



Department  
for Transport

# Passenger Services Franchise Competition Guide



January 2016

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### **Legal classification of rail franchise procurements**

The Department is required to comply with applicable procurement law and to adhere to the EU Treaty principles of transparency, equal treatment and non-discrimination and proportionality. The Public Procurement Directives 2014/24/EU and 2014/25/EU do not apply to public service contracts for public passenger transport services by rail. Accordingly, it is the Department's view that the Public Procurement Directives do not apply to the procurement of rail franchises. However, the Department will consider on a case by case basis the precise classification under EU law of each franchise in its Programme. The Department considers that passenger rail franchises qualify as public service contracts and are therefore subject to Regulation (EC) 1370/2007.

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# Approval and Change History

	<b>Name</b>	<b>Role</b>	<b>Date</b>
<b>Reviewed by:</b>	Sarah Collins	Head of Procurement Excellence	19 January 2016
<b>Approved by:</b>	Peter Wilkinson	Managing Director of Passenger Services	28 January 2016

**Table 1 - Approval History**

<b>Version</b>	<b>Date</b>	<b>Details of Change(s)</b>	<b>Author(s)</b>
1.1	June 2013	First version	Bill Fleming / Caroline John
1.2	June 2015	Introduce Passenger Services; Refocus 'Programme Environment' on Key Enablers; Timing of pre-qualification; Clarify bid evaluation process.	Kirstie Boyd Bill Fleming
1.3	January 2016	Changes to pre-qualification – introduction of Passport and Expression of Interest	Shahab Paya

**Table 2 - Change History**

# Executive summary

## Introduction

- 1 Welcome to the Passenger Services Competition Guide (the Guide) produced by the Department for Transport's Passenger Services Directorate. Publication of the Guide is consistent with Passenger Services' aim of ensuring that the process for awarding franchise contracts is open, transparent and accessible to all.
- 2 The Guide, first published on 25 June 2013, was updated in June 2015 and in February 2016 to incorporate a number of changes, which are:
  - The introduction of Passenger Services as the new process owner. Passenger Services was formed in November 2014 to bring together the all the passenger-facing activities of the Department's Rail function, including the letting and management of franchise contracts, into one team, and to renew our focus on placing passengers at the heart of everything we do. Our new organisation adopts an integrated, market-based approach, which enhances our ability to take a long-term, strategic view of the railway, promotes collaborative working and facilitates the development of a solid knowledge base. Passenger Services is an integral part of the Department for Transport.
  - To refocus the 'Programme Environment' section to describe the key enablers that Passenger Services has used to create an environment in which competition projects can flourish.
  - To provide a greater level of clarity in the description of the Bid Evaluation Process.
  - Passenger Services now operate a [Passport](#) system for potential operators that are interested in expressing an interest in rail franchise competitions. The Passport significantly reduces the cost and effort associated with the Pre-Qualification. Passport holders are able to express an interest in any rail franchises during the lifetime of the Passport without having to repeatedly demonstrate their managerial competence.
- 3 Industry is key to bringing about the change that passengers want to see and franchise competitions provide the industry with a means of delivering that change. This Guide lays out the end-to-end process for ensuring that passengers receive the service they deserve, from the right Delivery Partner, delivering the right specification for the market being served.

## Using the Guide

### Status

- 4 The Guide is an internal Department for Transport document which is being published on our Department's pages on the [GOV.UK](#) website as part of the Department's commitment to being open and transparent. It is an indicative and dynamic document which is subject to controlled change and must be read in that context.
- 5 Any printed copy or any electronic copy downloaded and saved falls out of the Department's control at the time of printing or saving.
- 6 Whilst the Guide defines the process that Departmental staff, and where necessary their advisers, will be expected to follow when delivering franchise competitions, the Senior Responsible Owner (SRO) retains the discretion to derogate from or change the process where he deems it to be necessary or expedient in the context of the franchising Programme as a whole. Such discretion will be exercised in compliance with applicable law and will not be used in any manner that undermines the effectiveness of the governance or assurance processes.
- 7 This Guide describes a generic franchise competition process as at the date of publication of this Guide. In the event of any apparent conflict between the documents issued in relation to any individual competition and this Guide, the former take precedence for the purposes of that competition.

### Scope

- 8 This Guide relates only to franchising competitions. Direct contract awards and single tender actions are excluded from its scope.

### Structure

- 9 The Guide is set out in four chapters:
  - Chapter 1: Key Concepts;
  - Chapter 2: Overview of the Programme Environment;
  - Chapter 3: Development of the Invitation to Tender; and
  - Chapter 4: ITT Issue, Bid Evaluation and Contract Award.
- 10 The structure of chapters 2 to 4 is shown in Figure 1 and described in the subsequent paragraphs, illustrating the phases in the lifecycle of a generic franchise competition. Abbreviations used in Figure 1 are explained in the [Annex A: Acronyms](#) and [Annex B: Glossary](#).

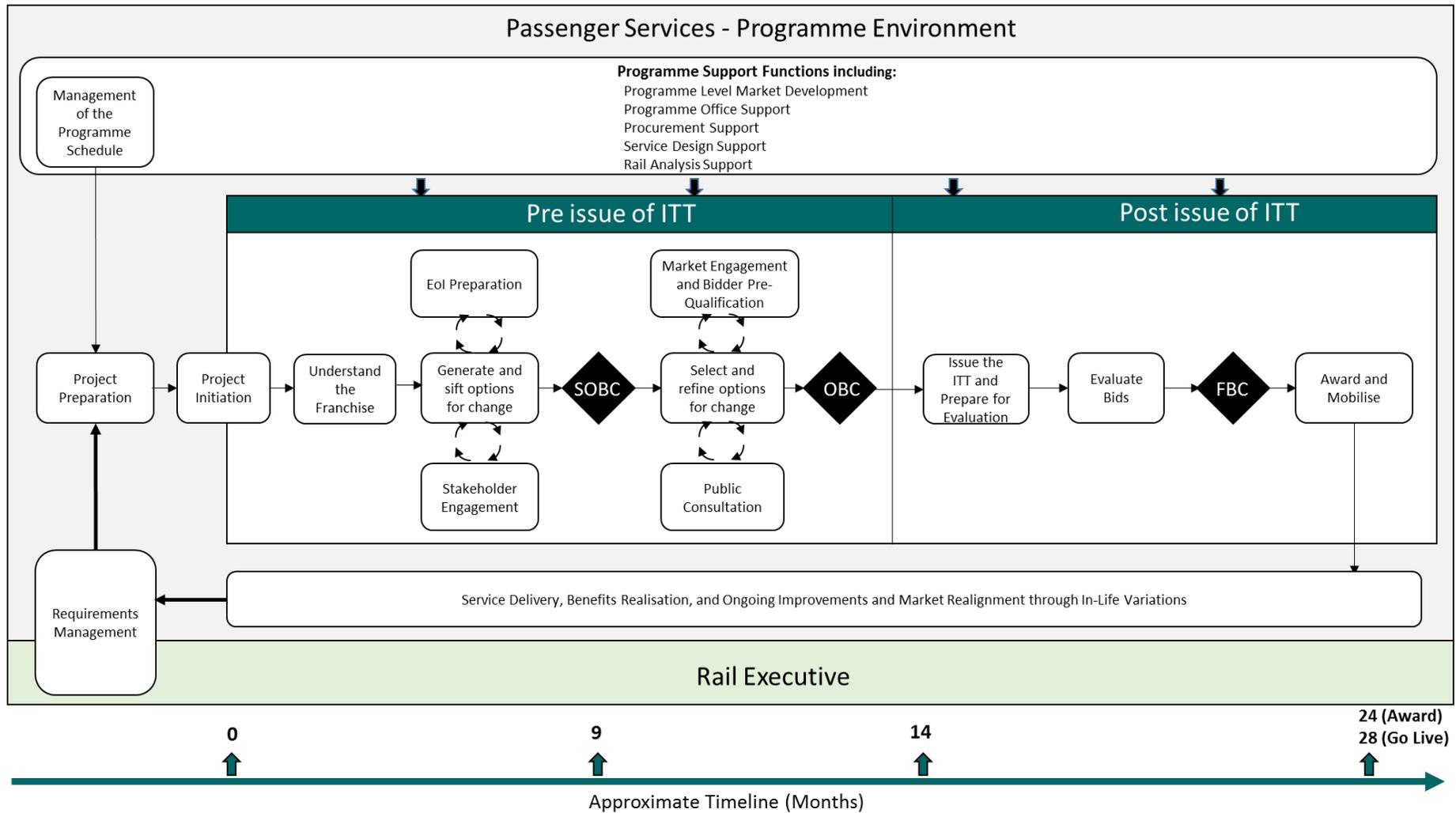
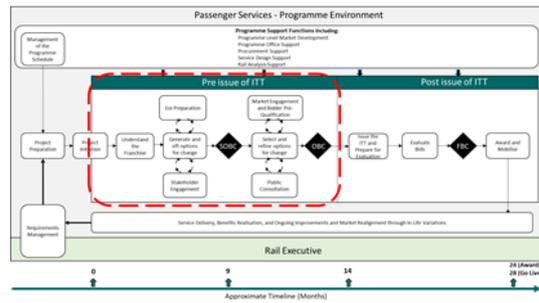


