would save the cost of replacing the existing electrical equipment which a recent dilapidation report revealed is in a poor state, with the third rail in need of replacement and substations in poor condition. It would also avoid the storage and air pollution concerns associated with a diesel powered train.**
- **A new 25 year lease which will allow investment to be spread across a longer period and help attract private finance.**
- **An enhanced service frequency to better integrate with ferry and hovercraft connections and grow business.**
- **Infrastructure improvements to allow better interchange between Island Line and the Isle of Wight Steam Railway to generate revenue for both organisations.**
- **Better marketing and revenue protection to generate revenue.**

We would welcome your comments on our conclusions and on the other options laid out in the table above and would ask you to help us develop a proposal to submit to the Department for Transport by answering the questions overleaf:

Consultation questions

Strategy

1. How important do you think Island Line is in the following areas?
 - a. The Island's economy
 - b. The transport network
2. How would you anticipate Island Line contributing to future growth on the Island and to regenerating the local economy?
3. What are your views on the current route?
 - a. Should the route continue in its current form?
 - b. How should the route link with Wightlink at Ryde Pier Head, Hovertravel at Ryde Esplanade and Southern Vectis?
 - c. How important is the link between Island Line and the Isle of Wight Steam Railway?
 - d. Should Island Line be expanded to destinations such as Ventnor or Newport?
4. What is your definition of the term "more sustainable"?
5. How do we encourage revenue growth to fund improvements?
6. Are you aware of cost saving opportunities in the way Island Line is currently operated?
7. Do you believe customers would be prepared to pay higher fares to finance better rolling stock and improved infrastructure?

Franchise management

8. The South Western franchise is currently for seven years, including for Island Line. Would you support a longer investment timeframe for Island Line specifically?

Infrastructure

9. Bearing in mind the aim is to make Island Line more sustainable, what kind of infrastructure do you believe is most appropriate for Island Line and why?
10. What improvements would you like to see in the infrastructure, and what benefits would they bring? Stakeholders have mentioned various issues: e.g. Ryde Pier, Ryde tunnel, a new passing loop to provide a half hour frequency, and embankment works as examples
11. How should the current lease arrangement with Network Rail be changed when it ends in 2019 and why?

12. If future rolling stock is not heavy rail, how should the infrastructure be delivered, managed, maintained and renewed?
13. What type of power system would be better suited to Island Line? And why?
 - a. Existing third rail
 - b. Overhead lines
 - c. Independent power supply

Rolling stock

14. What type of rolling stock do you favour? And why? Examples include the following:
 - a. Existing Class 483 trains
 - b. New or re-engineered self-propelled fly-wheel
 - c. New or re-engineered self-propelled diesel
 - d. New or re-engineered self-propelled battery
 - e. New trains
 - f. Tram / train hybrid
 - g. Light rail (overhead lines)
 - h. Guided bus way
 - i. Other

Stations

15. What improvements would you like to see to Island Line stations, taking each in turn?
 - a. Ryde Pier Head
 - b. Ryde Esplanade
 - c. Ryde St John's
 - d. Smallbrook Junction
 - e. Brading
 - f. Sandown
 - g. Lake
 - h. Shanklin
16. How do you envisage these improvements being delivered?
17. How can Community Rail help deliver a more sustainable future for Island Line?
18. How could station improvements link to existing or new regeneration plans?

Ticketing

19. What ticketing products, retailing options, ticket checking and validation options would you like to see on Island Line?

Timetable

20. What timetable improvements would you like to see on Island Line?

Funding

21. Are there any suitable funding streams that could be leveraged into the railway?
22. Are there other commercial opportunities we could take advantage of to benefit Island Line?

Other areas

23. Are there any other ideas on how to improve the line's sustainability?

Next steps

24. We will be contacting consultees to set up meetings to discuss the consultation and take feedback.

Stakeholders can respond to these questions either in meetings with SWR or by email at islandline.consultation@swrailway.com

All responses should be received by 31 December 2017.



