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06 April 2010

Dear Mr Roe

**Request for Information made under the Freedom of Information Act 2000**  
**Reference Number FOI-081-09-10**

I am writing in response to your request for information of 5 March 2010. Your question is reproduced below for ease of reference:

*Please can I have all documents relating to the grant of £346,000 made to National Express East Anglia for wireless internet on their trains?*

The Freedom of Information Act (FOIA) allows access to information, rather than specific documents.

EEDA confirms that it holds information relating to this grant. Subject to the following paragraph, the information held by EEDA is set out in the attached Schedule.

Some information has been withheld for the following reasons:

- [personal data] Some of the information identifies individuals whose consent to disclosure has not been obtained. This is Personal Data as defined in the Data Protection Act 1998, and disclosure of it without the person's consent would be contrary to the Data Protection Principles – it is therefore exempt from disclosure under section 40 of the Freedom of Information Act.
- [confidentiality] Some of the information held by EEDA has been provided to it in confidence by a third party. Disclosure of that information would amount to a breach of EEDA's duty to the third party, and is therefore exempt from disclosure under clause 41 of the Freedom of Information Act.

- [commercially sensitive – third party] Some of the information held by EEDA is of a nature that, if EEDA disclosed it, it would prejudice the commercial interests of a third party. [WILL REQUIRE SPECIFIC SENTENCE TO REFER TO REASONS WHY PUBLIC INTEREST IS BEST SERVED BY WITHHOLDING PARTICULAR INFO AFTER REVIEW]

In addition to providing the attached information, below are answers to the three specific questions you raised.

### **How will the money be spent?**

The £346,000 grant from EEDA, including contributions totalling £112,227.87 from Norfolk and Suffolk County Councils, will be spent by National Express on the installation of Wi-Fi infrastructure on all the intercity trains (Mk3 carriages) used on Norwich to London Liverpool St trains.

It is a condition of grants of this nature that the grant recipient – in this case, National Express – select a contractor for delivering the service through a competitive process that complies with European and British competition procurement to ensure value for money. This means that National Express will have to advertise the contract for delivery of this work according to the same rules that bind public authorities. Indeed National Express has issued an OJEU notice for the work.

### **How were the figures agreed?**

The sum of £346,000 was submitted by the grant recipient in the Business Case presented to EEDA.

### **What, if any, is the agreed cost to the consumer (the train traveller)?**

The business case submitted by National Express states that, at the point of introduction, the cost of the Wi-Fi is proposed to be free for passenger in First Class, and £2.95, or £20.00 per month, for passengers in standard class.

In line with the Freedom of Information Act, EEDA has in place a complaints procedure if you are unhappy with any aspect of our handling of your request for information. All complaints will be reviewed according to this procedure and you will receive a full written response. Complaints should be addressed to:

Neil Hayes,  
Freedom of Information Manager,  
East of England Development Agency  
Victory House, Vision Park, Chivers Way  
Histon, Cambridgeshire, CB24 9ZR



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If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by EEDA. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

Yours sincerely



Rachel Bosworth  
Deputy Chief Executive and Executive Director - Communications



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## Schedule of Grant information available

### List of Information Available for the Wi-Fi Project

	Source of Information	Description
1	Concept Form	Information extracted from the concept form for the Wi-Fi project.
2	Business Case Application <i>and</i> Additional Information supplement	Information extracted from the full business case for the project as submitted by National Express to EEDA (and information from a further document with additional answers to appraiser questions)
3	EEDA covering note for business case	Information from the covering note authored by the EEDA Transport team to give EEDA context to the Business Case Application
4	Public Sector cost allocation spreadsheet	Information from the spreadsheet outlining the methodology by which the public sector contributions to the project have been allocated and agreed
5	Confirmation letters from Norfolk and Suffolk	Information from letters sent from Norfolk and Suffolk to EEDA confirming their contribution to the Wi-Fi scheme.
6	Appraisal	Information from the EEDA appraisal of the National Express Business Case Application.
7	State Aid Declaration Note	Information from the State Aid de Minimus declaration form confirming that the project would not exceed De Minimus State Aid limits.
8	Notes	Information from a project update note.
9	Offer Letter	Information from the offer letter sent to National Express.
10	Press / Media activity	Information from a press release on the scheme.

The following information is extracted from documents listed in the above table

## 1. Concept Form:

*The following information is extracted from the concept form.*

### Objectives:

The recently published EEDA Transport Economic Evidence Study identified the London - Haven Gateway - Norwich rail corridor (the 'Great Eastern Main Line') as a key transport priority for investment, where network constraints are currently leading to significant productivity losses for businesses.

A mid to long term solution is the development of increased rail capacity and alleviation of pinch-points, however in the short term, it is important to increase the productivity of existing journeys. One way of achieving this is by the provision of Wi-Fi and power-points for laptop users on the trains. This will ensure that commuters and businesses are able to be 'productive' whilst travelling, which will reduce the economic costs normally associated with travel time.

Intercity services on both the West Coast and East Coast Mainline now offer these facilities to their customers. There is a need to ensure that this region is not seen as offering inferior on board facilities for our Inter-city services.

With EEDA's promotion of the region as one with 'space for ideas' and the technological expertise in place such as Martlesham, such a move will reinforce perception of the East of England as a creative, business –friendly region.

The SMART objectives of the project are to:

1. Increase the economic productivity of rail passengers for an activity that has traditionally incurred economic losses (i.e. travelling)
2. Increase the attractiveness of rail compared to road for journeys along this corridor for businesses, thus reducing traffic on the A140 / A12, which will have second order carbon and congestion reduction benefits.
3. Increase the numbers of rail travellers opting to travel at off-peak times, in the knowledge that they can use their journey to work to undertake work-related activities and thus arrive / depart the office at later / earlier times than otherwise required if their arrival at the office signalled the start of their 'productive time'.
4. Provide an example of successful roll-out on this service, to increase the likelihood of this technology provision being made available on other key regional rail services and potentially ensuring that these facilities are provided as a matter of course through future franchise agreements.

The critical success factors are:

1. The Wi-Fi needs to be accessible, reliable and correctly priced to ensure maximum uptake.
2. The Wi-Fi needs to be well publicised to ensure potential users are fully aware of its existence.

### Project Benefits

Outcome and impact:

The outcomes from this project would be:

- Increased productivity from rail journeys.
- Increased attractiveness of rail as a travel option for businesses and individuals
- Increased attractiveness of shoulder-peak travel times, thus reducing the over-crowding experienced during peak hours
- Second-order reductions of congestion and carbon emissions due to anticipated reduction of car use on parallel roads.

Contribution to economic growth:

- The project should make a significant contribution to economic growth. For example, the Department for Transport appraisal guidance currently values the time lost per worker per hour of travel by rail as £36. The RES has a target to increase GVA growth in the region, and this project will directly impact upon that high-level objective, by turning otherwise unproductive time into an economic activity.

#### Project beneficiaries:

- The project will benefit anyone who uses the Wi-Fi, and the company they work for. This will include regional and national businesses, commuters, academics, leisure passengers and others. Further second order beneficiaries will be users of the parallel roads, who may experience reduced congestion.

- The location of beneficiaries will be any business or individual who lives or works along the Norwich - Haven Gateway - London corridor.

#### Project Option Analysis

In order to achieve the objectives, five options have been investigated:

1. Do nothing - this option is unacceptable, as the TEES identified the London - Haven Gateway - Norwich corridor as one where congestion is having the greatest economic impact. In this corridor, significant productivity losses are arising due to transport constraints. Doing nothing to alleviate these losses will result in reduced economic growth in the corridor.
2. Capacity / infrastructure enhancement - In the long term, EEDA supports the development of track, infrastructure and longer and more frequent trains to assist economic growth on the Great Eastern Main Line corridor. However, it is clear that this is a longer term and significantly more expensive aspiration, and cannot be achieved in the short term.
3. First class Wi-Fi only - although less expensive, providing Wi-Fi and powerpoints to first class passengers only would not maximise the economic benefits arising from the scheme. We would like to see the facility made available to everyone who boards the train.
4. National Express (through increased rail fares) pay for the facility themselves rather than a public sector grant - For a number of reasons, it is not possible for National Express to provide the Wi-Fi themselves free of charge. Firstly, the short term nature of rail franchises limits the ability of franchisees to invest in the rolling stock, much of which they don't actually own or there is limited business benefit to them of doing so. Secondly, if National Express were to provide the facility free themselves, they would have to raise fares to pay for it - clearly an undesirable policy that would undermine the RES and RSS.
5. **PREFERRED OPTION** - A consortium of public and private sector bodies contribute to the provision of Wi-Fi and powerpoints supplied throughout first and standard class on National Express East Anglia Services from London - Colchester - Ipswich - Norwich. The facilities are provided free for first class passengers and on a pay-as-you use basis for standard class passenger (experience elsewhere has shown that providing a free service for all opens it up to abuse and causes problems with service efficiency).

#### Project description of preferred option

The project is for the full fitment of Wi-Fi and power points on National Express Norwich - Ipswich - Colchester - London trains on the Great Eastern Main Line (approximately 130 vehicles).

If the funding could be agreed by the end of 2008, it is estimated that the installation could probably be up and running by the end of 2009 on all of the Norwich - London trains.

#### How will the project be procured?

The project would be procured by National Express. EEDA and other public sector partners would need to ensure full value for money is achieved

Likely delivery partnership arrangements

It is proposed that a partnership approach to funding would be put in place. Potential contributors would be County Councils. It is proposed that EEDA would lead the funding consortium, acting effectively as 'banker' between the consortium and National Express.

## 2. Business Case Application *and* Additional Information supplement:

*The following information is extracted from the concept form submitted by National Express to EEDA.*

### BUSINESS CASE

#### Introduction

The EEDA Transport Economic Evidence Study (2008) identified the London - Haven Gateway - Norwich rail corridor (the 'Great Eastern Main Line') as a key transport priority for investment, where network constraints are currently leading to significant productivity losses for businesses.

A mid to long term solution over the next 20 years is the development of increased rail capacity, alleviation of pinch-points and improved travel times, however in the short term (over 5 years), it is important to increase the productivity of existing journeys. One way of achieving this is by the provision of wi-fi for laptop users on the trains. This will ensure that commuters and businesses are able to be more 'productive' whilst travelling, which will reduce the economic costs normally associated with travel time.

Intercity services on both the West Coast and East Coast Mainline now offer these facilities to their customers and there is an increasing expectation among travellers that this is available on the Inter-city networks. There is a need to ensure that this region is not seen as offering inferior on board facilities for our Inter-city services.

With EEDA's promotion of the region as one with 'space for ideas' and the technological expertise in place such as Martlesham, such a move will reinforce perception of the East of England as a creative, business –friendly region.

The SMART objectives of the project are to:

1. Increase the economic productivity of rail passengers
2. Increase the attractiveness of rail compared to road for journeys along this corridor for businesses, thus potentially reducing traffic on the A140 / A12, which will have second order carbon and congestion reduction benefits.
3. Increase the numbers of rail travellers opting to travel at off-peak times, in the knowledge that they can use their journey to work to undertake work-related activities and thus arrive / depart the office at later / earlier times than otherwise required if their arrival at the office signalled the start of their 'productive time'.
4. Provide an example of successful roll-out of wi-fi on this service, to increase the likelihood of this technology provision being made available on other key regional rail services
5. Ensuring that these facilities are provided as a matter of course in the next franchise agreement for the Great Eastern Main Line.
6. Provide a service to help businesses overcome the costs associated with operating during the current economic downturn.
7. Enhance the perception of the East of the England as a world class region in terms of the facilities it can provide to businesses, commuters and the public whilst using public transport, to allow to to compete with international regions.

#### Project Headlines

EEDA and regional public sector partners (including County Councils) will collectively fund the capital costs of installing wi-fi facilities on all National Express East Anglia Intercity train services on the Norwich to London Liverpool Street Line.

The total cost to the public sector contribution is £346,000. EEDA will lead the co-ordination of the bid by acting as 'banker', contributing its own funding and channelling a contribution from other public sector partners (Norfolk County Council and Suffolk County Council).



The installation will allow travellers to access wi-fi on all Intercity trains between Norwich and Liverpool Street, including all first class carriages, and all standard class carriages except the quiet coach.

