

GOing Forward!

The Newsletter of



Introduction

This is the latest in a series of newsletters aimed at keeping all of our stakeholders, and existing and potential investors, up to date with the latest news and developments. In this edition, we focus on progress with our Track Access Agreement, the Mid-Hants Link, the Swindon car club, and why we have chosen to change our trading name – from GOCO to GO-OP. Finally we are very pleased to introduce our newest Director, elected at last year's AGM, Jean Nunn-Price MBE.

Keith Vingoe
GO-OP Chief Executive Officer

Track Access

Progress So Far



We are in ongoing negotiations about our proposals with Network Rail, which has expressed a willingness to reach a 10-year Track Access Agreement. As readers of this newsletter will know, the proposed service offers up to eight trains each way per day between Westbury and Birmingham.

- Serving Trowbridge, Melksham, Chippenham, Swindon, Oxford, Banbury, Leamington Spa, Warwick and Solihull.
- Two-hourly clockface departures 06:00 to 20:00 on weekdays, with additional services on Fridays.

- Hourly departures in peaks; tidal flow from South in morning, returning from the Midlands in the evening.
- Weekend services to Weymouth in the summer months.

In addition we are tendering to run a Local Sustainable Transport Fund (LSTF) supported service between Salisbury and Westbury. This, combined with the above service, meets Wiltshire County Council's outputs.

The proposed service has been assessed by a reputable independent consultancy as required by the Regulator. The following features have been identified:

- The service is not 'primarily abstractive': an acceptable proportion of the revenue will be generated by new passengers and not taken from existing franchised operators.
- The proposed service would provide economic benefits of at least £5 million (2002 prices) per annum in a range of areas (such as congestion reduction) as defined by the DfT's own formulae (RailTAG).

What's Next?

Supporters have provided us with funds of £400,000 to develop the proposals. We are close to launching our public share offer, at which point we will also be inviting further investment from you, our members.

We will be leasing new rolling stock. The trains will be built overseas, but at least 30% of their value will be UK-sourced, and they will be maintained in the UK, creating new employment. We aim to be signing contracts in June 2012 and the service is planned to commence in the second quarter of 2014.

Capital requirements of £3m (mobilisation and capital costs plus working capital) will be raised from a mix of existing investors, financial institutions and bank borrowing.

We expect the financial performance to be in line with other rail operators, with an average net operating

margin of 3–4% over the 10 years. We anticipate being profitable in Trading Year 3 with an average turnover of at least £7 million p.a.

During the first five years additional routes are planned. This will increase profitability, as approximately 20% of the costs of Route 1 are fixed, thus allowing GO-OP to reinvest and expand.

New recruit to the GO-OP Board

Towards the end of 2011, GO-OP Directors were delighted to welcome Mark Leving as a co-optee to the Board.

Mark Leving, has been a railwayman his entire career, joining the industry in 1978. Having studied for a degree and working his way up 'through the ranks', he joined First Hull Trains as the company's first MD in 2003. Under Mark's leadership, in what is an extremely complex and heavily regulated environment, this open-access company was transformed: unlike most other train operating companies, First Hull Trains does not receive any subsidies, and is operated on a wholly commercial basis.

Mark left First Hull Trains in 2009 to work for Passenger Focus, and is currently employed as a Rail Franchise Analyst with the Go-Ahead Group.

Mid-Hants

We were disappointed when the Mid-Hants Railway rejected our use of a Parry People Mover (PPM). However, they have indicated that use of a Pacer 141 may be acceptable. Based on this, we have submitted a revised business plan to Mid-Hants Railway, and are currently awaiting their response.

GOCO CAR

Now up and running as part of the Commonwheels family

Last year we contracted with Greensquare to deliver a car club for a housing development at the Triangle in Swindon. It was decided to establish a new co-operative – GOCO CAR – to fulfil the contract, as long as GOCO CAR was able to meet the standards specified by Greensquare. GO-OP invested in the development of GOCO CAR, issuing share capital to the value of £15,000 in the 'worker' class of membership. GOCO CAR agreed to play a part in

arrangements to co-ordinate the brand and development of the GO-OP family.