Appendix (i): Island Line – consultation and costed option governance

Introduction

The South Western Railway (SWR) Franchise Agreement contains Committed Obligations to hold a consultation on the future of the Island Line and develop a costed option for its sustainable future operation.

The purpose of this paper is to set out the governance arrangements for that consultation and the development of the costed option. The consultation with Island Line stakeholders will commence by 31 October. SWR will submit a costed proposal to the DfT in May 2018.

Scope

The Invitation To Tender (ITT) states: “The Department requires a Franchisee who will work with the Isle of Wight Council and other stakeholders to help develop a sustainable future for the Island Line”. The consultation and costed proposal will meet this requirement. The Franchise Agreement also commits SWR to the consultation and costed option (see Appendix i).

The consultation and costed option will cover rolling stock; stations; infrastructure; and management structure. It will also include the interface with other transport modes: Wightlink at Ryde Pier Head; Hovertravel at Ryde Esplanade; Southern Vectis (the Island’s main bus company) at Ryde Esplanade; and the Isle of Wight Steam Railway at Smallbrook Junction.

The option to include in this work the extension of the Steam Railway into Ryde St John’s will be an early Steering Group discussion.

Governance

Key stakeholders

The ITT and Franchise Agreement both describe the Isle of Wight Council as the main Key Stakeholder in the costed option process. The Department for Transport (DfT), the Isle of Wight Infrastructure Transport Task Force and Network Rail are also Key Stakeholders.

Approach

Our approach will ensure that there are no surprises for any Key Stakeholder. At each stage, SWR will ensure that the Isle of Wight Council, the DfT and Network Rail are kept aware of progress, key issues and risks.

Our governance approach requires approval from the Isle of Wight Council officers, DfT, and SWR Directors.

Governance process

Governance will function at two levels. A Steering Group will comprise named contacts in each Key Stakeholder organisation. There are additional stakeholders and individuals that will require regular updates but these stakeholders and individuals will not form part of the Steering Group nor attend Steering Group meetings. Engagement with this group will be carried out separately from Steering Group Meetings.

At the Steering Group level, the proposed members are:

- Isle of Wight Council
- Department for Transport
- Network Rail
- SWR

The Steering Group will meet regularly to review and update progress. A Terms of Reference is set out in Appendix ii.

The following individuals and organisations will be asked to participate in the consultation:

- Isle of Wight Council (including Councillor Dave Stewart (Isle of Wight Council leader); and Councillor Ian Ward (Council portfolio holder for transport)
- Solent LEP
- Go South Coast
- Isle of Wight Chamber of Commerce
- Keep Island Line in Franchise (KILF)
- Solent Transport
- Wightlink
- Hovertravel
- Isle of Wight Steam Railway
- Christopher Garnett OBE, chairman, Isle of Wight's Transport Infrastructure Task Force
- Bob Seely MP
- Island Line CRP
- Red Funnel
- Visit Isle of Wight
- IWBURUG (IW Bus and Rail Users Group)
- FirstGroup
- MTR Europe
- Network Rail, Wessex Route

Decision making

The Steering Group will be the main decision-making body and will resolve differences between stakeholders. Should the Steering Group be unable to identify a solution, the relevant stakeholders will meet external to the Steering Group with a third, unaffected Key Stakeholder, to arbitrate a solution. The unaffected stakeholder would be identified by Steering Group as having no vested interest in the difference of opinion. Should this person be not possible to identify, we will ask Steering Group to nominate an external party, potentially a DfT representative, to arbitrate.

Delivery

SWR will deliver the consultation and costed option, with support from FirstGroup and MTR Europe.

Communications

SWR will communicate with Key Stakeholders through the Steering Group meetings and by email. Steering Group members and additional stakeholders will be expected to brief progress and consult within their own organisations, as required.

Individual bi-lateral meetings will take also place regularly between SWR and the Isle of Wight Council, and DfT during the consultation, option development phases and delivery.

Confidentiality

Information shared with stakeholders and communication between all parties will remain confidential during this process, given the project's commercial nature. SWR will keep full meeting notes of Steering Group meetings.

