

# British rail passenger franchises



A 'franchise' is a contract for passenger rail services, advertised by Government and awarded via a process of competitive tender.

A franchisee usually takes most of the commercial risk, and some have been forced to surrender their contracts when revenue fell short. The contract often includes premiums payable to the DfT, but subsidies may be agreed in some cases.

A typical franchise lasts seven years, but some last as long as 15 years (the longest yet awarded was for 20 years) and others can be for two years or even less. Such short terms are usually only offered when the DfT is attempting to plug a gap in its franchising timetable.

This infographic shows the main parties with which a franchisee must deal.

Franchises should be distinguished from concessions.

Concessions include little or no commercial freedom, and oblige the operator to provide a tightly-specified service for a management fee. However, some modest incentives or penalties for significant variations in expected performance are usual.