Figure 1 - The Franchise Competition Process Overview

## Navigation

### Figure 1.x - Thumbnail example

- 11 Figure 1.x is a thumbnail version of Figure 1. It appears frequently in the Guide with the stage of the process that is being described enclosed within a dotted red box.



## Acronyms and Glossary

- 12 Acronyms used in the Guide are listed at [Annex A](#). The Glossary may be found at [Annex B](#). Where glossary terms appear in the body of the Guide they appear *like this*. If viewing the Guide electronically use Ctrl+click to view the definition in the Glossary.

# 1. Key concepts

## Right Thing, Right Way

- 1.1 The franchise competition process consists of two distinct but interdependent work streams which can be described simply in these terms:
- “*Buying the Right Thing*” means deciding what to buy and on what commercial terms to give the best outcome, and demonstrating that the **Proposition** for the procurement is fully sound.
  - “*Buying in the Right Way*” means running a procurement process that provides confidence to all parties. Such a process complies with applicable procurement law, is transparent and predictable to the **market** and the public and is operated with full integrity. It introduces the commercial tension required to obtain best price and quality responses from the **market**.

## Tools

- 1.2 The Department has developed a number of tools which provide the rigour to ensure these concepts are embedded consistently and effectively including:
- The Transport Business Case;
  - The governance and assurance regime; and
  - The Benefits Management Framework.

### The Transport Business Case

- 1.3 Deciding what to buy – the development of the **specification** for each franchise competition – involves systematic and detailed analysis and optioneering of every aspect of the franchise. In line with other major projects, the Department uses the rigour and discipline of the Transport Business Case<sup>1</sup> to justify and test the efficacy of the **specification**, as well as various other aspects of the project.
- 1.4 Development of the Transport Business Case is the mainstay of the franchise competition process, beginning at day 1 and continuing until contract award. It moves through three stages of maturity:
- Stage 1: Strategic Outline Business Case (SOBC);
  - Stage 2: Outline Business Case (OBC); and
  - Stage 3: Full Business Case (FBC).
- 1.5 The five elements of the business case are the:

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<sup>1</sup> See full guidance at: <https://www.gov.uk/government/publications/transport-business-case>

- Strategic Case: The **Proposition** represents a robust case for change that fits with wider public policy objectives;
- Management Case: The **Proposition** is achievable;
- Commercial Case: The **Proposition** is commercially viable;
- Economic Case: The **Proposition** demonstrates **value for money**; and
- Financial Case: The **Proposition** is financially **affordable**.

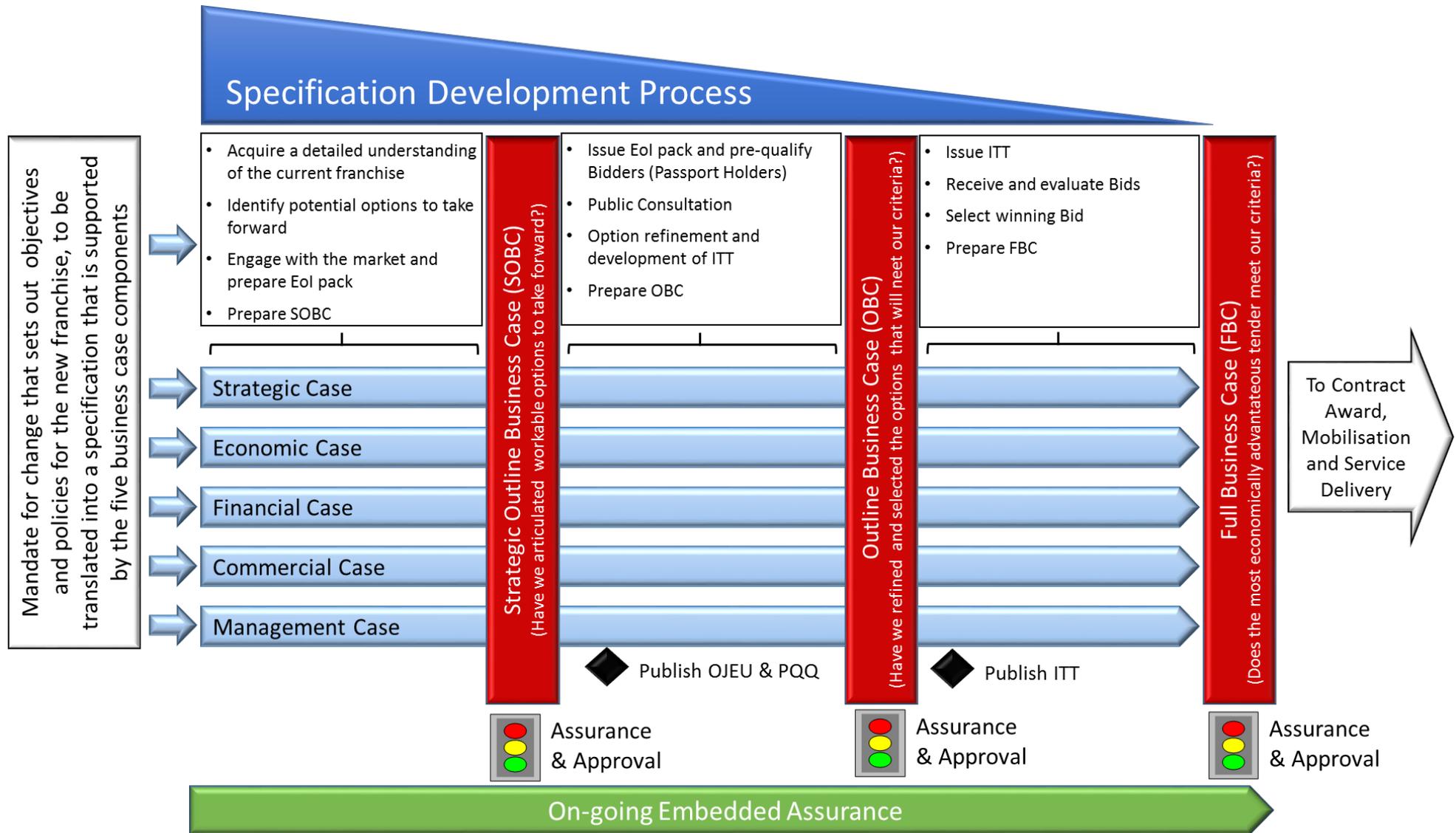


Figure 2 - Transport Business Case Overview

## Governance and assurance regime

### Overview

- 1.6 The conclusion of each [Business Case](#) stage marks a key assurance point in the competition process. It is on the basis of those assurances that key investment decisions can be made by the relevant governance bodies within the Department and HM Treasury. HM Treasury has to approve any Departmental decision that has a spending implication above the Department's delegated limit, that is beyond the current spending review or that is 'novel or contentious' in nature.
- 1.7 Assurance – the validation and verification of work done and positions reached – is carried out continually during the project lifecycle. It operates at a number of different levels, from line management, up through the Department's independent internal assurance teams, to external assurance by the [Major Projects Authority](#). Additionally, independent guidance is provided to the Programme by the [Franchise Advisory Panel](#).
- 1.8 Approval – the informed consent from those with the appropriate authority to determine whether a project should continue as proposed – is sought and given at points where a commitment to investment will follow.