The economic benefits of the project over the first four years have been calculated to be worth £5.6m

### Outcomes

The outcomes from this project will be:

- Increased productivity from rail journeys, as business and commuters can utilise Wi-Fi technology and Leeds University have done further work on the specific economic benefit that Wi-Fi on trains can have, and this is detailed in section 4.2 below.
- Increased attractiveness of rail as a travel option for businesses and individuals
- Increased attractiveness of shoulder-peak travel times, thus reducing the over-crowding experienced during peak hours
- Second-order reductions of congestion and carbon emissions due to anticipated reduction of car use on parallel roads.

Contribution to economic growth:

- The project will make a significant contribution to economic growth. The DfT and Leeds University have done further work on the specific economic benefit that Wi-Fi on trains can have, and this is detailed in section 4.2 below, however in head-line terms, this project will have an estimated £5.6m direct economic benefit. The RES has a target to increase GVA growth in the region, and this project will directly impact upon that high-level objective, increasing productivity per hour for businesses and other users.

### Project beneficiaries:

- The project will benefit anyone who uses the Wi-Fi, and the company they work for. This will include regional and national businesses, commuters, academics, leisure passengers and others.
- The location of beneficiaries will be any business or individual who lives or works along the Norwich - Haven Gateway - London corridor and uses the new facilities.

### Business Need and Strategic Fit

This project has a very strong strategic fit. It directly and positively impacts upon the three overarching objectives in the Regional Economic Strategy:

Increasing regional GVA per worker by 2.1% per worker by 2031: The increased value of time of business and commuter passengers due to access to Wi-Fi facilities will have a direct impact on productivity (measured by Department for Transport as increased GVA)

Increased employment to 80% by 2031: Leading on from increasing GVA, by helping to reduce the costs of travel, this project can be included as one of a number of factors that will enhance businesses viability, and thus their ability to grow and increase their workforce. The recent UEA / Shaping Norfolk's Future study of the Great Eastern Main Line outlined the provision of Wi-Fi on the train services as one of the key business requirements for the service.

Reducing CO2 emissions by 60% by 2031 (compared to 1990 levels): By enhancing the facilities available on trains, we will be encouraging a modal shift of travel from road to rail. This will reduce the need to travel by private car, for which single occupancy driving is a core emitter of carbon emissions within the East of England region, according to the emerging results of EEDA's Transport Carbon Study (to be published in October 2009).

The Regional Economic Strategy Transport Goal is “A sustainable transport system that fully supports sustainable economic growth”. Within this, there are four priorities, to which this project makes a significant contribution to three:

#### RES Transport Priority 1: make best use of existing networks

This project enhances the existing rail service available on the Great Eastern Main Line by providing additional facilities to businesses, commuters and residents of the region to increase their economic productivity during otherwise less productive travel time.

#### RES Transport Priority 2: invest in transport to maximise growth

This relatively small investment (in transport terms) will have significant productivity gains. As explained elsewhere the ability to use Wi-Fi whilst travelling will reduce the economic costs of travel to regional businesses, as passengers will be able to use email and internet whilst on board the train. This will reduce costs for businesses and therefore have an impact on productivity and therefore GVA (to assist the RES overarching target to increase regional GVA growth by 2.1% per annum per worker).

#### RES Transport Priority 4: Reducing the environmental impacts of rail travel

As explained for CO2 emissions above, this additional inducement to travel by train will reduce the need to travel by private car, for which single occupancy driving is a core emitter of carbon emissions within the East of England region. This will also have additional benefits in terms of reducing congestion on the parallel roads to the GEML, such as the A140 and A12.

### Summary of Outputs and Outcomes

#### Immediate / Intermediate / Ultimate Outputs:

The key output of the project is the installation of Wi-Fi facilities on all National Express East Anglia Intercity train services between Norwich and London Liverpool Street.

The SMART outcomes of the project are to:

1. Increase the economic productivity of rail passengers
2. Increase the attractiveness of rail compared to road for journeys along this corridor for businesses, thus reducing traffic on the A140 / A12, which will have second order carbon and congestion reduction benefits.
3. Increase the numbers of rail travellers opting to travel at off-peak times, in the knowledge that they can use their journey to work to undertake work-related activities and thus arrive / depart the office at later / earlier times than otherwise required if their arrival at the office signalled the start of their 'productive time'.
4. Provide an example of successful roll-out on this service, to increase the likelihood of this technology provision being made available on other key regional rail services
5. Ensuring that these facilities are provided as a matter of course in the next franchise agreement for the Great Eastern Main Line.
6. Provide a service to help businesses overcome the costs associated with operating during the current recession / economic downturn.
7. Enhance the perception of the East of England as a world class region in terms of the facilities it can provide to businesses, commuters and the public whilst using public transport, to allow to compete with international regions.

### Statement of project primary outcome

To increase the economic productivity of Intercity train journeys on the Great Eastern Main Line and increase the attractiveness of rail as opposed to using private car to travel along the corridor.

Specific - Yes, the wi-fi installation will increase productivity and propensity to use rail.

Measurable - Wi-Fi usage measureable by record of logins kept by National Express.

Productivity benefits calculated by using Value of Time evidence for wi-fi . Increased propensity to use rail measured by National Express and others passenger surveys.

Achievable - Installation of wi-fi is certainly achievable, if public sector funding committed.

Realistic - Installation of wi-fi is realistic, again - if public sector funding is committed.

\*Timescale - A milestone of September 2010 has been set to achieve the primary outcome.

\* Note – Launch date dependent on approval of business case by November 2009.

### Rationale – Introduction

The Transport Economic Evidence Study (TEES), published by the EEDA Transport Team in September 2008, and now used as a key influencing tool to determine regional investment in transport for sustainable economic growth outlined that one of the key transport priorities for the region was the development of the Norwich to London rail corridor

The TEES outlined that this rail corridor offers the greatest potential for productivity increases from investment.

### Demand and Need

The TEES modelling tested the relative productivity gains from reducing journey costs by public transport for all combinations of the seven EoGs and Greater London (so 8 x 7 “corridors”). This involves simulating a reduction in the generalised cost of in journey time between each origin-destination combination in turn and calculating the conventional and wider economic impacts.

Based on this the productivity measure expresses the extent that improvements on each corridor deliver productivity gains. Table 6.3 in the TEES demonstrates that it is the Norwich to London public transport corridor which has the highest productivity measure in all of the region, of 5.67 (an indexed score). The next highest in the region is 1.50 (London to Cambridge), indicating that London to Norwich productivity gains from reduction of transport costs are nearly 4 times as high as the next highest scoring corridor in the region.

Furthermore, in a recent study conducted by the University of East Anglia, rail passengers on the Norwich to London line were asked what facilities they would most like to see on the train service. The installation of wi-fi was prioritised as a key requirement amongst users.

### Market Failure Addressed

Two market failures are being addressed here:

1) Due to the short-term nature of rail franchises (typically around seven years), train operating companies are unable to make significant investment outside of their contracted franchise agreements with DfT. Franchises are based on short-term business models. This prevents investment by the TOC in longer term measure that would benefit the regional economy and can be regarded as a market failure.

2) Travel is regarded by the Department for Transport as an imposed cost on businesses, commuters and others. Transport investment is used to reduce the costs of travel. One of the costs of travel is the reduced productivity imposed on businesses and commuters by otherwise productive time being used to travel. The opportunity cost of productivity whilst

travelling by train is estimated by the DfT to be worth on average £36 per employee per hour. By installing on National Express Trains, employees and commuters can be more productive whilst travelling.

### Special Considerations

A wide range of agencies and bodies are supportive of this application. These include subregional partnership and economic agencies, most notably:

- Shaping Norfolk's Future
- Haven Gateway Partnership
- Suffolk County Council
- Norfolk County Council

### Need and Method of intervention

Without EEDA's intervention, the installation of wi-fi would not happen. As discussed earlier, due to the unique nature of rail franchises and the short term business models used, train operating companies do not have any additional funding available to invest in carriage infrastructure outside of the franchise commitments. However, the installation of wi-fi would benefit a wide range of regional businesses and residents, and therefore EEDA's investment would generate economic productivity that would otherwise not happen.

The method of intervention is for EEDA to lead a group of public sector contributors (EEDA, Norfolk County Council and Suffolk County Council) to fund the installation of wi-fi on all London to Norwich trains. The total public sector grant would come through EEDA (£346K), with the councils reimbursing EEDA for their respective contributions.

A wide range of potential funding contributors have been investigated, approached and subsequently discounted. These include private sector funding (including some of the large finance and communications firms in the Norwich and Haven Gateway sub-regions), however it is clear that private businesses do not currently have any funding to spare for discretionary spend of this type. Other public funding sources, such as ERDF and other local authorities have also been investigated, however this project does either not fit with their spending criteria or it does fit but there is no funding available.

### Links with other activities

The installation of wi-fi on the Norwich to London train services has strong synergies with a range of other regional activities:

EEDA Transport Priorities - The results of Transport Economic Evidence Study demonstrated that constraints on London to Norwich rail corridors are limiting regional productivity, and suggested that investment in this route could have a significant impact on economic growth.

Delivering a Sustainable Transport System (DaSTS) - The Government has outlined those corridors it regards to be 'nationally strategic corridors' within its DaSTS programme. London to Haven Gateway is suggested as one national corridor. The region has developed a further set of regional priorities. The DaSTS programme will consider both regional and national transport investment options to solve transport challenges in the long term (2014 onwards), and the Great Eastern Main Line should feature heavily in this programme.

High Level Output Specification for Rail - The Government's recent High Level Output Specification for rail determined that National Express would receive 188 new carriages on the East Anglia network. The implementation of these on the Great Eastern Main Line will be phased over the next few years, and it would tie in well with the EEDA investment in wi-fi.

Great Eastern Main Line campaign - Regional partners have recognised that aside from new carriages planned in the DfT's HLOS programme, there is a significant lack of investment planned for the Great Eastern Main Line, compared to other main radial rail lines in the region. It is therefore proposed that the region step up its campaigning for the Great Eastern Main Line, and Wi-Fi is seen as an early win in the series of infrastructure improvements that are required.

Local Transport Plans - Local authorities are required to develop and implement Local Transport Plans (LTPs). This project could assist the achievement of LTP objectives in a number of local authorities along the corridor.

#### Options considered

1. Do nothing
2. Track / carriage capacity and infrastructure enhancement
3. Wi-fi provision in all carriages.
4. Partial wi-fi fitment, funded by private sector -
5. Partial wi-fi fitment, funded by a public-private sector consortium.

#### Options appraised

1. Do nothing - This option is unacceptable, as the TEES identified the London - Haven Gateway - Norwich corridor as one where constraints are having the greatest economic impact. In this corridor, significant productivity losses are arising due to transport constraints. Doing nothing to alleviate these losses will result in reduced economic growth in the corridor. This option has zero cost, but negative benefit in terms of incremental contribution to economic growth and the competitiveness of the region.
2. In the long term, both National Express and EEDA support the development of track, infrastructure and longer and more frequent trains to assist economic growth on the Great Eastern Main Line corridor. However, it is clear that this is a longer term and significantly more expensive aspiration, and cannot be achieved in the short term. Short term rolling stock capacity enhancements are the subject of a complimentary project between NXEA and DfT.
3. Wi-fi provision on all carriages (including the quiet coach) - ideally, National Express would install wi-fi in all carriages on all trains.
4. Partial wi-fi fitment, paid by private sector - Here, the number of carriages fitted would be reduced to reduce costs so that National Express, through increased rail fares, would pay for the facility themselves rather than a public sector grant. For a number of reasons, it is not possible for National Express to provide the wi-fi themselves free of charge. Firstly, the short term nature of rail franchises limits the ability of franchisees to invest in the rolling stock, much of which they don't actually own or there is limited business benefit to them of doing so. Secondly, if National Express were to provide the facility free themselves, they would have to raise fares to pay for it - clearly an undesirable policy that would undermine the RES and RSS, and not possible within the bounds of existing Government fares regulation.
5. Partial wi-fi fitment, funded by a public-private sector consortium - a consortium of public and private sector bodies contribute to the provision of Wi-fi throughout first class and in all standard class coaches (except the quiet coach) on National Express East Anglia London to Norwich trains. Free usage for first class passengers and a pay-as-you use charge for standard class passenger will raise first class upgrade and pay per use revenue for the NXEA to cover the operating costs (and experience elsewhere has shown that providing a free service for all opens it up to abuse and causes problems with service efficiency).

#### Costs

The costs below are for fitting all first class and all standard class vehicles per train except for the Quiet Coach across NXEA's London to Norwich train fleet.

