



Department
for Transport

Passenger Service Contracts

Market Engagement Notice

October 2021

Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR



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Market Engagement Notice

SECTION I: CONTRACTING AUTHORITY

I.1 Name and Addresses

Passenger Services

The Department for Transport

Great Minster House

33 Horseferry Road,

LONDON SW1P 4DR

Contact: Deputy Director, Commercial Model and Design

Email: railpscd@df.gov.uk

Telephone: +447812 483899

Country: United Kingdom

NUTS code: UKI32 – Westminster

Internet address(es): <https://www.gov.uk/government/organisations/department-for-transport>

Main address: <https://www.gov.uk>

I.3 Communication

Additional information can be obtained from the above-mentioned address.

I.4 Type of the Contracting Authority

Ministry or any other national or federal authority

I.5 Main Activity

Other activity

Transport

SECTION II: OBJECT

II.1 Scope of the Procurement

II.1.1 Title

Market engagement on rail Passenger Service Contracts

II.1.2 Main CPV Code

60210000 - Public transport services by railways

II.1.3 Type of Contract

Services

II.1.4 Short Description

This notice is published by the Secretary of State for Transport (the Authority) acting through the Department for Transport.

This notice is published to advertise a forthcoming market engagement exercise. This exercise relates to a new form of rail contract (the Passenger Service Contract or PSC). The PSC is currently under development by the Authority and will replace all existing forms of contract for the provision of franchised rail passenger services in Great Britain where the Authority is the competent authority for the award of rail public service contracts (excluding certain services in Scotland and Wales where the devolved administrations are the competent authorities and services contracted by authorities such as Transport for London).

The PSC is one of the reforms being introduced by the [Williams-Shapps Plan for Rail](#). The intention is that each PSC will be awarded following a competitive procurement process.

The Williams-Shapps Plan for Rail outlined the biggest reform of the railway in a generation, bringing the network under single national leadership. A new public body will be created: Great British Railways (GBR). GBR will run the railway in a new way – it will be simple, sustainable, separate – one single body to maintain and improve the infrastructure, set fares,

sell the tickets and receive the money, plan timetables and run the network, and be fully accountable for these activities. Regional divisions will ensure we deliver a national network which meet the needs of local communities and regions, bringing decision-making much closer to the people in the communities it serves.

The establishment of GBR requires legislation to be passed by the UK Parliament. In advance of this, the Authority will lead development of the Passenger Service Contract and the GBR Transition Team will be working closely with the Authority throughout the process.

This market engagement exercise is open to all persons who are interested (or may be interested) in being an operator of rail passenger services under a PSC, and their supply chain. This includes existing market operators, potential new entrants and persons who may be interested in participating jointly through membership of a joint venture or consortium.

This market engagement exercise will commence with a Rail PSC Day on 4th November 2021. It may also include further meetings with interested persons and/or a request to complete an online questionnaire. Through the market engagement exercise, the Authority will describe the thinking of the emerging PSC proposition to date, the aims behind it and how the Authority will be working with the market to develop it further once the Authority has listened to the initial feedback.

It is currently anticipated that the first PSC will be a commuter focused railway. Market engagement on this competition will likely commence in early 2022 with the competitive procurement process following in mid-2022 and passenger services commencement in mid-2024. Once the PSC programme is underway, competitive procurement processes will come to market at regular intervals. Note that the Passport process used by the Authority is to be discontinued in 2022 and will not be used for PSC procurement, this will be replaced with a two-stage process of Pre-Qualification Questionnaire (PQQ) followed by an Invitation to Tender (ITT).

Separate engagement is being conducted by the Authority's Rail Transformation Programme and the Great British Railways Transition Team across all areas relating to the Williams-Shapps Plan for Rail. This engagement is underway, and future plans include a formal consultation exercise to support the development of legislation, policy development in key areas of reform, and implementation planning

The remainder of this notice describes: the background to the PSC proposition and the market engagement opportunity (II.2.4); registration instructions for the market engagement exercise (II.2.14); and certain legal and other administrative details (VI.3).

II.1.6 Information About Lots

This contract is divided into lots: No

II.2 Description

II.2.2 Additional CPV Code(s)

N/A

II.2.3 Place of Performance

NUTS codes

UK – United Kingdom
 UKC – North East
 UKD – North West
 UKE – Yorkshire and the Humber
 UKF – East Midlands
 UKG – West Midlands
 UKH – East of England
 UKI – London
 UKJ – South East
 UKK – South West
 UKL – Wales
 UKM – Scotland

Main site or place of performance

UK – United Kingdom

II.2.4 Description of the Procurement

The Williams-Shapps Plan for Rail

The vision in the Williams-Shapps Plan for Rail (the Plan) is to "*transform the railway in the public interest: providing a better service for customers, taxpayers and the economy*".

The Plan envisages a new type of commercial relationship between GBR and train operators, to be delivered through a new, competitively awarded PSC. The PSC will replace existing rail passenger service contracts (franchise agreements and national rail contracts) in Great Britain where the Authority is the competent authority for the award of rail public service contracts. This excludes certain services in Scotland and Wales where the devolved administrations are the competent authorities and services contracted by authorities such as Transport for London. In accordance with the Plan, the Authority is committed to working with the rail sector of today, along with potential market entrants, to test the thinking, listen to the feedback and work toward collaboratively defining, developing and implementing these new commercial relationships.

The Williams-Shapps Plan for Rail detailed reform of the contract structure to PSCs and was clear in its inclusion of specific and important changes to roles and accountabilities. The detailed design of the PSC will develop new processes, incentives, functions and relationships across the sector building on those changes.