### Planning for assurance and approval

- 1.9 The [Senior Responsible Owner \(SRO\)](#) approves an [Integrated Assurance and Approval Strategy \(IAAS\)](#) for the Programme which is in line with and subordinate to the Departmental [IAAS](#). The requirements of the [IAAS](#) are deployed through an [Integrated Assurance and Approval Plan \(IAAP\)](#) for the Programme, supplemented by a mini-[IAAP](#) for each competition project.
- 1.10 The [IAAS](#) and [IAAP](#) incorporate the requirements for specialist procurement and analytical assurance and seek to adopt the established principles of good governance, which are:
  - Proportionality: Management effort and focus is placed on the right things at the right time;
  - Accountability: People have clear roles and responsibilities and are recognised and held to account for their contributions; and
  - Consistency: Governance and assurance are integral, embedded and part of day-to-day working practice.

### Analytical assurance

- 1.11 As noted above, the [IAAP](#) and [IAAS](#) include analytical assurance requirements. All models and analyses (financial, operational or [value for money](#)) which are relied upon by decision makers should be subject to analytical assurance. This assurance helps to minimise the risk of errors and ensure that decision makers are well informed about the content, robustness and reliability of the analysis. The type and extent of assurance depend upon the stage and scale of the project but in general, analyst and policy leads jointly produce an analytical assurance statement, which Transport Appraisal and Strategic Modelling (TASM) are responsible for independently reviewing and signing off.
- 1.12 More information may be found in the Department's Analytical Assurance Framework, '[Strength in Numbers](#)'.



## 2. The Programme Environment

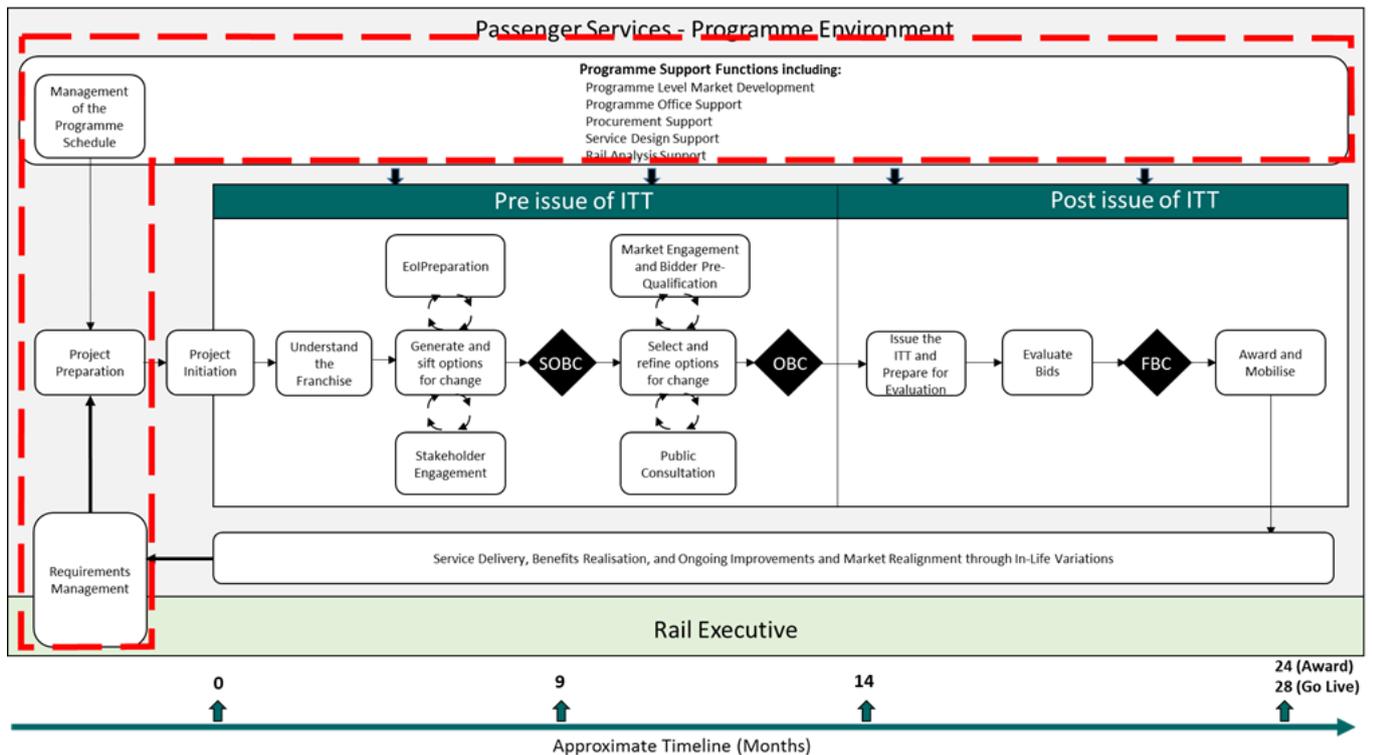


Figure 1.2 - The Programme Environment

### Vision and Objectives

- 2.1 Passenger Services' vision and objectives are aligned with those of the Department and serve to ensure consistency and clarity of purpose across the entire team.
- 2.2 They help to set out what success means for us and to instil within Passenger Services the culture and mentality needed to achieve it.

#### Vision

- 2.3 The vision for Passenger Services, is:
- 2.4 "To lead a world-class railway that creates opportunity for people and businesses."

#### Strategic Objectives

- 2.5 This vision will be realised by working in partnership with **industry** in the relentless pursuit of the Department's and Passenger Services' strategic objectives:
  - Meeting demand for the network: Tackle capacity constraints, grow new markets and support wider housing and economic development plans;

- Growing an efficient railway: Improve efficiency, spread demand, reduce costs and increase the long term value of the railway;
- Providing a world class passenger experience: Increase standards in customer service, train performance and station facilities and modal integration;
- Improving safety and environmental outcomes: maintaining rail as a safe, resilient and green mode of transport: promoting environmental sustainability; and improving safety and security; and
- Improving social inclusion, accessibility and modal integration.

## Key Enablers

- 2.6 Success in realising the vision and objectives while constantly managing the internal and external influences that shape the Programme is delivered through a suite of Programme-level enablers. Figure 3 illustrates the Programme environment, depicting the relationship between the [Rail Franchise Schedule](#), the factors that shape it and the key Programme-level enablers.