Capital costs: £346K.

### Benefits

The revenue forecasts have been built from a review of wi-fi take up on East Coast trains when GNER was the operator.

These take up and upgrade rates have been applied to intercity passenger volumes to generate standard and first class uptake forecasts and 1st class upgrade forecasts for NXEA. It is assumed that the East Coast case study is a reasonable basis upon which to forecast NXEA's intercity service, given both are intercity services linking the regions to central London, given the average access time of 1 hour is comparable to Mainline journey times, and given the charging structure is similar to that proposed for NXEA.

Productivity benefits can be measured by considering the value of time converted to productive time. The DfT recommends values of time in its WebTAG transport appraisal guidance which, for business users is approximately £36 per hour, in 2002 values. To use this value within this appraisal it would be necessary to know current productivity per passenger, and future productivity per passenger brought about by wi-fi in order to value the increment. Since this is not known, an alternative approach has been used.

In a wi-fi study conducted by the Institute of Transport Studies in Leeds, passengers travelling between Leeds and London took part in a stated preference study to estimate the value of time to the user of wi-fi. Stated Preference is a research technique where respondents are asked to trade off a change in fare with an improvement in service. Through analysis of responses to a range of scenarios, it is possible to estimate the value that passengers put upon the service improvement. This study concluded the following as values of time per hour to the user:

	Std Business	First Class
Free Wifi	£4.57/hr	£8.20/hr
Wifi charged at £5	-£0.50/hr	£6.36/hr

London to Leeds is a similar (albeit slightly longer) journey length to London - Norwich, so it is considered that this findings can be applied here.

To calculate values the total value of time, it is assumed wi-fi usage is in proportion to the current journey split on this line calculated to be 41% to/from Essex, 28% to/from Norfolk, 30% to/from Suffolk, multiplied by average journey times for each county.

Using these values and the wi-fi usage forecasts gives the following:

#### Value of Time Benefit

	2010/11	2011/12	2012/13	2013/14
Essex	£292,551	£488,632	£580,656	£609,678
Suffolk	£287,550	£458,986	£545,426	£572,688
Norfolk	£268,292	£434,631	£516,485	£542,300
TOTAL	£848,393	£1,382,249	£1,642,567	£1,724,666

With VoT benefits of £0.84m in year 1, the benefit:cost ratio on capital invested exceeds 2:1 in the first year alone, and therefore represents very good value for money. The total benefits from years 1 to 4 adds up to £5.6m

### Preferred Option

The project is for the fitment of all first class and all but one standard class vehicles per train with wi-fi facilities on National Express London-Norwich Intercity trains (approximately 130 vehicles). The figure for installation is £346k.

The £346K public sector contribution would be funded by EEDA, with the contributions coming from two county councils (Norfolk and Suffolk). Operating costs will be borne by NXEA.

Economic benefits are estimated to be £0.8m in the first year, rising to £1.7m p.a in year 4.

If the funding could be agreed by December 2009, it is planned that installation would be complete by September 2010.

### Scope – Introduction

The principal outcome for the project is 'to increase the economic productivity of rail passengers (by the installation of Wi-Fi)'.

The key scope areas to deliver the tangible outputs are outlined below.

The key deliverables to the project are:

1. Installation of wi-fi on all London to Norwich Intercity trains
2. Promotion of wi-fi to passengers / regional businesses
3. Ongoing maintenance of wi-fi

The scope items of the three deliverables above are:

#### 1) Installation of wi-fi:

- Owner: National Express East Anglia
- Interdependencies: Reliance of receipt of grant from EEDA for installation of wi-fi.
- Physical Components: Refitting of the carriages with wi-fi equipment.
- Soft Infrastructure: Employees time (both National Express and EEDA's) to (a) secure the funding package and (b) to implement the installation of the wi-fi.
- Ongoing Components: National Express / EEDA employee time to monitor the installation of the wi-fi and realisation of benefits.

#### 2) Promotion of wi-fi:

- Owner: National Express East Anglia
- Interdependencies: Relies on the installation of wi-fi above.
- Physical Components: Development of additional systems to collect revenue from wi-fi.
- Soft Infrastructure: National Express employees time, development of communications material (marketing & advertising of wi-fi service).
- Ongoing Components: Ongoing execution of above tasks to maintain awareness and take-up of wi-fi.

#### 3) Ongoing maintenance of wi-fi:

- Owner: National Express East Anglia
- Interdependencies: Relies on installation of wi-fi.
- Physical Components: monitoring and maintenance of wi-fi equipment in carriages.
- Soft Infrastructure: National Express employees time.
- Ongoing Components: Maintenance labour.

### Equality and Diversity

All passengers will have the opportunity to access the wi-fi on their laptops. No passenger will be discriminated against.

### Quality Standards

The wi-fi installed will fulfil the relevant railway group standards.

### Schedule – Introduction

The key activity is the installation of the trainbourne equipment. The installation is planned to take place over a period from early January 2010 to September 2010. One set per week will be fitted by an independent contractor. A Project Engineer will be assigned from NXEA to oversee the fitment process and ensure that it does not impact on day to day operation. Go live would be in September 2010 (assuming business case is approved by November 2009).

All trackside equipment is already available and therefore does not require change.

A Gantt Chart is attached to this application showing the installation plan. The critical path of the project is the business case approval, the design approval and the installation.

NXEA Business Case approval	30/10/09
EEDA Business Case approval	13/11/09
Contract award	20/11/09
Design approval	08/01/10
*Launch of service	07/09/10

\* Note – Launch date dependent on approval of business case by November 2009.

### Cost - Overview

The costs below are for fitting all first class and all standard class vehicles per train except for the Quiet Coach across NXEA's London to Norwich Intercity train fleet.

Capital costs: £346K.

### Value for Money

The value for money for this project is very good, based on the Department for Transport's standard assessment of schemes, where a 2:1 cost benefit ratio is considered to be good. The costs of this scheme in the first five years is expected to be £1.1m, whilst the economic benefits (calculated in partnership with the EEDA transport team and using the analysis from section 4.2 above) are projected to be £5.6m in the first years. This gives an excellent value for money. The economic benefit to the East of England will be £5.6m, enabled by an EEDA contribution of £346,000.

### Funding

In order to simplify the funding arrangements, it has been provisionally agreed that the full public sector funding of the project (£346,000) will be channelled to National Express through EEDA.

The arrangement of contributory payments to EEDA from Norfolk County Council and Suffolk County Councils, is a matter to be agreed between EEDA and Norfolk CC / Suffolk CC.

Letters confirming the in-principle contributions from Norfolk and Suffolk, and an explanation of the cost attribution between EEDA, Norfolk and Suffolk (authored by EEDA), have been submitted alongside this application.

### Viability

The EEDA grant is required to fund the capital costs of introducing wi-fi; thereafter, revenues from wi-fi usage and increased 1st Class revenue are projected to cover operating costs and sustain the project financially.



### State Aid

National Express confirms that the public sector contributions to the project fall within State Aid de minimis limits. A declaration that National Express has not received other payments over the last three sufficient to compromise the de-minimis level has been submitted alongside this application

### Roles and Responsibilities

EEDA is responsible for co-ordinating the public sector funding package of £346k.

National Express East Anglia is responsible for submitting this business case to EEDA and, if successful, procuring and installing the wi-fi facilities.

### Project Management Processes

Business case approvals will be managed through regular liaison between the EEDA and NXEA project sponsors. Once approval is gained, installation will be managed by NXEA's Project Engineer who is familiar with similar projects involving installation of equipment on trains. He will use an internal Project Management guide book to govern the processes followed.

### Other areas for consideration

NXEA's franchise term ends in March 2011 or March 2014 and is therefore unable to guarantee the continuation of Wi-Fi facilities beyond this date. However, it is anticipated that the Department for Transport would wish to specify a replacement franchise that includes Wi-Fi provision on this service in order to maintain service quality standards.

### Exit Strategy

The project can be terminated at any time until contractualisation of the i) funding contributions and ii) contractualisation with the wi-fi supplier. After this point, the parties are committed to progressing installation and operation of wi-fi.

### Contracting

The local authorities will contract with EEDA to pay their contributions directly to EEDA. EEDA will contract with NXEA to pay the funding contributions in full at the commencement of installation.

### Benefits / Outcomes / Realisation

Primary Outcome (OUTCOME 1):

"To increase the economic productivity of train journeys on the Great Eastern Main Line and increase the attractiveness of rail as opposed to using private car to travel along the corridor."

Details for the primary outcome (which can be classed as a 'financial benefit') are as follows:

- Owner: EEDA, Norfolk County Council, Suffolk County Council, National Express
- Defined amount of benefit: The Department for Transport regards a good transport scheme as one where the benefits of a scheme outweigh the costs by a ratio of at least 2:1. Therefore, over the lifetime of this scheme, we would need to see GVA benefits of at least £650,000. The analysis estimates that this will be achieved during year 1 of operation, and that the total benefit over 4 years will be £5.6m.
- Measure of benefit: Measured by usage of wi-fi (measured by number of logins) multiplied by the estimate value of time for wi-fi taken from a study at ITS Leeds, as described in section 4.
- Timeline for benefit accrual: The Department for Transport uses an appraisal period of 60 years, however in this case, it is likely that the wi-fi technology has a lifetime of 10 years.

Therefore we would expect to see the major returns in the first 5-10 years of the scheme. The analysis estimates that the 2:1 ratio will be achieved during year 2 of operation.

#### OUTCOME 2:

"To generate incremental revenue to cover the operational cost to NXEA."

Details for this outcome (which can be classed as a 'financial benefit') are as follows:

Owner: National Express

- Defined amount of benefit: The introduction of wi-fi should will generate new revenues on a charge per use basis in standard class, and generate new ticket revenue from upgrades to first class.
- Measure of benefit: Measured by National Express revenue trackings.

#### OUTCOME 3:

"Increase the numbers of rail travellers opting to travel at off-peak times, in the knowledge that they can use their journey to work to undertake work-related activities and thus arrive / depart the office at later / earlier times that otherwise required if their arrival at the office signalled the start of their 'productive time'."

Details for this outcome (which can be classed as a 'non-financial benefit') are as follows:

- Owner: EEDA, Norfolk County Council, Suffolk County Council, National Express
- Defined amount of benefit: The introduction of wi-fi should increase the propensity of commuters to travel at off-peak times, thereby spreading the peak hours and maximising the capacity available. use the rail service.
- Measure of benefit: Measured by National Express passenger surveys.
- Timeline for benefit accrual: Again, it is likely that the wi-fi technology has a lifetime of 10 years. Therefore we would expect to see the major returns in the first 5-10 years of the scheme

#### OUTCOME 4:

"Increase the attractiveness of rail compared to road for journeys along this corridor for businesses, thus reducing traffic on the A140 / A12, which will have second order carbon and congestion reduction benefits."

Details for this outcome (which can be classed as a 'non-financial benefit') are as follows:

Owner: EEDA, Norfolk County Council, Suffolk County Council, National Express

- Defined amount of benefit: The introduction of wi-fi should increase the propensity of businesses to use the rail service. Recent research by the Univesity of East Anglia / Shaping Norfolk's Future, has demonstrated that wi-fi is a key requirement for travellers on the Great Eastern Main Lline between Norwich and London.
- Measure of benefit: Measured by National Express passenger surveys.
- Timeline for benefit accrual: Again, it is likely that the wi-fi technology has a lifetime of 10 years. Therefore we would expect to see the major returns in the first 5-10 years of the scheme

#### OUTCOME 5:

"Provide an example of successful roll-out on this service, to increase the likelihood of this technology provision being made available on other key regional rail services"

Details for this outcome (which can be classed as a 'non-financial benefit') are as follows:

- Owner: EEDA, National Express
- Defined amount of benefit: The eventual introduction of wi-fi installed on other rail services in the region
- Measure of benefit: The inclusion of wi-fi worded in one or more franchise agreements for rail services in the East of England..

- Timeline for benefit accrual: Rail Franchises are renewed every seven years. Therefore, each rail franchise in the East of England will be renewed at some point in the next seven years, so a seven year timeline should be imposed on this outcome.