The new commercial model that is being developed in the PSCs will build on the approach that many railways across the world have used successfully. These contracts focus on running trains on time, delivering high levels of passenger service and controlling costs. The PSCs are critical to enabling GBR to be the future guiding mind and

will define how the Authority will work collaboratively with the private sector to deliver outstanding passenger services achieving the following desired outcomes:

- Meeting passengers' priorities and needs, while growing rail usage.
- Being deliverable and sustainable for the market, passengers and funders.
- Achieving Value for Money for passengers and funders.
- Enhancing collaborative working across the rail sector.
- Reflecting the needs of communities across the network.

The new commercial relationships embodied by the PSC will see the operators working with the Authority and GBR to support the aims of providing train services that meet passenger needs through excellent operational performance, customer service, and service quality, and also drive economic growth whilst delivering value for money for passengers and taxpayers. Each PSC operator will be expected to fulfil required legal and safety responsibilities, securing the health and safety of passengers, the workforce, and the public.

The market engagement opportunity

Further detail of the PSC commercial proposition will be explored with interested persons at the Rail PSC Day. Interested parties will receive detail on the following elements of the PSC that will feature as part of the exercise: operational performance; pre-qualification processes; customer experience; capital requirements including bonding; change; collaboration; access and stations.

This market engagement exercise is being run by the Authority, and it is currently anticipated that the Authority will also run the initial PSC competitive procurement processes. However, it is currently anticipated that, as part of the legislative process to enact the Williams-Shapps Plan for Rail, GBR will become the competent authority for the award of subsequent PSCs.

The purpose of the exercise is to listen and begin a collaborative dialogue with the market to inform the continuing development of the PSC. This purpose is underpinned by two main objectives: (1) invigorating the market by attracting new entrants and securing the interest of existing operators; and (2) technical engagement including testing the baseline PSC commercial proposition and inviting views from the market.

It should be noted that any information provided on the Authority's current thinking as part of the market engagement exercise should be considered indicative in nature and no overall decision on the future solution, technical elements, funding or commercial approach has yet been agreed.

For further detail of the market engagement exercise (including the timetable for the Rail PSC Day, the engagement materials and certain background information) please visit the following [PSC webpage](#).

II.2.14 Additional Information

Interested persons should visit the [PSC webpage](#) for details of how to register for the Rail PSC Day on 4 November 2021. Please ensure that you complete your registration no later

than 3 November 2021. The market engagement day is an entirely virtual event and all sessions will be recorded, with the recordings made available to all interested persons (including those unable to attend).

For interested parties that are responding after 3 November 2021 you can register your interest by emailing railpscday@dft.gov.uk and you will be provided access to the recordings of the sessions from the Rail PSC Day and any subsequent post event reports and Q & A documents that have been provided.

Please note that, when registering, you will be required to confirm whether you have an interest in bidding to be an operator of rail passenger services under a PSC (whether individually or jointly with other persons). The Authority may decline to register (or otherwise deny access to) persons that do not have a direct interest of this nature, in order to optimise the value and efficiency of the exercise.

Interested persons should note that invitations to (and information on) subsequent events or activities (such as technical meetings and questionnaires) will be provided to those persons who have registered by following the instructions above. No further notice of those subsequent events will be given to the wider market. You are therefore encouraged to register as soon as possible, even where you may be unable to attend all (or any part) of the Rail PSC Day or are unable to register until after the Rail PSC Day.

II.3 Estimated Date of Publication of Contract Notice

1. SECTION IV: PROCEDURE

IV.1 Description

IV.1.8 Information about the Government Procurement Agreement (gpa)

The procurement is covered by the Government Procurement Agreement: No

2. SECTION VI: COMPLEMENTARY INFORMATION

VI.3 Additional Information

This notice relates to a general market engagement exercise on the developing PSC. It is not specific to any particular contract opportunity and does not constitute notice of an impending (or future) competition.

The award of each PSC will be subject to Regulation (EC) No 1370/2007 (R1370) as retained in the domestic law (of Great Britain). The general public procurement rules do not apply. This form of notice and means of publication (a "prior information notice" on the Find a Tender service) has been used by the Authority to ensure the widest potential advertising of the market engagement opportunity.

The Authority is required by R1370 to advertise specific PSC competitions on its website. The Authority also currently intends to publish the relevant notices on the Find a Tender service and elsewhere.

The Authority reserves the right not to commence any competitive procurement process for a PSC, either within the timescales referred to in this notice or at all. Where the Authority does commence a competitive procurement process, it reserves the right to advertise (or otherwise give notice of) that process in whatever way it deems fit at the time.

This notice is not a formal request for expressions of interest. Participation or non-participation in this exercise will not confer any advantage or disadvantage on any person in respect of any future PSC procurement activity. However, the results of the market engagement exercise (including any technical meetings and written questionnaire responses) may be used to shape and refine the PSC proposition before any formal competitive procurement process commences.

The Authority is not obliged to respond to any correspondence on this notice or any matter related to the market engagement exercise. Direct or indirect canvassing of the Authority (or any person connected with it) by any person concerning this market engagement exercise, or any attempt to procure information outside of the defined process is discouraged and may

(in certain circumstances) require the disqualification of the relevant person(s) from participation in any future PSC competitive procurement process.

Interested persons should note that: any costs of participation in the market engagement exercise will be borne by the participant; and all information provided by the Authority during the market engagement exercise is at an early stage of development and is not to be relied on by any person and the Authority, to the extent permitted by law, shall have no liability for any losses incurred by any person as a result such reliance.