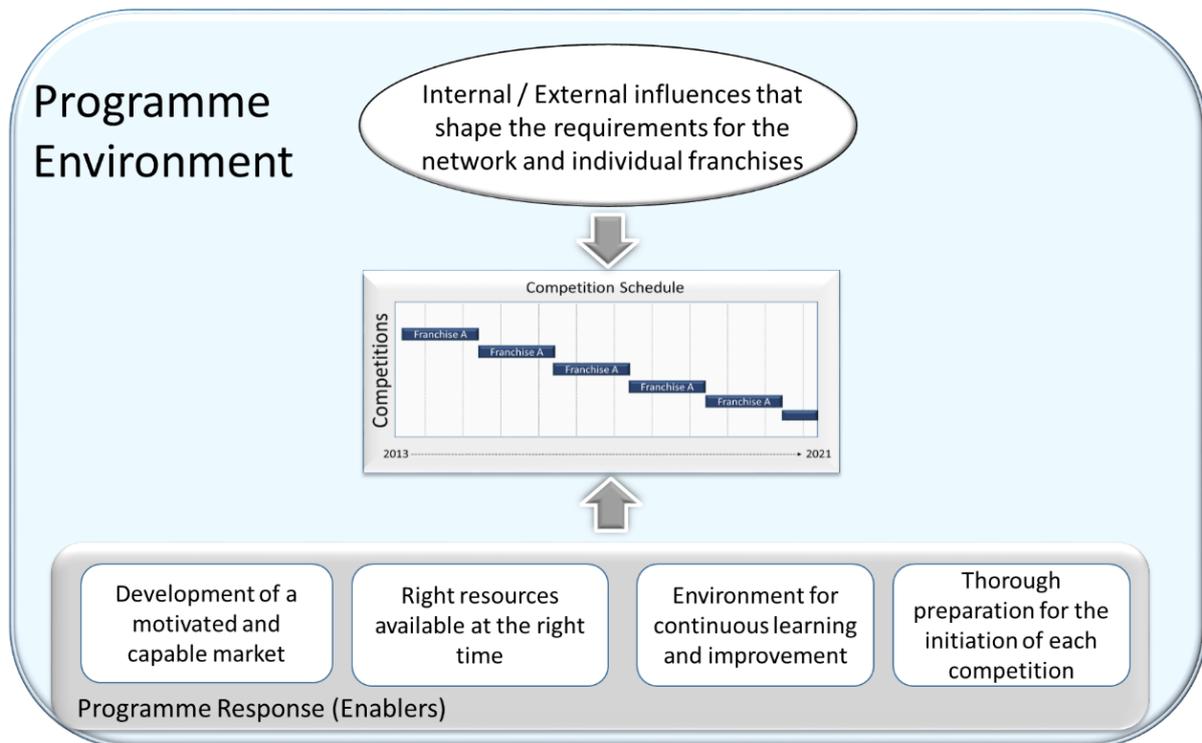


Figure 3 - Key Enablers

### Development of a motivated and capable market

- 2.7 Fair and open competition, contested by a wide field of participants who bring a mix of experience and innovation, is essential. Passenger Services' role is to create a climate that empowers its potential [Delivery Partners](#) to plan and to develop their capabilities, so that they are ready and able to participate fully in the franchising Programme.
- 2.8 Two of the essential activities needed to develop a motivated and capable [market](#) are:

### **Providing the market with a reliable basis for planning**

- 2.9 Passenger Services publishes, in the form of a proposed [Rail Franchise Schedule](#), a predictable, steady flow of competitions, which are staggered to meet [market](#) capacity. This enables current and potential [Delivery Partners](#) to plan and prepare for future franchising activities, and gives them greater opportunity to put forward their best ideas and resources when they come to participate.
- 2.10 The [Rail Franchise Schedule](#) has been developed to ensure that the Programme of competitions is viable, sustainable and well-resourced. Taking into account, amongst other things, the considerable time and resources that Passenger Services and its [Delivery Partners](#) invest in running a successful competition, we have chosen to make a number of Direct Awards to incumbent [Delivery Partners](#) in order to ensure continuity of service and safeguard the resilience of the [market](#) until a strong competition can be held.

### **Communicating to share direction and thinking**

- 2.11 For the [market](#) to build capability that is aligned to our vision and objectives, it is imperative that it is kept informed on the latest thinking and direction. Passenger Services carries out a variety of [market](#) development, engagement and communication activities to address this need, which include:
- Publishing an Annual Programme [Prior Information Notice \(PIN\)](#)<sup>2</sup>, [Rail Franchise Schedule](#) and [Qualification System Notice \(Passport Notice\)](#);
  - Hosting an Annual [Rail Industry Day](#);
  - Making relevant information available to interested parties and the general public on the [GOV.UK website](#); and
  - Operating an open door policy for those interested in participating in the delivery of passenger services.

### **Right resources available at the right time**

- 2.12 The Programme's resource planning process ensures that each project team possesses the internal and external capabilities and skills needed to achieve its objectives. In addition, all project teams are supported by specialists from the following support functions within the Department:
- Programme and Project Management (PPM);
  - Policy and Commercial;
  - Procurement;
  - Information Management; and
  - Rail Analysis.

### **Environment for continuous learning and improvement**

- 2.13 Every competition and every franchise term provides opportunities to learn and to improve the way in which we do business. We will engage with passengers, our [Delivery Partners](#) and the wider supply chain in order to identify such opportunities and to pursue them where appropriate.

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<sup>2</sup> See <https://www.gov.uk/government/collections/rail-franchising#background-to-rail-franchising> for the latest PIN.

## Thorough preparation for the initiation of each competition

- 2.14 Each competition is set up as a formal project and the support functions work with each designated Project Director and Project Manager to complete the preparations needed to initiate the project. Key activities carried out during the preparation and initiation phase are as follows:

### Commission the Market Review

- 2.15 This is a systematic review of the current franchise, its operating characteristics and performance, its financial performance and forward projections of parameters that will affect the new franchise.

### Commission development of the Baseline/Comparator Modelling Suite

- 2.16 The Technical Adviser is commissioned to develop a [Baseline/Comparator Modelling Suite](#) based on the existing franchise, taking into account the impact of committed schemes. This business-critical model will underpin the project team's testing of options and forecasting of financial performance throughout the procurement, feeding in to development of the [Business Cases](#) and decision-making. It is important to involve Rail Analysis at this stage, and at all key points connected with [Business Cases](#), modelling and [value for money](#) throughout the procurement.

### Develop and issue the Mandate

- 2.17 A formal Mandate<sup>3</sup> is issued to the Project Director, empowering the project team to deliver the new franchise project. The information from the Project Mandate is used as a starting point to create the Management Case of the [SOBC](#).
- 2.18 The Mandate is intended to help project teams understand the Department's franchise objectives, what is expected of them and the outputs that are to be delivered. These outputs include what the Secretary of State wants to be achieved by railway activities during the review period, as detailed in the [Rail Investment Strategy \(RIS\)](#)<sup>4</sup>, as well as agreed infrastructure and rolling stock projects.