#### OUTCOME 6:

"Ensuring that these facilities are provided as a matter of course in the next franchise agreement for the Great Eastern Main Line"

Details for this outcome (which can be classed as a 'non-financial benefit') are as follows:

- Owner: EEDA, National Express, Department for Transport
- Defined amount of benefit: The specification of wi-fi on all Great Eastern Mainline Services in the next franchise agreement covering this route.
- Measure of benefit: The inclusion of wording that specifies the requirement for wi-fi facilities in the next franchise agreement for the Great Eastern Main Line.
- Timeline for benefit accrual: The East Anglia rail franchise is due for renewal in 2011, or 2014 if National Express East Anglia achieve a 3-year extension. Franchise specifications are determined before train operating companies are invited to bid for the franchise, and therefore success against this outcome must be achieved by the publication of the tender specification before either 2011 or 2014.

#### OUTCOME 7:

"Provide a service to help businesses overcome the costs associated with operating during the current recession / economic downturn."

Details for this outcome (which can be classed as a 'non-financial benefit') are as follows:

- Owner: EEDA, National Express, Norfolk County Council, Suffolk County Council
- Defined amount of benefit: Improvement in productive time for businesses, from £0.8m p.a in 2010/11 to £1.7m p.a. in 2013/14.
- Measure of benefit: Can be measured both qualitatively, by passenger survey and local business survey (such as a repeat of the recent UEA study) as well as applying DfT value of time analysis on the measured take-up of wi-fi on the train service).
- Timeline for benefit accrual: Continuous of the life of the project.

#### Disbenefits

There are no significant dis-benefits of implementing the scheme.

#### Risk and Issue Management

The National Express project risk register will include standard risk register information. Broad information categories will be:

- Name of risk
- Owner of risk
- Impact of risk
- Likelihood of risk
- Mitigation procedures
- Risk timescales

For National Express, the risk register will be owned and reported on by the Project Engineer.

National Express maintain a risk register as part of its project management process. The risk register will be formulated and agreed at the start of the contract and any changes (both adverse and positive) will be reported back at joint review meetings throughout the project.

Each risk on the risk register will have a mitigating action (where possible) to minimise the chance of that risk being realised. These actions are monitored by the National Express Project Manager.

## Assessment of Contingency

The project approach is to contract on fixed and firm prices for the work involved in this project in order to minimise the potential for contingency being spent. However, in any circumstances that arise requiring contingency then the National Express Project Manager will not authorise without consultation with the EEDA Project Sponsor.

## Key Project Risks

Overall, the project is relatively low risk. However, the key project risks would be as follows:

- Risk that funding from all public sector partners does not materialise - in this case the project could not go ahead.
- Risk that Wi-Fi is not utilised as much as predicted - in this case, the benefits / outcomes would take longer to realise

## Additional information requested

Wi-Fi for intercity trains on the Norwich – London line

This document provides additional information to support the bid from National Express East Anglia for funding to install Wi-Fi facilities on the intercity train services between Norwich and London.

## Equality and Diversity

The Wi-Fi service will be available in both standard and First Class carriages (except the quiet carriage in standard). Seats with easier access are available in each carriage. Passengers using wheelchairs are accommodated in a First Class carriage which will be fitted with Wi-Fi capability.

There are no timetables in other languages, but any documentation focusing on a specific group of users of the Norwich – London mainline would make reference to the availability of the Wi-Fi service.

We will make information about the Wi-Fi service available to National Rail Enquiries, other train operators, local authorities and any other organisations who may deal with different interest groups or request details which they can then pass onto special interest groups (e.g. libraries, citizen's advice bureaux). We will also make a specific effort to target groups such as disability groups, statutory watchdogs and rail user groups, as well as promoting the initiative through marketing and PR activity – including through the media.

## Excellence Framework

Some of the categories – especially housing, services and governance – were not applicable to this project except at a very general wider benefits level (more in the Tier 1 questions).

However, the scheme is very relevant to segments such as transport, economy and environment, by making rail travel both more attractive and more productive for those travelling, if Wi-Fi is in place. Some of the questions on transport were not applicable as they covered issues such as reducing travel or travel plans, whereas this project is about modal shift, accessibility and economic competitiveness. It will hopefully generate more rail travel – ideally at the expense of road travel, but as a train operator we clearly want to increase rail travel. There are also some benefits to equity and social/cultural segments.

As set out in other parts of the applications the installation of Wi-Fi on the Norwich to London train services has strong synergies with a range of other regional activities:

EEDA Transport Priorities - The results of Transport Economic Evidence Study demonstrated that constraints on London to Norwich rail corridors are limiting regional productivity, and suggested that investment in this route could have a significant impact on economic growth.

Delivering a Sustainable Transport System (DaSTS) - The Government has outlined those corridors it regards to be 'nationally strategic corridors' within its DaSTS programme. London to Haven Gateway is suggested as one national corridor. The region has developed a further set of regional priorities. The DaSTS programme will consider both regional and national transport investment options to solve transport challenges in the long term (2014 onwards), and the Great Eastern Main Line should feature heavily in this programme.

High Level Output Specification for Rail - The Government's recent High Level Output Specification for rail determined that National Express would receive 188 new carriages on the East Anglia network. The implementation of these on the Great Eastern Main Line will be phased over the next few years, and it would tie in well with the EEDA investment in Wi-Fi.

Great Eastern Main Line campaign - Regional partners have recognised that aside from new carriages planned in the DfT's HLOS programme, there is a significant lack of investment planned for the Great Eastern Main Line, compared to other main radial rail lines in the region. It is therefore proposed that the region step up its campaigning for the Great Eastern Main Line and Wi-Fi is seen as an early win in the series of infrastructure improvements that are required.

Local Transport Plans - Local authorities are required to develop and implement Local Transport Plans (LTPs). This project could assist the achievement of LTP objectives in a number of local authorities along the corridor.

In summary, therefore, we believe the project is compliant with Excellence Framework standards as far as they are apply to this scheme.

### Evaluation

The scheme will be evaluated in three main ways:

1. The NXEA fleet team will monitor and manage installation, testing and operation of the Wi-Fi equipment to ensure reliable performance. Performance will be measured on a 4-weekly basis as with other performance measures.
2. The NXEA marketing and media teams will be responsible for marketing and promoting the Wi-Fi service and, in the case of the marketing team, for monitoring usage and revenue generated, with actions to increase take-up if demand does not meet expectations. Usage will be measured on a 4 weekly basis as with other revenue streams.
3. The NXEA project sponsor will meet with the EEDA transport team every 3 months until the scheme is launched and operating, and then every six months until a formal review after 3 years of operation to look at the overall impact and success of the scheme.

We believe we have fulfilled the criteria set and the further feedback received from businesses, politicians, local authorities, customers and the media since the bid was submitted only re-enforces the evidence of a real desire and appetite for the introduction of this facility as soon as possible.

### 3. EEDA covering note for business case:

Re: National Express Wi-Fi Project – Covering Note

This note provides the EEDA appraisal team with background and context for the business case submitted by National Express for Wi-Fi installation on carriages on the Great Eastern Main Line, which is not included within the business case itself.

#### **1. Background**

- National Express East Anglia would like to install Wi-Fi facilities on train services between Norwich and London.
- National Express cannot fund the capital costs of the project, and have asked for support from regional partners.
- The concept was originally approved by EEDA in 2008, and National Express has since been developing the business case which is now ready to submit to EEDA.
- EEDA, Norfolk County Council, Suffolk County Council and National Express have been in negotiations throughout the last 6 months to develop an in-principle funding partnership.

#### **2. Agreed funding partnership and cost attribution**

- EEDA has worked hard with National Express and regional partners to develop an in-principle funding partnership for this project proposal.
- Following negotiations with local authorities situated along the Great Eastern Main Line, EEDA has secured contributions from Norfolk County Council and Suffolk County Council, the two main local authority beneficiaries.
- Letters of in-principle agreement to contribute from Norfolk and Suffolk have been submitted alongside the business case.
- The individual contributions proposed have been determined based on the distribution of the monetised economic benefits arising directly from the intervention. This also broadly follows a 2/3 EEDA, 1/3 Local Authority contribution.
- Full details of the benefit allocation analysis can be viewed in the full business case, however the final cost allocation agreed in-principle is outlined in table 1 below:

**Table 1: Suggested cost distribution on a pure benefits allocation basis**

Partner	4-year benefit (£) claimed	% benefits claimed	Cost allocation based on % benefits claimed
EEDA	£3,819,078	67.56%	£233,773.13
Norfolk	£943,439	16.69%	£57,749.72
Suffolk	£889,976	15.74%	£54,477.15
Total	£5,652,493.00	100.00%	£346,000.00

- It is worth noting that although not funding partners, Shaping Norfolk's Future, the Haven Gateway Partnership, Essex County Council and other regional partners are very supportive of this initiative and have offered letters of support if required.

### **3. EEDA's role as 'banker' and leverage claimed within business case.**

- EEDA has agreed to act as 'banker' for this project, and channel the local authority contributions, so that National Express only has to make one application – to EEDA – for the full 346k.
- This means that the business case submitted by National Express requests the full £346 from EEDA, and does not reflect within the output tables the public sector funding contribution levered by EEDA for this project (£112,226.87). **We ask that the assessor also consider this leverage when assessing the business case.**

### **4. State Aid**

- In January 2009, both EEDA and National Express sought independent legal advice on the State Aid implications of the public sector contributing to the installation of Wi-Fi on National Express operated trains.
- National Express has submitted a declaration form alongside this application

#### 4. Public Sector cost allocation spreadsheet:

*The following information is extracted from the spreadsheet determining public sector cost allocation.*

##### Suggested cost allocation for Wi-Fi Project

	2010/11	2011/12	2012/13	2013/14	Total
<b>Benefit Allocation (£):</b>					
Other Regional	£294,965	£492,046	£584,713	£613,939	£1,985,663
Norfolk	£291,343	£464,351	£551,802	£579,382	£1,886,878
Suffolk	£271,405	£439,035	£521,718	£547,794	£1,779,952
<b>TOTAL</b>	<b>£857,713</b>	<b>£1,395,432</b>	<b>£1,658,233</b>	<b>£1,741,115</b>	<b>£5,652,493</b>

<b>Benefit Allocation (%):</b>					
Other Regional	0.34389708	0.35261195	0.35261209	0.35261255	0.351289776
Norfolk	0.33967423	0.33276505	0.33276506	0.33276492	0.333813416
Suffolk	0.31642869	0.314623	0.31462285	0.31462253	0.314896807
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

##### **\*Benefit allocation (%) if EEDA claim half each county's benefit on a 50:50 split:**

Other Regional	0.34389708	0.35261195	0.35261209	0.35261255	0.351289776
Norfolk	0.16983711	0.16638253	0.16638253	0.16638246	0.166906708
Norfolk benefit claimed by EEDA	0.16983711	0.16638253	0.16638253	0.16638246	0.166906708
Suffolk	0.15821434	0.1573115	0.15731143	0.15731126	0.157448404
Suffolk benefit claimed by EEDA	0.15821434	0.1573115	0.15731143	0.15731126	0.157448404
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

##### **Cost distribution of £346,000 based on benefits claimed:**

Other Regional (EEDA)	£121,546.26
Norfolk	£57,749.72
Norfolk benefit claimed by EEDA	£57,749.72
Suffolk	£54,477.15
Suffolk benefit claimed by EEDA	£54,477.15
<b>TOTAL</b>	<b>£346,000.00</b>

##### **Suggested cost distribution on a pure benefits allocation basis:**

	<b>% costs</b>	<b>4-year benefit (£)</b>
<b>EEDA</b>	<b>67.56%</b>	<b>£3,819,078</b>
<b>Norfolk</b>	<b>16.69%</b>	<b>£943,439</b>
<b>Suffolk</b>	<b>15.74%</b>	<b>£889,976</b>
<b>Total</b>	<b>100.00%</b>	<b>£5,652,493.00</b>



## 5. Confirmation letters from Norfolk and Suffolk:

*The following information is extracted from letters submitted by Suffolk County Council and Norfolk County Council to EEDA.*

Suffolk County Council:

Endeavour House  
8 Russell Road  
Ipswich  
Suffolk  
IP1 2BX

Date: 1 October 2009  
East of England Development Agency  
Victory House  
Vision Park  
Chivers Way  
Histon  
CB24 9ZR

### **NATIONAL EXPRESS WI-FI PROJECT**

I refer to recent discussions and exchanges in relation to the above project. I confirm Suffolk County Council's support for the project to provide Wi-Fi access on all inter-city services on the Norwich to London Liverpool Street main line.