Funding

Funding for this work is in three stages:

1. **Consultation funding:** Seed funding is required for the consultation. This will cover resourcing and consultation production. This cost will be borne by SWR.
2. **Costed option funding:** Funding is required to produce the costed option itself. This cost will be borne by SWR.

3. **Costed option implementation:** Funding is required to implement the costed option. SWR will work with DfT, Network Rail, the Council and Solent LEP to identify appropriate funding.

Resourcing

The SWR Regional Development Manager (Solent & South) will project manage the consultation; the SWR Commercial and Business Development Director will manage the costed option development process. SWR will also appoint a technical lead at the start of the consultation process, to provide support.



Appendix (ii): Franchise Agreement excerpt

Below is an excerpt of the Franchise Agreement on the Island Line costed option.

16. Future operation of the Island Line

Priced option for future operation of the Island Line

- 16.1 From no later than 31 October 2017 the Franchisee shall commence consultations with a representative cross-section of relevant Stakeholders who have an interest in the future operation of the Island Line (including the Isle of Wight Council, the ORR, Network Rail and the Solent Local Enterprise Partnership) for the purposes of informing the development of the Island Line Future Operation Priced Option.
- 16.2 By no later than 31 May 2018, the Franchisee shall submit to the Secretary of State a fully developed priced option (the “Island Line Future Operation Priced Option”) in relation to the future operation of the Island Line capable of acceptance by the Secretary of State, which shall specify:
- (a) the adjustments to Franchise Payments that would occur if the Island Line Future Operation Priced Option is exercised on the basis that the Secretary of State Risk Assumption contained at paragraph 1.1(a) of Schedule 9.4 (Secretary of State Risk Assumptions) shall be disapplied and all relevant financial adjustments are addressed through the adjustments to Franchise Payments proposed by the Island Line Future Operation Priced Option;
 - (b) the date by which the Island Line Future Operation Priced Option will need to be exercised by the Secretary of State if it is to be delivered in accordance with its terms (including with regard to Franchise Payments);
 - (c) the amendments to Franchise Agreement reasonably required if the Island Line Future Operation Priced Option is exercised; and
 - (d) all relevant risks to the delivery of the Island Line Future Operation Priced Option (including dependencies on third parties and requisite approvals and consents).
- 16.3 The Franchisee shall provide such further information as the Secretary of State may reasonably require in relation to any of the matters set out in the Island Line Future Operation Priced Option and enter into discussions with the Secretary of State on relevant issues.
- 16.4 If the Secretary of State wishes in his unfettered discretion to exercise the Island Line Future Operation Priced Option he shall notify the Franchisee and make requisite amendments to the Franchise Agreement (including Franchise Payments) and there shall not be a Change. Alternatively the Secretary of State may elect to discuss the Island Line Future Operation Priced Option with the Franchisee and implement all or some aspects of it by way of Variation. If the Island Line Future Operation Priced Option is exercised the Secretary of State shall give the approval to the entering into of the consequent Replacement Island Line Lease by the Franchisee required by paragraph 5.6 of Schedule 6.1 (Franchise Specific Obligations).
- 16.5 The parties acknowledge and agree that notwithstanding paragraphs 16.1, 16.2, 16.3 and 16.4 above, the Secretary of State shall (at his sole discretion) have the right to issue a direction to the Franchisee under paragraph 5.6 of Schedule 6.1 (Franchise Specific Obligations) to enter into a Replacement Island Line Lease (and, conversely, shall have the right (at his sole discretion) to issue no such direction).

Appendix (iii): Steering Group terms of reference

The steering group's remit will be to deliver SWR's Franchise Agreement Committed Obligations by working with the Isle of Wight Council and other stakeholders to help develop a sustainable future for the Island Line.

The Steering Group will also:

1. be the primary stakeholder engagement forum for the Island Line costed option consultation, development and delivery;
2. share ideas for the costed option;
3. act as the final decision-making body;
4. receive regular updates on costed option progress;
5. review the consultation outcome;
6. review the costed option; and
7. assess funding sources for costed option implementation.

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