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<sup>3</sup> See template at <http://transnet-search.dft.gsi.gov.uk/cs.html?charset=iso-8859-1&url=http%3A//transnet.dft.gsi.gov.uk/download/26116&qt=franchiser+mandate&col=&n=1&la=en>

<sup>4</sup> See latest HLOS at <https://www.gov.uk/government/publications/high-level-output-specification-2012>

### 3. Development of the Invitation to Tender

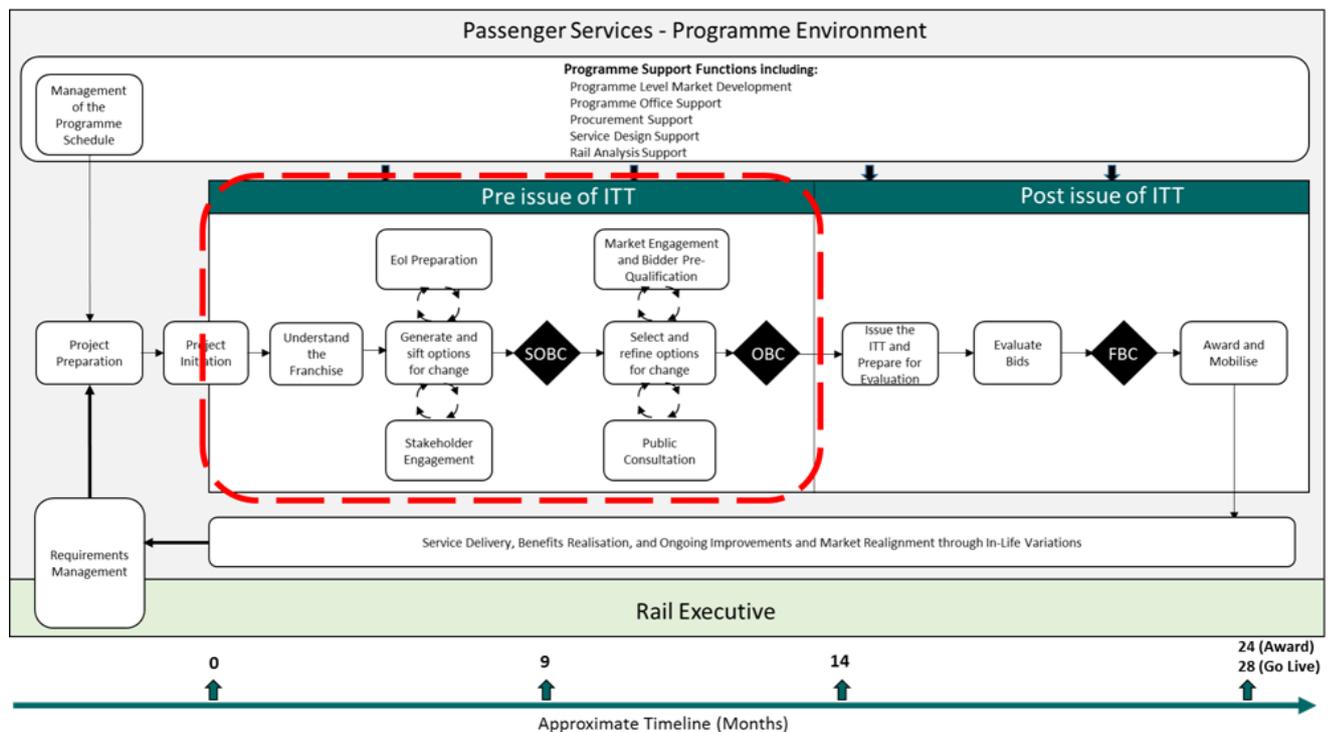


Figure 1.3 - Pre-issue of ITT

#### Overview

- 3.1 As can be seen from Figure 1.3 above, Chapter 3: Development of the [Invitation to Tender \(ITT\)](#) describes the activities that lead up to the production and approval of the [ITT](#) and supporting [OBC](#).
- 3.2 These activities take place, and are described within, Stages 1 and 2 of the [Transport Business Case](#).

#### Stage 1: Strategic Outline Business Case

- 3.3 On completion of the first stage of the [Business Case \(SOBC\)](#), the project team aims to have developed an outline [specification](#) which can be finalised at Stage 2. Broad stakeholder engagement is key to producing a meaningful [specification](#) at this stage.

#### Stage 2: Outline Business Case

- 3.4 The amount of change required to finalise the [specification](#) is dependent on feedback received during public consultation, the quality of which is in turn dependent on the calibre of dialogue with stakeholders in Stage 1.
- 3.5 The activities that comprise each of these [specification](#) stages are described in the following paragraphs of this section.

## Stage 1: Strategic Outline Business Case

- 3.6 The processes needed to deliver the emerging **specification** (which is eventually packaged as the **SOBC**) are shown in Figure 4. Each of these processes is described at a greater level of detail in the paragraphs that follow.

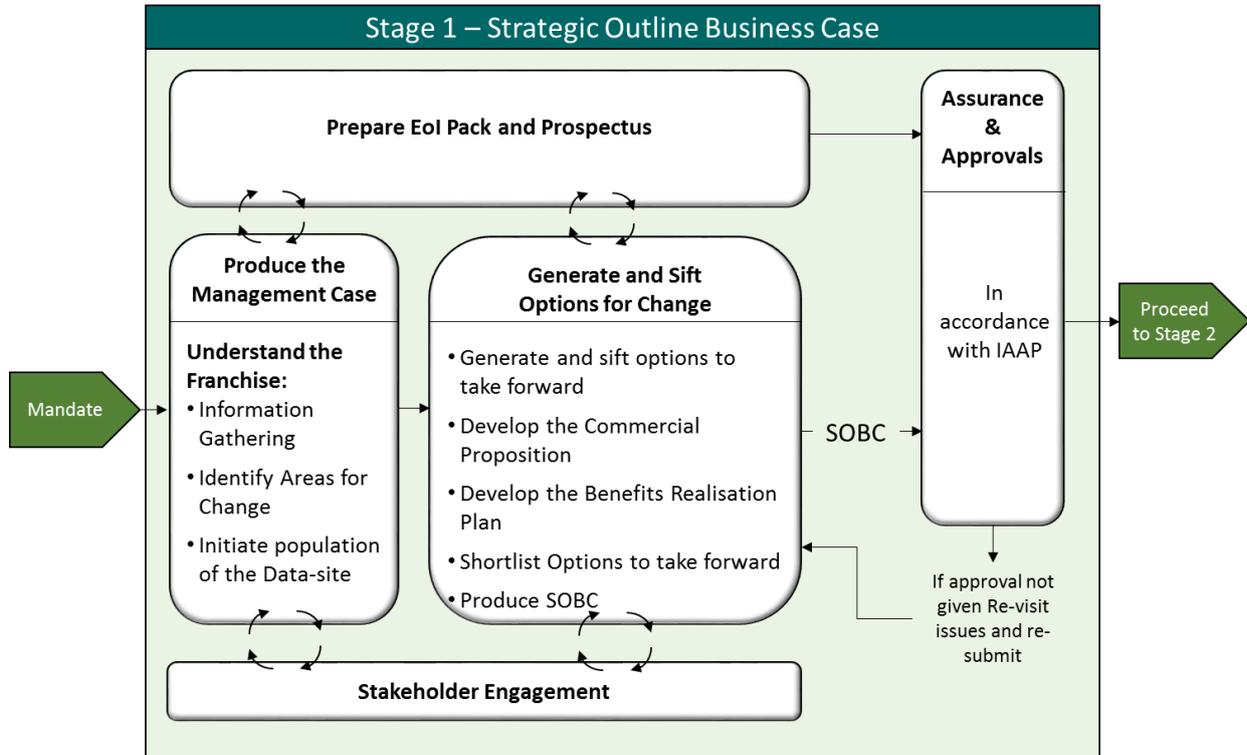
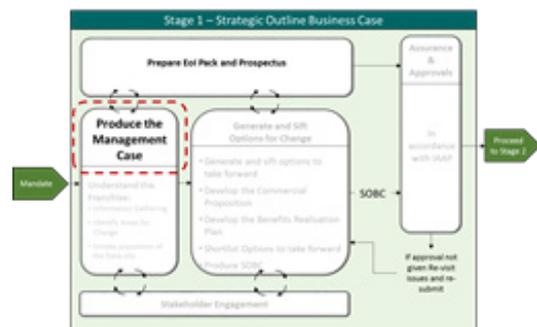


Figure 4 - Strategic Outline Business Case

### Produce the Management Case

Figure 4.1 - Management Case

- 3.7 The project team will prepare the Management Case for early sign-off, in response to the Mandate. It sets out the organisation, responsibilities and plans for delivering the project and forms part of the overall **Business Case**.