In particular, I confirm that Suffolk County Council is prepared, in principle, to make a contribution of £54,477.00 towards the project, provided all other funding partners similar commit to the agreed financial contributions.

I very much look forward to a successful outcome to the project. I assume that you will put in place suitable safeguards to ensure that it is delivered as proposed, and that there are no significant risks to funding partners should there be any major change in company ownership and/or franchise holding.

I trust that this is helpful and enables you to complete consideration of the overall business case. Please contact me if you have any queries or concerns.

Yours sincerely

Strategic Commissioner: Sustainable Transport

Norfolk County Council

Wi-Fi on National Express East Anglia Norwich to London services

I refer to previous discussions regarding the above.

I am pleased to see that National Express East Anglia is about to submit a business case for the project. We believe that the availability of WI-FI on the Norwich to London Inter City services will be a major boon for passengers and reinforce the important role that the line plays. This will help to underpin the business credentials of the county by emphasising the message that the county can offer the right conditions to support businesses and attract investment. Wi-Fi will help businesses offset the otherwise lost productive time associated with travel and could help to attract people to use sustainable travel, rather than driving.

I confirm Norfolk County Council's support for the business case, and for our contribution of £57,750 and look forward to a successful outcome of the application by National Express East Anglia.

Yours sincerely  
Head of Strategy and Performance

## 6. EEDA internal appraisal:

*The following information is extracted from the appraisal of the National Express Business Case*

### Project Description

The objective of the project is to provide chargeable (free in 1<sup>st</sup> Class) Wi-Fi for passengers travelling on the Norwich to London route run by National Express East Anglia.

The outcomes are to enable journeys to become more productive and in turn encourage rail travel over road, leading to greater productivity and carbon savings in the longer term as a result of a transport modal shift.

### Strategic Fit

The applicant has made the appropriate links to the four priorities for Transport in the RES. There is recognition therefore that it is a priority to have a transport system which is used 'efficiently and effectively'. This project fits well with this statement in providing a service which mitigates 'dead' time travelling by allowing access to a Wi-Fi network.

The EEDA Corporate Plan references the need to support schemes which make more effective use of existing routes, and the route itself on the 'Great Eastern mainline', has been identified within the TEES transport study commissioned by EEDA as one of significant importance.

Therefore, whilst this project does not make a significant impact on the actual inter-urban network, it does offer a medium term productivity gain. If by doing so this encourages greater use of the rail network it will contribute to the reduction in CO<sub>2</sub> emissions the highest proportion of which are attributed to car travel.

The assessment of strategic fit is that the project links well to the RES, Corporate Plan and outcomes of the TEES study.

### Rationale

Although not particularly clear there is a risk aversion to investment complicated by the rules within which the current rail franchise is operated. The investment is made for seven years and beyond this the train operating companies (TOC) do not have certainty of funding. This leads to an inability or unwillingness to invest in Wi-Fi as it is outside the current remit of the franchise.

Imperfect information and to some extent government failure in the construct of the franchise agreements can therefore be described as the rationale for intervention. The market failure is the under provision of Wi-Fi on the Great Eastern mainline between Norwich to London.

As the TOC does not have the capital to invest in the Wi-Fi equipment, but can support its maintenance, it is appropriate that the public sector can intervene to enable the service to be installed more quickly than waiting for a change to the franchise conditions. Bringing forward a project likely to lead to economic benefits more quickly than the market is able to do so is a legitimate reason for investment.

As the project has strong regional and sub regional strategic fit underpinned by EEDA transport studies it is apposite that the RDA is one of the funders of the project.

It should be noted that the project application is to EEDA for the full contribution to capital; however one third of the amount will be recovered from local authority contributions.

The main evidence proposed as the baseline is a Stated Preference exercise on the London to Leeds intercity route to enable the value of Wi-Fi to be assessed on a 'willingness to pay' basis – a recognised (by Department for Transport and Treasury Green Book) economic valuation technique.

### Options Analysis

The applicant has not comparatively scored the options considered which are listed below but has provided a narrative which give sufficient information to make assumptions for an NPV analysis.

1. Do nothing
2. Track / carriage capacity and infrastructure enhancement
3. Wi-fi provision in all carriages.
4. Partial wif-fi fitment, funded by private sector -
5. Partial wif-fi fitment, funded by a public-private sector consortium.

The applicant has considered each of these improvements to the line. Option 2 is a long term aspiration which requires considerable investment beyond the scope of this application to the RDA.

Wi-fi provision in all carriages would be a viable alternative if funding were available so this has been included as an option (Option 3) and Wi-Fi as a public-private partnership with the public sector providing the capital and the private sector in the TOC providing the maintenance is the preferred option (Option 5).

The figures for Value of Time benefit are given as are the outline costs for Option 3 so it is these three options which are used to calculate the NPV for the project.

Under the do nothing\do minimum the value of time benefits which will not be realised are considered disbenefits.

The outcome of these calculations are as follows:

### SUMMARY

	-
OPTION 1	£5,094,495.72
OPTION 2	£3,741,021
OPTION 3	£4,020,021

where Option 1 is the do nothing\do minimum, Option 2 covers all carriages and Option 3 is the preferred option.

This supports the preferred option with a marginal but superior NPV. See attached spreadsheet for detailed calculations.

### Preferred Option

The applicant has stated clearly the three main areas of work, namely the physical installation of the Wi-Fi on the trains, the promotion to encourage use on the Norwich to London journey and the on-going maintenance.

All three of these activities are in the ownership of National Express as the TOC.

The principle outcome is described as the increased productivity of train passengers by the provision of Wi-Fi.

## Funding

The project has demonstrated that it is viable and that the public sector funding is required due to the constraints of the terms of the rail franchise.

The exit strategy is for the TOC to continue to maintain the project for the rest of the franchise period and that the provision of Wi-Fi is written into the next set of franchise negotiations.

## Legal

The project is within the RDA remit particularly in view of its role in shaping and influencing the use of transport networks within the Region.

There should be no need for claw back of funding if the Wi-Fi provision is locked into the next franchise agreement.

## Beneficiaries and Sustainable Development

The applicant was asked to explain more fully its Equality and Diversity consideration and responded as follows:

### Equality and Diversity

*The Wi-Fi service will be available in both standard and First Class carriages (except the quiet carriage in standard). Seats with easier access are available in each carriage. Passengers using wheelchairs are accommodated in a First Class carriage which will be fitted with Wi-Fi capability.*

*There are no timetables in other languages, but any documentation focusing on a specific group of users of the Norwich – London mainline would make reference to the availability of the Wi-Fi service.*

*We will make information about the Wi-Fi service available to National Rail Enquiries, other train operators, local authorities and any other organisations who may deal with different interest groups or request details which they can then pass onto special interest groups (e.g. libraries, citizen's advice bureaux). We will also make a specific effort to target groups such as disability groups, statutory watchdogs and rail user groups, as well as promoting the initiative through marketing and PR activity – including through the media.*

This response demonstrates a reasonable grasp of E&D issues.

The Excellence Framework had not been attempted as part of the project's development but the response during appraisal is as follows:

*Some of the categories – especially housing, services and governance – were not applicable to this project except at a very general wider benefits level (more in the Tier 1 questions).*

*However, the scheme is very relevant to segments such as transport, economy and environment, by making rail travel both more attractive and more productive for those travelling, if Wi-Fi is in place. Some of the questions on transport were not applicable as they covered issues such as reducing travel or travel plans, whereas this project is about modal shift, accessibility and economic competitiveness. It will hopefully generate more rail travel – ideally at the expense of road travel, but as a train operator we clearly want to increase rail travel. There are also some benefits to equity and social/cultural segments.*

*As set out in other parts of the applications the installation of wi-fi on the Norwich to London train services has strong synergies with a range of other regional activities:*

*EEDA Transport Priorities - The results of Transport Economic Evidence Study demonstrated that constraints on London to Norwich rail corridors are limiting regional productivity, and suggested that investment in this route could have a significant impact on economic growth.*

*Delivering a Sustainable Transport System (DaSTS) - The Government has outlined those corridors it regards to be 'nationally strategic corridors' within its DaSTS programme. London to Haven Gateway is suggested as one national corridor. The region has developed a further set of regional priorities. The DaSTS programme will consider both regional and national transport investment options to solve transport challenges in the long term (2014 onwards), and the Great Eastern Main Line should feature heavily in this programme.*

*High Level Output Specification for Rail - The Government's recent High Level Output Specification for rail determined that National Express would receive 188 new carriages on the East Anglia network. The implementation of these on the Great Eastern Main Line will be phased over the next few years, and it would tie in well with the EEDA investment in wi-fi.*

*Great Eastern Main Line campaign - Regional partners have recognised that aside from new carriages planned in the DfT's HLOS programme, there is a significant lack of investment planned for the Great Eastern Main Line, compared to other main radial rail lines in the region. It is therefore proposed that the region step up its campaigning for the Great Eastern Main Line, and Wi-Fi is seen as an early win in the series of infrastructure improvements that are required.*

*Local Transport Plans - Local authorities are required to develop and implement Local Transport Plans (LTPs). This project could assist the achievement of LTP objectives in a number of local authorities along the corridor.*

*In summary, therefore, we believe the project is compliant with Excellence Framework standards as far as they are apply to this scheme.*

The response is appropriate given the focus on the Transport, Economy and Environment.

#### Schedule

The milestones are realistic, however the appraiser is unsure if the profile of expenditure is correct given the end date of September 2010 with all of the EEDA capital spend in 2009/10 financial year.

#### Governance and Project Management

The applicant will hand responsibility to their project engineer for the installation of the Wi-Fi and will utilise their own project management guide book. Given the technical nature of the project this seems reasonable and acceptable.

#### Risk Analysis

The risk analysis was rather brief in the application and further information was requested which is presented below:

<b>Risk</b>	<b>Level – Low/Medium/High</b>	<b>Impact – Low/Medium/High</b>	<b>Mitigating Measures</b>
All public sector funding is not provided	Low	High - Lack of funding to deliver project and project can't proceed	Look at other sources, but realistically that would be unlikely in the short term
Approval for scheme takes longer than expected	Low	Low/Medium - Programme for installation of equipment might be extended	Setting realistic public timescales for scheme completion with contingency built in

<b>Risk</b>	<b>Level – Low/Medium/High</b>	<b>Impact – Low/Medium/High</b>	<b>Mitigating Measures</b>
			Review maintenance plan to measure to assess opportunities for recovering time.
Supply of equipment is late	Low.	Low - Fitment of equipment is put back and affected by other maintenance constraints	Contract managed to incentivise prompt delivery Review maintenance plan to measure to assess opportunities for recovering time
Equipment once fitted is unreliable	Low	High – directly affects usage and reputation	Equipment in use on other rail services e.g. East Coast Contract incentivises good performance
Take-up of Wi-Fi facility is lower than expected	Low	Low – medium – revenue to the train company is lower than planned	More marketing for the scheme Propose Wi-Fi as commitment of next franchise

The revised table is acceptable and shows that the applicant is conversant with risk management techniques.

#### Evaluation

Evaluation was another area which was not fully addressed in the Business case but the response following this query is shown below:

The scheme will be evaluated in three main ways :

1. The NXEA fleet team will monitor and manage installation, testing and operation of the Wi-Fi equipment to ensure reliable performance. Performance will be measured on a 4-weekly basis as with other performance measures.
2. The NXEA marketing and media teams will be responsible for marketing and promoting the Wi-Fi service and, in the case of the marketing team, for monitoring usage and revenue generated, with actions to increase take-up if demand does not meet expectations. Usage will be measured on a 4 weekly basis as with other revenue streams.
3. The NXEA project sponsor will meet with either the EEDA transport team every 3 months until the scheme is launched and operating, and then every six months until a formal review after 3 years of operation to look at the overall impact and success of the scheme.

We believe we have fulfilled the criteria set and the further feedback received from businesses, politicians, local authorities, customers and the media since the bid was submitted only re-enforces the evidence of a real desire and appetite for the introduction of this facility as soon as possible.

There is a good intention here but an improvement would be the introduction of customer surveys and a study akin to the work carried out by Leeds University on the same basis as the State Preference method.

#### Conclusions and Recommendations

The project is recommended for approval for the following reasons:

Strong strategic fit to the RES and Corporate Plan statements on improvements to transport infrastructure to improve productivity. The project also addresses one of the key routes identified in the TEES study.