In July 2011 an agreement was signed with Commonwheels for them to provide the technical support and the benefit of membership of their UK network of car clubs. Commonwheels confirmed that members signed up in Swindon territory would be reassigned to GOCO CAR if they agree to a parallel 'member' agreement with GOCO CAR. We were aware that if it was not possible to reach agreement, GO-OP would need to review the value of the current arrangement and how it could create a locally managed, community car club scheme.

Sadly and inevitably the agreement allowing GOCO to operate a car club under licence in Swindon was mutually terminated. All parties agreed to an amicable settlement which minimised the costs and ensured that members, suppliers and other stakeholders were inconvenienced as little as possible.

Whilst disappointed that the franchise arrangement with Commonwheels did not work for us as a co-operative, we are pleased that Swindon does now have a car club, thanks to pioneering efforts by GO-OP and GOCO CAR staff and directors, not to mention significant work undertaken by our partner, Go Travel Solutions.

Enterprise Investment Scheme

We have completed the HMRC paperwork and submitted the application forms for EIS, and we are awaiting the outcome. One hurdle we have had to jump is explaining to the HMRC that GO-OP does not itself lease out cars – car leasing is not an eligible activity – but that we provided Greensquare with consultancy services for the establishment of a car club in Swindon. We await the response of the Inspectors with interest!

GOCO name change – to GO-OP

GOCO was approached by solicitors for Gocompare.com who said that our logo – especially the GOCO CAR logo – was too close to theirs, and threatened us with legal action if we did not change it. We consider that the resources we have should be directed at getting our first rail service running, not fighting legal battles, so we reluctantly agreed, and you will have seen the result on our website, now www.go-op.coop. GOCO will from now be known as

GO-OP. We will keep our registered name (GOCO Co-operative Limited) until the AGM in June, when we will be submitting a motion to the members to change it.

Meet the Directors

This time we meet Jean Nunn-Price MBE, elected to the Board in June 2011.



GF *What is your role as a GO-OP Director?*

JN-P As a Co-operator and a Midcounties Director, I was nominated for the GO-OP Board by Midcounties Co-operative as a major shareholder/investor. I'm also an individual shareholder and potential user. I live in Wantage near the proposed route of GO-OP's service, and serve as a local parish councillor. A former mathematician and government research manager, I took early retirement and studied for a law degree and a legal practice certificate. I now work as a volunteer at the local advice centre's *pro bono* legal advice surgeries.

Following election to the Board at the June 2011 AGM, I've been learning about the rail industry – it's been a steep learning curve and I wouldn't claim to be an expert at all, but I hope I can now understand the issues raised at the Board and make a sensible contribution to the discussion.

Like all Board members, once on the Board, we work together for the good of the Co-operative and its members, whatever our individual backgrounds. So my role is to help look after GO-OP members' interests by contributing what I can to Board deliberations from my individual knowledge and experience, and to ask questions of the executive members of the Board.

GF *Why were you attracted to GO-OP?*

JN-P I have always held a strong belief in the concept of rail travel as a public service, owned 'by the people for the people'. My political roots are in the Labour and Co-operative Movement. I proactively supported the Midcounties OSG motion spoken to eloquently by our current Chair Tim Pearce at the Co-operative Party Conference in 2007 proposing 'The People's Rail' as a Co-operative enterprise, and when Tim and others founded the Go! Co-operative as it then was, I was keen to join as a member and support the new Co-op.

It was a natural progression to offer myself for nomination to the Board when Midcounties became a major shareholder, and here I am.

GF *How do you see GO-OP developing in the next five years?*

JN-P A Co-operative depends absolutely upon its members, both for mutual support and for its very definition and existence. I see the immediate future as a growth period for our membership. During this period we should see the realisation of what we have all been working towards – the start of our new Co-operative train service. I believe GO-OP will prove, and will be seen to be, a serious and natural operator of rail services, attracting increasing numbers of passengers and members. We should be able to expand the number of routes we operate, not only by filling gaps in the current provision but also by demonstrating that a co-operative model of rail services is better.

As with any start-up enterprise, the first years are not likely to be profit-making, but I expect by the end of 5 years we shall have secured a break-even position and begun to generate for the Co-operative a steady surplus of income over expenditure, and be able to reward our members for their trust and support.

GOing Forward!

16 Somermead Bristol BS3 5QS

www.go-op.coop

info@go-op.coop

t. 0300 456 2265