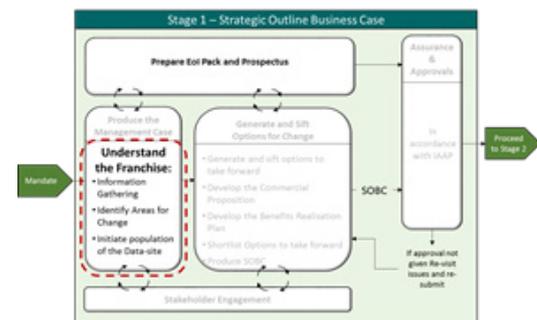


### Understand the Franchise

#### Information gathering

Figure 4.2 - Understand the Franchise

- 3.8 The project team plans and carries out research to ensure they fully understand the issues that will be central to the development of the **specification**. They also liaise closely with those responsible for the commercial management of the current franchise contract.



3.9 Assimilation of information about the franchise enables the project team to initiate development of the remainder of the **SOBC**.

### Identify areas for change

3.10 Replacement of a franchise contract provides the Department with the opportunity to review the outcomes of the current franchise and to develop trajectories for the new franchise that optimise the outcomes in terms of the **RIS** and the Government's wider objectives.

3.11 The project team carries out a systematic review of the current franchise to determine, for each aspect of the franchise, what change is required in order to optimise outcomes from the new franchise. This review identifies where change is needed if the new franchise is to:

- Maximise the franchise's contribution to achievement of Departmental and wider Government vision, policy and objectives;
- Reap benefits for the passenger and taxpayer from investment in infrastructure and rolling stock; and
- Address the needs, concerns and aspirations of stakeholders in defining the quality and type of rail services.

### Establish the franchise scope

3.12 The project team considers the scope of the franchise, taking into account:

- The duration of the franchise: commencement and end dates;
- The geographic scope of the franchise, including stations served and which stations the **Delivery Partner** will be responsible for operating; and
- Changes or possible changes to the franchise resulting from splitting or merger of franchises, or devolution of part of the franchise to another Authority, whether at franchise commencement or during the life of the franchise.

### Initiate population of the Data Site

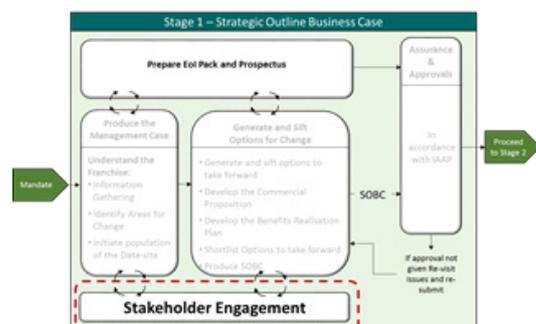
3.13 Population of the **Data Site** is initiated at this early stage to ensure that the content is as complete as possible when made available to **Bidders** immediately after announcement of the shortlist. The content of the **Data Site** is project-specific, but based on a standard data set which can be obtained from the information management team.

3.14 The project team formally contacts the incumbent **Delivery Partner**, Network Rail and any other third party that owns data which will be material to the preparation of **Bids**, to remind them of their obligations and ensure timely submission of data. The project team monitors and promotes progress on **Data Site** population to ensure that the population target is met.

### Stakeholder engagement

Figure 4.3 - Stakeholder engagement

3.15 Stakeholders include the fare-paying and tax-paying public. Their interests in the rail franchising process are mainly represented by:



- Their elected and statutory representatives at local and national level; and
- Passenger and other interest groups at local, regional and national levels representing particular viewpoints, experience or causes relevant to the franchise.

3.16 Each project team develops a Stakeholder Engagement Plan, ensuring that all relevant stakeholder groups are identified and engaged effectively.

3.17 Active dialogue with stakeholders is of vital importance during the **specification** phase in order first to gather information about their concerns and aspirations and opportunities for synergies, and later to test and refine options for changes to be built into the **specification**.

### Prepare Franchise Expression of Interest (Eoi) Pack and Prospectus

**Figure 4.4 - Expression of Interest (Eoi) Pack and Prospectus**

3.18 The Project Team prepare the **Franchise Eoi** pack, which contains all the information needed for Passport holders to decide whether to express an interest.

3.19 The team also prepares a Prospectus in preparation for franchise-specific **market** engagement. The Prospectus gives additional information about the rail franchise opportunity to allow **Passport Holders** to decide whether they wish to **express an interest** and also to communicate Passenger Services' aspirations in relation to the franchise. The Prospectus does not contain the final **specification** for the franchise competition, which will be contained in the **ITT**. This documentation is subject to assurances and approvals as specified in the **IAAP**.

### Generate and sift options for change

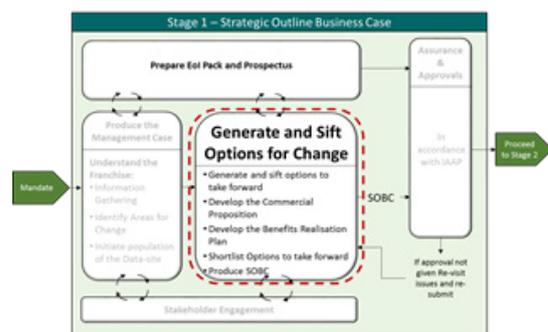
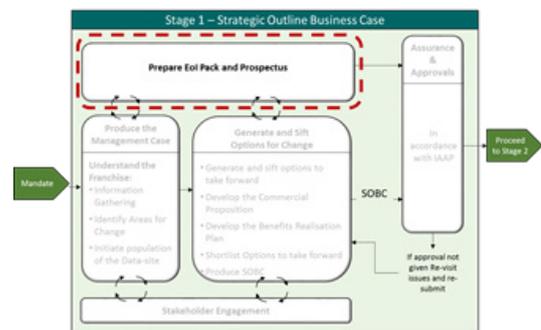
**Figure 4.5 - Generate and sift options for change**

#### Generate and sift options to take forward

3.20 The project team generates a long list of potential options for change in relation to:

- The relevant franchising policy topics;
- Any external factor that causes or is expected to cause a change in the operating environment of the franchise when compared to the current contract; and
- Any area of misalignment with Departmental objectives that has not already been addressed.

3.21 The project team gathers ideas from a wide range of sources, including the incumbent **Delivery Partner**, stakeholders, the **market**, **Transport Focus**, the railway press and colleagues within the Department. Innovative thinking is critical at this stage in order to ensure that the **specification** can be based on leading edge ideas and technologies.



- 3.22 Each long list is sifted to reject any potential options that clearly will not deliver the objectives and/or lie outside the identified constraints for the new franchise.
- 3.23 The options on the long list are assessed against a “Do Minimum” option, which is considered on its own merits. The Do Minimum is broadly defined as a continuation of the existing franchise proposition, adjusted for the impact of committed schemes. For example, the Department may already have committed to upgrade the infrastructure during the new franchise term, thereby improving journey times. The Do Minimum must take this future improvement into account so as not to overstate the impact of the options being considered for the franchise procurement.
- 3.24 This sift produces a refined list of options for each aspect of the franchise which forms the basis for the next stage of the [specification](#) development.

### **Baseline/Comparator Modelling Suite**

- 3.25 The Technical Advisers (often with the assistance of the Financial Advisers) will further develop and refine the [Baseline/Comparator Modelling Suite](#) at this stage. It can then begin to be used in [Business Cases](#) and options analyses, to forecast financial performance and test the [value for money](#) of different options. Rail Analysis and the financial lead for the project can provide guidance on the Department’s requirements for a [Baseline/Comparator Modelling Suite](#).