The NPV of the preferred option demonstrates that there is a high level of return for the public sector investment. However there is a word of caution here as the Time Valued calculations would need to be verified by any evaluation. That said there is potential for return here and in terms of the £36 per hour figure for non productive time accepted by the DfT as a measure.

***It is recommended therefore that any evaluation includes independent verification of the benefits assessed.***

The project is funded under the Temporary Framework De Minimis instrument being under the €500,000 limit.

The Project Sponsor needs to confirm the spend profile as the project is showing all capital in 2009/10 but the project does not complete until September 2010 which falls in the next financial year 2010/11.



## APPROVAL RECORD

### Outputs

(show projected quantity per year)

	2009/10	2010/11	2011/2012	other years	total
<b>Total Project Outputs</b>  Set out the total outputs to be generated by the project					
Public sector leverage	£112,227				£112,227 <sup>1</sup>
<b>EEDA Outputs</b>  The outputs entered here should be the outputs that are eligible for EEDA to report which is normally in proportion to the EEDA funding as a percentage of total public sector funding, unless agreed otherwise with the applicant.	<sup>1</sup> The application to EEDA is for the full amount of public sector funding the leverage is the amount expected to be reimbursed by local authorities.				

## 7. State Aid Declaration Note:

*The following information is extracted from the State Aid De Minimis Declaration Note submitted by National Express to EEDA.*

### **FRAMEWORK FOR SMALL AMOUNTS OF COMPATIBLE AID DECLARATION**

The East of England Development Agency is considering providing you with financial assistance under the terms of the UK State aid approved "[Framework for small amounts of compatible aid]" ("the Scheme") up to a maximum of £346,000 (this figure is gross and therefore is before the deductions of any applicable tax or other charges) (€393,898 at Euro/Sterling exchange rate of 0.878400 per Pound Euro (at the time of the initial offer - 21<sup>st</sup> September 2009) in the form of a grant ("the Grant"). The Grant is to be used toward meeting the following costs:

Capital cost of installing Wi-Fi on National Express East Anglia's rolling stock on its London to Norwich route.

Before providing you with the Grant, the East of England Development Agency is required to check whether you will as a result of the Grant receive funding under the Scheme and as de minimis aid under Commission Regulation (EC) No. 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L379 of 28.12.2006) ("the Regulation") since the 1 January 2008 a total sum exceeding €500,000.

It is also necessary for it to be confirmed, whether you have already received/ or have been offered other public funding under the terms of another State aid regulation or approved scheme in respect of the Costs and if so whether the total public funding in respect of the Costs exceed the greater of the above detailed €500,000 cap or the maximum levels of funding in respect of the Costs under the terms of such other State aid regulation or approved scheme

Please note you do not need to include funding that you may have received under a scheme or individual award which has been notified to and approved by the European Commission or under the State aid General Block Exemption Regulation unless such funding has been/ is intended to be use by you in relation to the Costs (unless it is other funding you have received under the Scheme or the Regulations).

If you have since 1st January 2008 received funding under the Scheme or you have received de minimis aid under the Regulation or any other public funding in respect of the Costs you must provide to the East of England Development Agency full details of such sums by completing the tables set out below. If you have received no such funding please insert "None" in the Amount columns in the relevant table(s).

## 8. Offer Letter:

*The following information is extracted from the offer letter issued to National Express by EEDA.*

### **FUNDING UNDER THE SINGLE PROGRAMME – Transport Project Funding and Sponsorship**

#### **PROJECT TITLE: Wi-Fi on National Express East Anglia Intercity Trains**

Please quote this reference in any correspondence you have with us.

I am pleased to offer National Express East Anglia a maximum capital grant of £346,000 towards the above project for the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011. This grant is based on the details contained in your signed Business Case dated 9<sup>th</sup> November 2010, received on 10<sup>th</sup> November 2010 as updated by the details in this letter. The final claim for this grant must be for expenditure up to 31<sup>st</sup> March 2011 and be received by EEDA by 10<sup>th</sup> April 2011.

#### **The Grant**

1. The grant is the maximum sum payable for this project.
2. The offer of grant remains open for 30 days from the date of this offer letter. If you have not signed and returned the attached acceptance form by the specified date, the offer shall lapse.
3. Any changes to the aims, objectives, targets or work of the project must be notified in writing to EEDA, who will advise whether they are acceptable.
4. The support and involvement of EEDA must be acknowledged in all publicity material for the project. In all project press notices the standard supporting line must appear – 'This project was supported by the East of England Development Agency'.

The EEDA logo and the East of England regional marque must appear on all associated publicity materials: from stationery and e-media through to vehicle livery and site boards (where applicable). The corporate guidelines for the visual elements can be found on the EEDA website [www.eeda.org.uk](http://www.eeda.org.uk).

EEDA reserves the right to approve, in advance, any publicity or other material to be released to the media in connection with the grant. EEDA also reserves the right to refer to the Transport Project Funding and Sponsorship, any individual project, and the funding offered, in any of its own publicity material.

5. EEDA may, at its discretion, undertake interim and post completion checks to confirm that the grant has been used for the approved purposes. Suitable provision must be made for access by EEDA authorised officers to premises, records, files and other relevant information at any reasonable time.
6. Adequate notice must be given to EEDA of any steering/monitoring group meetings relating to the project. EEDA has the right to attend any or all meetings of such steering / monitoring groups.
7. The applicant shall achieve the following key outputs for the project by the dates specified below:

<b>Output</b>	<b>2010/11</b>	<b>Other Years</b>
Public Sector Leverage	£112,227	

You will be asked to provide details on the actual outputs you report to us. The details required, both for verification evidence and to provide information on equality and diversity, are set out in appendices 1 and 2 of the Claim and Monitoring Form.

8. The progress of the project will also be measured against the milestones set out in your Business Case, as shown below:

<b>Milestone</b>	<b>Date to be achieved</b>
Installation of Wi-Fi units in all National Express Norwich to London trains	April 2010 to December 2010
Launch of Wi-Fi service	December 2010

9. EEDA may review and reconsider its approval of the project at any time, reserving the right to suspend payment and recover all the grant paid to you (or any such proportion of it as EEDA may deem appropriate) in the event that the conditions in this Approval Letter are not observed.
10. The applicant should inform EEDA in writing if there are any significant changes to the project from the details given in the original application.
11. The applicant acknowledges that the Agency is subject to the requirements of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 and shall assist and co-operate with the Agency to enable the Agency to comply with these information disclosure requirements. Further information can be obtained from the Information Commissioner at [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk).

## Eligible Costs

Capital	2010/11	Other years	Total
Installation Costs	£346,000	0	£346,000
Total	£346,000	0	£346,000

EEDA Grant - Capital  
- Revenue

£346,000	0	£346,000
0	0	0

## Claims

A claim and monitoring form will be supplied electronically and on request. A claim and monitoring form should be completed by the dates set out below, whether or not a payment is due.

Final payment will be made on receipt of a satisfactory claim and monitoring form which should be submitted together with an independent accountants report confirming the expenditure and other funding set out on your claims for this project. Payment of the grant on this project will be limited to 90% until a satisfactory accountants report is received by EEDA. The final 10% of grant will be paid once a satisfactory accountants report is received. If an independent accountants report is not received by EEDA within 9 months of the final claim being received, EEDA may seek to recover some or all of the grant already paid to you.

Claim dates:

1<sup>st</sup> April 2010 to 31<sup>st</sup> June 2010 – Claim due by 10<sup>th</sup> July 2010

1<sup>st</sup> July 2010 to 30<sup>th</sup> September 2010– Claim due by 10<sup>th</sup> October 2010

1<sup>st</sup> October 2010 to 31<sup>st</sup> December 2010 – Claim due by 10<sup>th</sup> January 2011

1<sup>st</sup> January 2011 to 31<sup>st</sup> March 2011 – Claim due by 10<sup>th</sup> April 2011

If you are unable to claim any of these payments on the dates specified for any reason, then you must inform us in writing before the claim is due. You should give a reason for the delay and provide, if at all possible, a revised date when a claim will be made. This requirement is a continuing condition for the life of the project. If a delay of three months or more occurs in claiming a stage payment, and agreement has not been reached on a new schedule of dates, we reserve the right to end the agreement and to cease any further payment.

A Project Completion Report will be supplied electronically and will be requested 6 months after project completion March 2011

## Future Monitoring

After EEDA financial completion the project will be monitored Quarterly for two years to capture further information on the project expenditure and uptake of the facility.

### **State Aid**

This grant offer is classified as de minimis aid under European Commission state aid rules. You are entitled to a total of no more than €500,000 de minimis aid from all public sector bodies in any three year period. If you have already received de minimis aid from other public sector bodies in the last three years, which when added to this grant offer breach the €500,000 ceiling, you must inform EEDA immediately. If you need further guidance on this matter please contact the PMM Team.

### **Contact**

In any correspondence with us please would you quote the reference number at the top of this letter.

We would welcome any suggestions you may have on ways to improve the operation of the Single Programme – Transport Project Funding and Sponsorship. The Agency may approach you, in the future, as part of a survey on the quality of our service.

Yours sincerely

### **Senior Contract Manager**

Encs: Standard Conditions  
Project Offer Acceptance (Appendix 1)  
Intellectual Property Rights (Appendix 2)  
Standard Terms of Engagement with Accountants, and Accountant's Report Template (Appendix 3)  
Claim and Monitoring Form plus Appendices A and B

## Transport Project Funding and Sponsorship

### STANDARD CONDITIONS

#### 1. **Meaning of Words**

*Certain words in the offer letter or these conditions have special meanings shown below in bold type. When we use this word it will have this meaning.*

The **Agency, we, us** or **our** refers to The Development Agency which is known as the East of England Development Agency (EEDA).

**You** or the **applicant** means the individual, group or organisation whether incorporated or otherwise, who submitted the application for grant.

The **application** means the printed application and supporting Business Case you submitted and any supporting material, even if submitted at a different time.

**Project** means the activity, scheme, undertaking or venture described in your application.

The **agreement** refers to the arrangement between us, described in your application and our offer letter.

**Day** means working days.

#### 2. **General**

2.1 The project shall be governed by the laws of England.

2.2 The headings are inserted only for convenience and shall not affect its construction.

2.3 Where appropriate in these conditions, you can read a sentence written in the singular as though it were plural (and vice versa).

3. **Status**

In carrying out the project you are acting as principal and not as our agent.

4. **Time of Performance**

You must carry out the project to the timescale set out in the application or offer letter. You must tell us in writing if you find yourself falling behind any part of this schedule.

5. **Payment**

5.1.1 We will tell you in the offer letter what documentation we require before we pay you the grant. Once we have received a properly completed and certified claim, we will pay the grant within 20 days. If your claim is incomplete, we will let you know within 5 days.

5.2 The claim form includes the monitoring information that we require, and must be fully completed.

5.3 It is your responsibility to assess liability for Value Added Tax. The Agency is not responsible for unpaid VAT.

5.4 We may reduce our in year or subsequent funding to the project if project costs are lower than expected.

5.5 You must tell us if you receive, or become entitled to receive, additional money from another funder to the project. This applies even if you did not name the funder when you made the application.

6. **Audit**

You must keep a satisfactory record of all your expenditure on the project, and of any fees, costs or other payments made to staff, consultants or other workers. We may ask to see your records at any reasonable time. You must keep the records for 3 years after our funding of the project has stopped.



## **7. Management and Meetings**

If you set up a management group to run the project, we reserve the right to send a representative to its meetings, unless we agree otherwise. You must let us know 10 days in advance when and where any meeting is to be held. You must also let us have any minutes or agenda 10 days beforehand.

## **8. Termination and Clawback**

- 8.1 If the project does not achieve the aims stated in the agreement, we may, at our discretion, clawback all or some of the grant already paid and we will make no further payment.
- 8.2 If you sell, dispose of or transfer an asset you acquired with our funds, we are entitled to some of the proceeds, in proportion to our contribution, unless otherwise agreed. (We would not, however, unreasonably try to stop you disposing of such assets).
- 8.3 Any equipment purchased using our funds is to be used for the purposes of the project only.

## **9. Assignment**

You may not assign any asset or any part of this agreement without obtaining our written consent first. If we agree to an assignment it is on the understanding that the conditions which apply to you shall be transferred to the assignee. A covenant may also be required.