### **Benefits planning**

- 3.26 The project team will make use of the toolset that resides within the Benefits Management Framework to identify and plan the benefits that must be embedded in the [specification](#).
- 3.27 Benefits planning takes full account of:
- The initial franchise objectives;
  - The [RIS](#) and any project whose benefits realisation plan identifies the new franchise as an ‘enabler’; and
  - The findings of the project team’s review and areas identified for change.

### **Develop the Commercial Proposition**

- 3.28 The project team seeks views from the [market](#) throughout the [specification](#) phase to develop and refine a [Commercial Proposition](#) for the franchise. The [Commercial Proposition](#) determines the duration of and financial profile for the franchise, which must present the [Bidders](#) with a viable business opportunity while apportioning risk appropriately between the Department and the [Delivery Partner](#) and securing [value for money](#) for the taxpayer.

### **Shortlist the options**

- 3.29 The project team establishes the initial budget and funding for the franchise, setting the bar for [affordability](#) of the [specification](#).
- 3.30 Each shortlisted option is appraised by the Technical Adviser in accordance with the [WebTAG guidance](#) to determine whether or not it would deliver [value for money](#). Due to the considerable uncertainty involved, it is not possible to provide a definitive view on [value for money](#) at this stage. To account for this, the appraisal should include a sensitivity analysis and the economists working on the project will consider any risks to [value for money](#).
- 3.31 The project team’s aim is to select an [affordable](#) combination of options for change that gives the best [value for money](#) and alignment with the franchise objectives.

**Affordability** of each option and each viable combination of options is tested using the **Baseline/Comparator Modelling Suite**.

3.32 The combination of options that gives the best results in this selection process is assembled into the initial **specification**.

**Produce the Strategic Outline Business Case**

3.33 This research, analysis and optioneering enable the project team to complete Stage 1 of the **Business Case – the SOBC**, which is assured and approved in accordance with the **IAAP**.

## Stage 2: Outline Business Case

3.34 The processes needed to deliver the **ITT** and **specification** (which is eventually packaged as the **OBC**) are shown in Figure 5. Each of these processes is described at a greater level of detail in the paragraphs that follow.

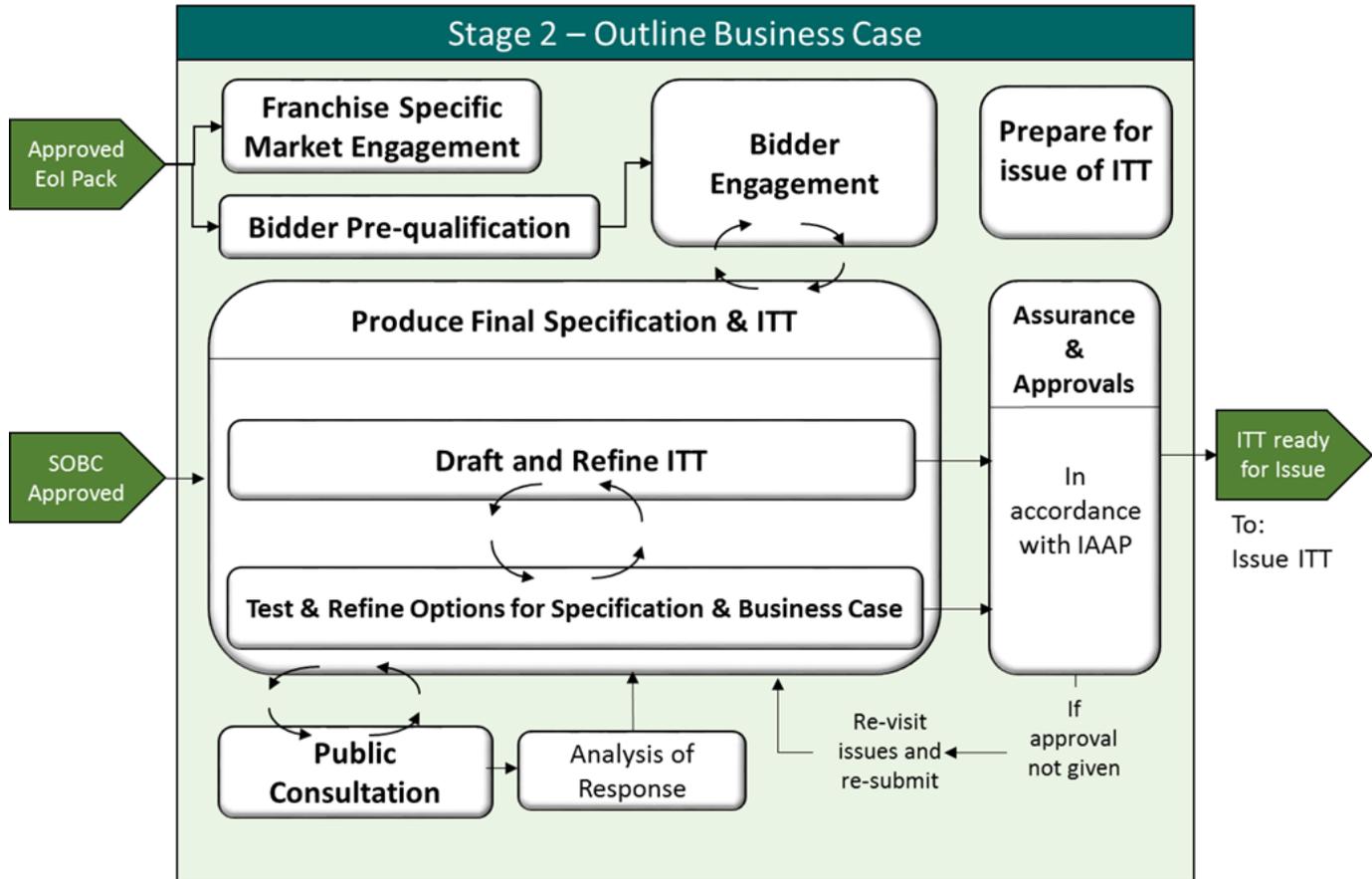


Figure 5 - Outline Business Case

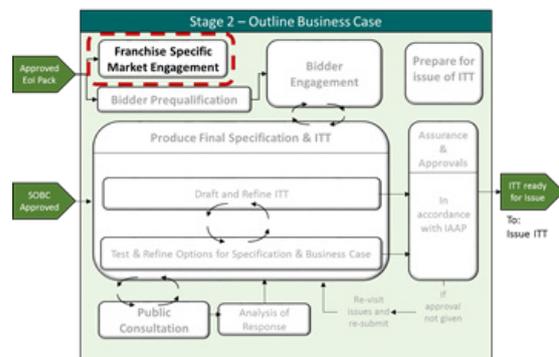
### Franchise-specific market engagement

Figure 5.1 - Franchise-specific market engagement

3.35 The franchise-specific **market** engagement activities flow from the Procurement Strategy that forms part of the Commercial Case. These activities build on **market** interest generated by Programme-level communication and engagement.

3.36 The objective of franchise-specific **market** engagement is to ensure the **market** is fully informed and is able to ask questions about the new franchise opportunity and the procurement process and can therefore make informed decisions about pre-qualifying to become a **Bidder**.

3.37 The key activities undertaken and products produced to support franchise-specific **market** engagement are:



## Host Bidders' Day

3.38 The project team hosts a Bidders' Day, supported by such other events and meetings as are identified as being appropriate. Passport Holders (in particular those who have expressed an interest in the franchise) are automatically invited to the Bidders' Day. Any other organisation that requests an invitation and has a credible interest in the commercial opportunities associated with the competition will be welcomed by prior arrangement.