## **10. Publicity**

- 10.1 Neither party should bring the other's name into disrepute.
- 10.2 We may require a plaque - which we will provide - to be displayed on the project or at the site of the project. You must leave it in position where it can be seen for 5 years (or a shorter time if agreed).
- 10.3 We shall have the right to use and reproduce any information supplied under

the terms of this agreement subject to copyright. If you submit any information which is not your copyright, and which you have reason to believe may not be used in this way or reproduced, you must tell us.

**11. Variation**

We reserve the right to change what we require from you, and we will give 25 days notice of any intention to do so. Any changes will be discussed with you.

**12. Neutrality**

Projects must be politically neutral.

**13. Propriety**

There must be no impropriety or irregularity concerning the applicant or other individual concerned with the management of the project. All dealings and transactions must be transparent. Any interest that you or they have in the project must be declared.

**14. Continuation**

If the project in whole or in part consists of a study or report, we are under no obligation to act upon the recommendations or to publish or make public the report or its findings. If you wish to publish any such report, either in whole or in part, you must ask our permission first.

**15. Rights of Third Parties**

The Agreement does not in anyway whatsoever entitle a person who is not a party to the Contract (including, without any limitation, any beneficiary, employee, officer, agent, representative, or sub-contractor of either EEDA or the Applicant) to enforce any term of the contract, which expressly, or by implication, confers a benefit on him pursuant to the Contract (Rights of Third Parties) Act 1999, without prior agreement in writing of both parties.

**APPENDIX 1  
EAST OF ENGLAND DEVELOPMENT AGENCY**

**SINGLE PROGRAMME - Transport Project Funding and Sponsorship**

Programme Monitoring and Management Team  
East of England Development Agency  
Victory House, Vision Park  
Chivers Way  
Histon  
Cambridge CB24 9ZR

**PROJECT TITLE:        Wi-Fi on National Express East Anglia Intercity Trains**

I/We acknowledge receipt of the above offer dated \_\_\_\_\_ and confirm that I/we have read and understand the terms and conditions specified in the offer and the East of England Development Agency's general terms and conditions attaching to grants.

I/We hereby accept the grant offer of £ \_\_\_\_\_ or \_\_\_\_\_ % of actual agreed costs, whichever is the lesser.

In accepting this offer of grant, I/we acknowledge that the Agency does not warrant the success or otherwise of the business/project and further that responsibility for the business/project lies with me/us alone.

I/We **\*will/will not** be able to reclaim VAT incurred in relation to costs covered by this grant.

\* Delete as necessary.

Claim(s) will be made in the month(s) of:  
.....

The project is due to commence/commenced on:  
.....

Signature :  
.....

Name and Address of Claimant (in block capitals) :  
.....

.....

.....

On behalf of :  
.....

Date :  
.....

<b>Bank Account/Remittance Details for BACS Payments</b>			
<b>Project Ref:</b>		<b>Account Name:</b>	

<b>Bank/Building Society:</b>		<b>Sort Code:</b>		<b>Account No:</b>	
<b>Bank Address:</b>					
<b>Your Fax Number:</b>		<b>Your Email:</b>			

### SPECIMEN SIGNATURES FORM

Please provide specimen signatures for persons authorised to sign claim forms. You should note that we will only process claims endorsed by one of the signatories below.

	<b>Name (Block Capitals)</b>	<b>Position</b>	<b>Signature</b>
<b>1<sup>st</sup> Signatory</b>			
<b>2<sup>nd</sup> Signatory</b>			
<b>3<sup>rd</sup> Signatory</b>			

## **APPENDIX 2**

### **INTELLECTUAL PROPERTY RIGHTS - EEDA OWNERSHIP**

#### **DEFINITION**

In this Appendix "Results" shall mean any document, item, material or other work produced for the purposes of the Project or in connection with the Project by the Applicant or by any third party engaged by the Applicant or working under Applicant's direction or supervision. This shall include any idea, invention, innovation and design.

#### **1. Ownership of the Results**

- (a) Subject to the Conditions of this Agreement and any prior rights of EEDA, and to the rights of third parties arising otherwise than under this Agreement, all Intellectual Property rights arising out or in relation to the work carried out by the Applicant under this Agreement (or by his servants or by any third party engaged by the Applicant or working under his direction or supervision), including Intellectual Property Rights in the Results and Technical Information, on the Completion of the Project shall vest with the Applicant.
- (b) If, for any reason, the Applicant fails to complete the Project, all Intellectual Property Rights arising out of this Agreement, whether completed or not, and whether carried out by the Applicant, his servants or any third party engaged by him or working under his direction or supervision, shall vest in EEDA.
- (c) The Applicant hereby grants a royalty free licence for EEDA or any person authorised by EEDA to:
  - I. use the Intellectual property Rights vested in the Applicant,
  - II. use the Technical Information, and
  - III. to use, reproduce, publish, modify, adapt and enhance the Results, in any part of the world for any purpose. Such licence shall be irrevocable and without limit of time. Should any documentation be required to give effect to the licence intended to be granted by this Condition, the Applicant shall fully co-operate with the proposed licensee to ensure the grant of such licence to the satisfaction of EEDA.
- (d) The Applicant shall not be entitled to any payment by EEDA in respect of anything done in according with this Condition (Condition 1)
- (e) Nothing in this Agreement shall in any way derogate from the rights of EEDA under any legislation relating to patents, copyrights, registered design rights or design rights.

## **2. Use of other copyright material**

- (a) The Applicant shall be responsible for obtaining, and providing written evidence to EEDA of, any and all authorities from the copyright holder for any material to be included in the Results of this contract for which the Applicant or EEDA are not the beneficial holders of the copyright. Negotiation of fees and royalties for use of such copyrighted material shall be arranged through EEDA's Contract Officer. The Applicant has no direct, implied or other authority to enter into any contractual or financial arrangement on behalf of EEDA with any copyright holder.
- (b) The Applicant hereby warrants that the Results do not violate any existing copyright, and that to the best of the Applicant's knowledge all facts and statements in the Results are true. The Applicant hereby agrees to indemnify EEDA from any loss, injury or damage (including any legal costs, expenses, compensation claims or disbursements made by EEDA on the advice of Counsel to compromise or settle any claim) occasioned to EEDA in consequence of any breach of this warranty

## **3. Third party patents**

The Applicant shall exercise reasonable commercial discretion in watching for patents and like rights and the publication of patent applications owned or controlled by third parties which may be relevant to the intentions of EEDA and the Applicant as expressed in this Agreement. If at any time any relevant third party patent or patent application comes to the notice of the Applicant then the Applicant shall inform EEDA, and the Applicant and EEDA shall jointly consider what action, if any, is to be taken having regard to the provisions of Sections 55, 56 and 57 of the 1977 Patents Act or as subsequently amended or re-enacted.

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## **4. Patenting of Results**

- (a) The Applicant shall promptly inform EEDA of anything capable of being patented as a proprietary right, which may arise in consequence of the Results.
- (b) The Applicant shall if required by EEDA, but at EEDA's expense, do all that is necessary to enable EEDA to obtain such patents or other protection for its rights as it may require.

## **5. Copyright and publication**

- (b) EEDA reserves the right to determine whether the Results of the Project shall be published and, if so, on what conditions.
- (c) All documents prepared for publication resulting from the work grant aided by EEDA under this Agreement shall carry the disclaimer and copyright statement below:

The disclaimer shall be:

"The authors of this report are employed by [name of Applicant. The work reported herein was carried out with grant aid paid by EEDA. Any views expressed are not necessarily those of EEDA."

The copyright statement to be included on all copyright items intended for reproduction including final reports shall be:

"© Copyright 200.." (year of first publication).

## **APPENDIX 3**

### **STANDARDISED TERMS OF ENGAGEMENT (OFFERED AS PART OF GRANT CONDITION INSTEAD OF A TRI-PARTITE ENGAGEMENT)**

The following are the terms of engagement on which EEDA agrees to engage accountants to perform a high level of assurance engagement and report in connection with the offer of grant dated [            . ]

NB: References to “Accountant” mean “Independent Accountant” and the grant recipient’s reporting accountant. References to “grant recipient” or “the applicant” mean “            (applicant’s name)”.

An agreement between the grant recipient, its reporting accountant and EEDA on these terms is formed and the accountant signs and submits to EEDA a report as set out in Clause 3 herein.

NB: EEDA will not need to sign anything. By publishing this document EEDA makes an offer to engage on these terms. Once the offer is accepted by the grant recipient then an agreement is formed. If the terms of the standardised engagement letter are to be revised, EEDA will need to confirm its acceptance of the new terms before agreement is formed.

## **1 Introduction**

The applicant is required to submit to EEDA reports as set out herein below that are also signed by an accountant to provide independent assurance. These terms of engagement set out the basis on which the accountant will sign the report.

## **2 The Applicant’s responsibilities**

2.1 The Applicant is responsible for producing all information, maintaining proper records, complying with the terms of any legislation or regulatory requirements and EEDA’s terms and conditions of grant (“the grant conditions”) and providing relevant information to EEDA on a basis in accordance with the requirements of the grant conditions. The Applicant is responsible for ensuring that the non-financial records can be reconciled to the financial records.

2.2 The Applicant will make available to the accountant all records, correspondence, information and explanations that the accountant considers necessary to enable the accountant to perform the accountant’s work.



2.3 The Applicant and EEDA accept that the ability of the accountant to perform his work effectively depends upon the grant recipient providing full and free access to the financial and other records and the Applicant shall procure that any such records held by a third party are made available to the accountant.

2.4 The accountant accepts that, whether or not the Applicant meets its obligations, the accountant remains under an obligation to EEDA to perform his work with reasonable professional skill and care. The failure by the Applicant to meet its obligations may cause the accountant to qualify his report or be unable to provide a report.

### **3 Scope of the accountant's work**

3.1 The Applicant will provide the accountant with such information, explanations and documentation that the accountant considers necessary to carry out his responsibilities. The accountant will seek written representations from management in relation to matters for which independent corroboration is not available. The accountant will also seek confirmation that any significant matters of which the accountant should be aware have been brought to the accountant's attention.

3.2 The accountant will perform the following work in relation to reports required by EEDA:

3.2.1 The accountant will carry out a high level of assurance assignment as set out in the terms and conditions of the contract and perform the following work in relation to reports required by EEDA:

3.2.2 Select, based on professional judgement, an appropriate sample of expenditure, both capital and revenue items, reported in the statement of claims relating to the project;

3.2.3 For each item of expenditure selected in the sample, trace the amounts recorded in the statement of claims to the original invoice and / or other supporting document to ensure that the amount:

- i) has been accurately reported
- ii) has been reported net of VAT (if not, then give reasons for not netting)
- iii) properly relates to fixed assets used on the project during the period covered by the statement of claim
- iv) has been defrayed (selected items should be traced to proof of payments)
- v) is eligible for grant in accordance with the terms of offer letter

3.3 The accountant will not subject the information provided by the Grant recipient to checking or verification except to the extent expressly stated. While, the accountant will perform his work with reasonable professional skill and care, his work will not be relied upon to disclose all misstatements, fraud or errors that might exist.

## **4 Basis and Form of the accountant's reports**

4.1 The accountant's reports will be prepared on the following basis:

4.1.1 The accountant's reports will be prepared for the confidential use of the Applicant and EEDA and for the purpose of submission to EEDA in connection with EEDA's requirements in connection with this offer of grant. They may not be relied upon by the Applicant, or EEDA for any other purpose except as provided in 4.1.2 below;

**4.1.2 EEDA may disclose the reports to others who may have statutory rights of access to the report (e.g., NAO, Parliament and Parliamentary Committees) and to other interested Government Departments / Bodies. It may also disclose the reports to its professional advisers, if considered necessary. There may be an actual or potential liability to other bodies that may arise out of the eligibility and/or use of monies by the Applicant, and the others who will be entitled to rely on the report;**

4.1.3 Neither the Applicant, nor EEDA will rely on any oral or draft reports the accountant provides. The accountant accepts responsibility to the Applicant and EEDA for the accountant's final signed reports only;

4.1.4 Subject to clause 4.1.5, the accountant's reports will not be recited or referred to in whole or in part in any other document (including, without limitation, any publication issued by EEDA) without the prior written approval of the accountant;

4.1.5 Subject to clause 4.1.2 and except to the extent required by court order, law or regulation or to assist in the resolution of any court proceedings the accountant's reports will not be made available, copied or recited to any other person (including, without limitation, any person who may use or refer to any of the EEDA's publications);

4.1.6 Except as provided by 4.1.2 herein, the firm of accountants, its partners and staff neither owe nor accept any duty to any other person (including, without limitation, any person who may use or refer to any of the EEDA's publications) and will not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on representations in the accountant's reports.

4.1.7 Subject to the above provisions, the accountant's report should be addressed both to the grant recipient and also EEDA and should be as set out in a schedule attached to the grant offer letter.

## **5 Liability Provisions**

5.1 The accountant will perform the engagement with reasonable professional skill and care and acknowledges that he will be liable to the Applicant and EEDA for losses, damages, costs or expenses ("losses") caused by his breach of contract, negligence or wilful default, subject to the following provisions:

5.1.1 The accountant will not be so liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the accountant, except where, on the basis of the enquiries normally undertaken by accountant within the scope set out in these terms of engagement, it would have been reasonable for the accountant to discover such defects;

5.1.2 The accountant accepts liability without limit for the consequences of his own fraud and for any other liability, which it is not permitted by law to limit or exclude;

5.1.3 Subject to the previous paragraph (5.1.2), the total aggregate liability of the accountant whether in contract, tort (including negligence) or otherwise, to EEDA, arising from or in connection with the work which is the subject of these terms (including any addition or variation to the work), shall not exceed the value of the grant paid or £25m, whichever is lower.

5.2 The Applicant and EEDA agree that they will not bring any claims or proceedings against individual partners, members, directors or employees of the accountant. This clause is intended to benefit such partners, members, directors and employers who may enforce this clause pursuant to the Contracts (Rights of Third Parties) Act 1999 (the "Act"). Notwithstanding any benefits or rights conferred by this agreement on any third party by virtue of the Act, the parties to this agreement may agree to vary or rescind this agreement without any third party's consent. Other than as expressly provided in these terms, the provisions of the Act is excluded;

5.3 Any claims, whether in contract, negligence or otherwise, must be formally commenced within 3 years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than 6 years after any alleged breach of contract, negligence or other cause of action. This expressly overrides any statutory provision, which would otherwise apply;

5.4 This engagement is separate from, and unrelated to, the accountant's audit work on the financial statements of the applicant for the purposes of the Companies Act 1985 (or its successor) or other legislation and nothing herein creates obligations or liabilities regarding the accountant's statutory audit work, which would not otherwise exist.

## **6 Fees**

The accountant's fees, together with VAT and out of pocket expenses, will be agreed with and billed to the Company. EEDA is not liable to pay the accountant's fees.

## **7 Quality of Service**

The accountant will investigate all complaints. EEDA or the Company have the right to take any complaint to the Institute of Chartered Accountants in England and Wales ("the ICAEW") or to any professional accountancy body as appropriate.

## **8 Providing Services to Other Parties**

The accountant will not be prevented or restricted by virtue of the accountant's relationship with the Applicant and EEDA, including anything in these terms of engagement, from providing services to other clients. The accountant's standard internal procedures should be designed to ensure that confidential information communicated to the accountant during the course of an assignment will be maintained confidentially.

## **9 Applicable law and jurisdiction**

9.1 This agreement shall be governed by, and interpreted and construed in accordance with, English law.

9.2 The Applicant, EEDA and the accountant irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise in connection with the validity, effect, interpretation or performance of, or the legal relationship established by this agreement or otherwise arising in connection with this agreement.

## **10 Alteration to Terms**

All additions, amendments and variations to these terms of engagement shall be binding only if in writing and signed by the duly authorised representatives of the parties. These terms supersede any previous agreements and representations between the parties in respect of the scope of the accountant's work and the accountant's report or the obligations of any of the parties relating thereto (whether oral or written) and represents the entire understanding between the parties.

## Independent Accountant's Report

Headed paper of the independent accountant.

1. I/We have examined the claim(s) submitted by (grant recipient's name) ("the Grant Recipient").
2. I/We have also examined the records of the Grant Recipient as necessary and have obtained such explanation and carried out such tests as I/we consider necessary.
3. I/We report that in my/our opinion, subject to any reservations set out in my/our accompanying letter dated [ ];
  - i. the claim and all previously submitted claims for payment are in accordance with EEDA's offer letter dated (offer letter date).
  - ii. the Grant Recipient had during the period from (*first date of claim period*) to (*last date of claim period*) defrayed expenditure of [£] on eligible costs for the project in accordance with the offer letter, and exclude recoverable VAT.
  - iii. the Grant Recipient has maintained adequate records to enable me/us to report on this claim for payment of grant and on all previous claims;

Complete/Delete as appropriate:-

- vii. no other grants or contributions have been made or will be payable to the grant funded body towards the payments for which the grant has been claimed
- vii. contributions totalling £ have been paid to the grant funded body towards total project expenditure/eligible costs.

Signature : .....

Date : .....

Name for enquiries .....

Business Address:.....

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### **Guidance Notes**

1. The Report must be made by:
  - a. an accountant qualified under the terms of Section 25 of the Companies Act 1989 for appointment as auditor of the company; or,
  - b. an accountant eligible under Section 34(1) of the Companies Act 1989 to act as auditor of an unquoted company; or,
2. For expenditure to have been defrayed liabilities must have been both incurred and discharged by payment by the Grant Recipient. Expenditure incurred but not yet defrayed cannot be claimed.

### **Taxation**

3. **Current advice on tax issues and tax implications of government grants can be obtained from professional tax advisors.**
4. In general, all government grants, irrespective of whether they relate to revenue or capital expenditure, are liable to tax under current legislation.

## 9. Note

*The following information is extracted from an EEDA note for a working group on the Wi-Fi project*

### **National Express Wi-Fi project – Summary note on next steps (31.10.08)**

#### **1. Situation to date:**

- A. Concept Form for Wi-Fi was approved by EEDA Strategy and Development Product group on 27<sup>th</sup> October with caveats:
- Requires a full state aid review
  - Requires equality review
  - Requires further analysis of economic benefit
  - Requires reassurance that Wi-Fi would be procured competitively to ensure value for money for public funding (and that NE couldn't fund themselves)
- B. EEDA has approached Essex, Norfolk and Suffolk County Council's, investigating willingness to contribute. Replies received from Norfolk (willing to contribute) and Suffolk (are discussing further).

#### **2. Next Steps:**

There are two work streams to follow, firstly developing the information required to satisfy EEDA's requirements for funding, and secondly the development of the funding partnership.

##### **A. EEDA Process**

Eventually, a full business case will have to be submitted by National Express and approved by EEDA in order to secure EEDA funding. Before this can happen, a number of actions need to have been completed:

- A full State Aid review (including a clarification of the role of any private sector partners in the project)
- Equality review (Product group identified potential equality issues due to proposals to charge standard passengers and not first class for Wi-Fi)
- A thorough investigation into economic benefits / leverage. This could entail analysis of
  - Leverage (i.e. funding drawn in from elsewhere)
  - Economic benefits and contribution to GDP / GVA growth (i.e. expected uptake of service – could be assisted by analysis of East Coast usage – and how this translates to economic productivity)

### ***B. Engaging Partners***

With an in-principle agreement from EEDA Product Group to continue to business case stage (subject to satisfying State Aid issues), the funding partnership can now be developed further. Actions now required are:

- Review interest to date
- Hold initial meeting with interested parties

10. Press / Media activity:
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*The following information is extracted from the press release issued by EEDA.*



## **EEDA leads on Wi-Fi project for Norwich to London train line**

**For release: 9 February 2010**

**Press enquiries to:**

**Adrian Ient, Senior  
media relations  
executive**

**Tel: 01223 484699**

**M: 07795 828917**

**Email:**

[XXXXXXXXXX@XXXX.XXX.XX](mailto:XXXXXXXXXX@XXXX.XXX.XX)

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Funding from the East of England Development Agency (EEDA) and Suffolk and Norfolk County Councils announced today will ensure Wi-Fi is installed on the Norwich to London train line benefitting many businesses in the East of England.

National Express East Anglia (NEXA) is to introduce Wi-Fi facilities for all passengers on its Norwich – Ipswich – Colchester - London intercity services before the end of this year with a grant of £346,000 from EEDA and Norfolk and Suffolk County Councils to fund installation of the Wi-Fi equipment.

EEDA has led the development of the three-way funding package over the past few months, working closely with Norfolk and Suffolk County Councils, following the submission of a compelling business case to install Wi-Fi on the Norwich to London line. Business organisations in the region have also been supportive of the initiative with the wider economic case for installation very strong.

Richard Ellis, chair of EEDA said:

“The business case for investment in Wi-Fi on the Norwich to London line is compelling. EEDA is taking a leading role in bringing together local partners to identify and deliver projects like this that have a real impact on business productivity.

“The project would not have gone ahead without the combined funding from EEDA and Norfolk and Suffolk County Councils. It is a great example of how, by working together, we can secure economic benefits for those living and working in the East of England.”

Commenting on the go-ahead for the project Andrew Chivers, Managing Director, NEXA said:

"I am delighted to announce the introduction of Wi-Fi on our intercity trains on the Norwich to London mainline later this year and I would particularly like to thank EEDA and Norfolk and Suffolk County Councils for their funding support towards the upgrade. I am also grateful to Shaping Norfolk's Future and both the Norfolk and Suffolk Chambers of Commerce who have spoken in support of this exciting initiative. It illustrates our ongoing commitment to continue to invest in improving train services for our customers in the region following the recent launch of our Service Improvement Plan which is centred on providing extra seats on services into London over the next two years. The first stage of that programme began last December and with further benefits to follow in December 2010 and next year."

NXEA has proactively pursued a collaborative approach to this customer-focused programme which involves operating costs for the company of over £200,000 a year. Without this commitment and the funding support of EEDA and the County Councils the installation of Wi-Fi at such an early date would not have been possible.

Adrian Gunson, Cabinet member for Planning and Transportation on Norfolk County Council said:

"This is particularly good news for business travellers. The big advantage of intercity rail travel for business is that the time spent on the move can be put to good use. Wi-Fi on the train means that it can be used even more productively."

Councillor Guy McGregor, portfolio holder for roads, transport and planning at Suffolk County Council said:

"Railway services from London into Ipswich and Norwich ought to be regarded as an important intercity route and this support for the business traveller, as well as the more general computer user, will give credibility to this claim."

The total capital investment of £346,000 provided by EEDA and Norfolk and Suffolk County Councils will more than pay for itself in year one through the increased value of travel time in the region, followed by further significant benefits in subsequent years.

**ENDS**

## **Notes to Editors**

The agreement will be formally announced at Norwich station at 14.30 today (Tuesday 9 February) by EEDA chair Richard Ellis and NXEA Managing Director Andrew Chivers.

The Wi-Fi technology will combine broadband satellite and multiple mobile data connections to let passengers stay connected on the intercity services along the entire Norwich – Ipswich – Colchester – London mainline route. The system will automatically select the best connection in the area enabling Wi-Fi capability to be available throughout the journey.

Details have yet to be finalised, but it is expected that Wi-Fi facilities will be available for a small charge in Standard accommodation and free in First Class carriages.

### **EEDA press contact:**

Adrian Ient, Senior media relations executive

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**National Express press contact:** For further information about this press release, please ring the National Express East Anglia Press Office on 0207 549 5966. For urgent or out-of-office hours calls, please leave a message by ringing 07623 952612. All recent press releases can be found on the National Express East Anglia website at [nationalexpresseastanglia.com](http://nationalexpresseastanglia.com)

### **About EEDA**

EEDA has a clear mission - to improve the economy of the East of England.

So whether it's helping businesses through the recession, supporting people to be the best they can or breathing new life into places, everything we do comes back to our mission statement. EEDA works across the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk.

Our investment decisions have a track record of delivering considerable returns. A recent independent report found that for every £1 EEDA spent, we generated a mid-point return of £4.75 for the region's economy.

Visit [www.eeda.org.uk](http://www.eeda.org.uk) to find out more.

About National Express East Anglia: National Express East Anglia operates services from London Liverpool Street across the East of England. Over 100 million passenger journeys are made on its services each year.

About National Express UK: National Express UK Limited includes National Express coaches, National Express West Midlands, National Express Coventry, National Express Dundee, National Express East Anglia, c2c, Kingsferry; the Midland Metro and Eurolines.

About National Express Group: Around one billion journeys a year are made worldwide on our bus, train, light rail and express coach operations. We deliver services in the UK, North America and Spain. Our aim is to Make Travel Simpler. Our 40,000 employees are committed to improve the quality of life for all through travel.