## Publish Prospectus

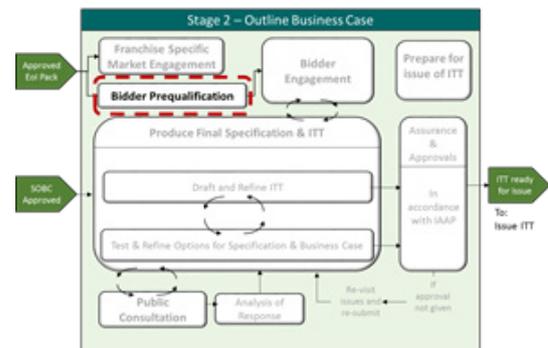
3.39 The Prospectus is generally published around the same time as the [EoI Pack](#) (see below).

## Bidder pre-qualification

Figure 5.2 - Bidder pre-qualification

3.40 [Pre-qualification](#) is a component of the procurement process and as such, must observe the following EU Treaty principles, which continue to apply throughout the entire process:

- Equal treatment and non-discrimination;
- Proportionality; and
- Transparency.



3.41 The objective of [pre-qualification](#) is to secure a manageable field of high quality [Bidders](#) who (as required by the [Railways Act 1993](#)) are each deemed suitable to operate the franchise in question, including in terms of their financial position and managerial competence. The [pre-qualification](#) process is illustrated in Figure 6.

3.42 Following the introduction of the [PQQ Passport](#), this is now a two stage process: Passport application and Expression of Interest (EoI)

3.43 Passport holders are able to express an interest in franchises for a period of up to four years.

3.44 The Passport Application process is managed by the Procurement Excellence Team. Project teams manage the EoI process.

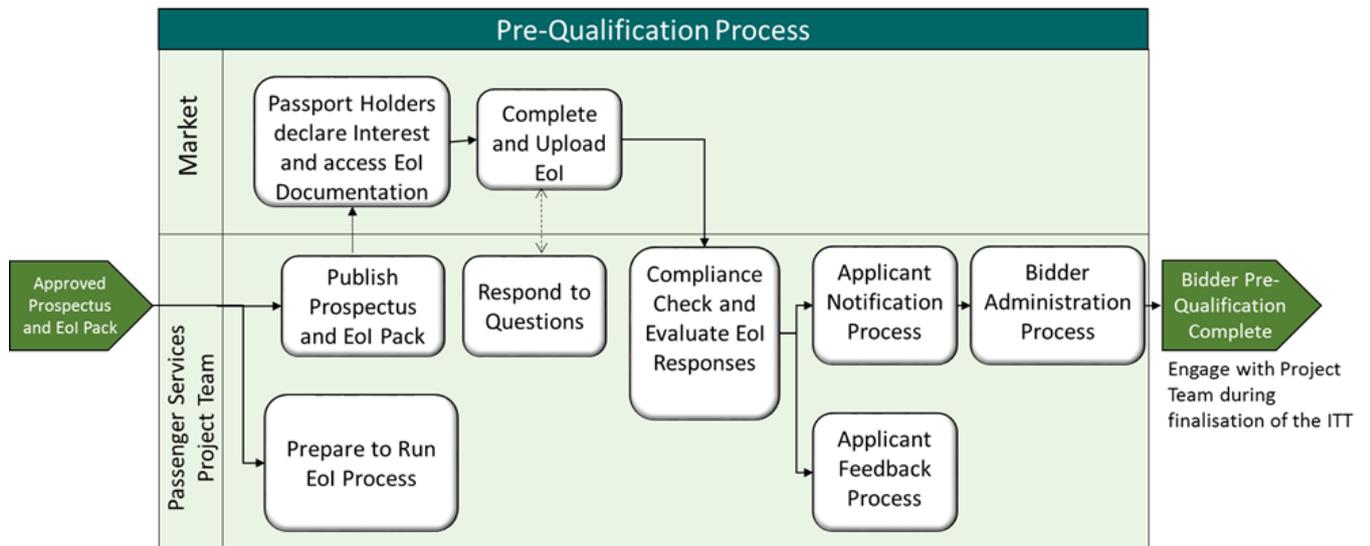


Figure 6 - Pre-Qualification Process

### Prepare to run Eol process

3.45 Ensure necessary preparations have been made to manage and administrate the Eol process, including:

- Configuration of the e-sourcing portal;
- Appointment and training of evaluation team members and allocation of responsibilities; and
- Booking of evaluation facilities.

### Publish the Eol pack

3.46 The prospectus and Eol pack are published on the [Department's pages](#) of the GOV.UK. **Applicants declare interest and gain access to the Franchise Eol Pack**

3.47 To gain access to the [Franchise Eol Pack](#), Passport Holders must first register their interest in [pre-qualifying](#) by uploading a signed copy of the [Franchise Letting Process Agreement \(FLPA\)](#).

3.48 Once Passenger Services is in receipt of the [FLPA](#), the [Franchise Applicants](#) are granted access to download the Eol pack.

### Applicants respond to the Eol

3.49 [Applicants](#) respond to the Eol in accordance with the instructions contained in the Franchise [PPD](#).

### Respond to questions

3.50 While completing their Eol, [Applicants](#) may raise queries via the Department's [e-sourcing portal](#), which the project team responds to. This process is described in the Franchise [PPD](#).

## Compliance check and evaluation of the EoI responses

3.51 Following a compliance check, [EoI](#) responses will be evaluated in accordance with the process described in the Franchise [PPD](#).

### Notify applicants and announce Bidder list

3.52 Information concerning [Bidders](#) prequalifying to tender for a long and high-value contract has the potential to affect share prices. The [Bidder](#) shortlist announcement is made to the London Stock Exchange by the Department following the grant of ministerial approval. The announcement is followed up with a confirmation letter to each [Applicant](#) outlining reasons for their acceptance or rejection.

### Provide feedback to Applicants

3.53 [Applicants will only be offered](#) the opportunity for face to face feedback on their EoI submission should the shortlisting questions have been activated. This will include:

- Their scores and ranking in the overall evaluation and in key evaluation criteria; and
- Identification of strengths and areas for improvement related to their response.

### Bidder Administration Process

3.54 Site visits: [Bidders](#) will wish to visit key stations, depots and potentially other locations associated with the franchise in order to understand the requirements and formulate their [Bids](#). The project team, in consultation with [Bidders](#) and in collaboration with the incumbent [Delivery Partner](#), Network Rail and any other relevant parties, prepares a schedule of visits and the protocol and site-specific requirements needed to facilitate the visits.

3.55 [Data Site](#) access: [Bidders](#) are granted 24/7 access to the [Data Site](#), which provides information relating to the Department, Network Rail, the incumbent [Delivery Partner](#) and other relevant stakeholders, including commercially sensitive information that they will need for the preparation of their [Bids](#).

## Public Consultation

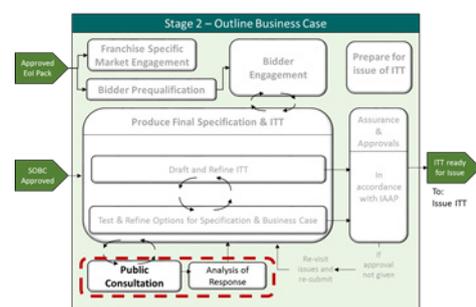
Figure 5.3 - Public Consultation

3.56 The purpose of public consultation is to inform a much wider audience and seek views from stakeholders on certain [specification](#) matters.

3.57 Although many stakeholder groups will already have been very actively engaged in the process, the Consultation provides information to a wider audience, including the general public, and gives the opportunity for all to express their views. The consultation is carried out in accordance with [Cabinet Office Consultation Principles](#).

3.58 The project team identifies the matters on which the Consultation should take place and crafts questions that allow passengers and stakeholders the opportunity to share their views constructively, so that they may inform and influence the team's decisions as it refines the [specification](#).

3.59 The draft Consultation document is submitted for approval and then published on the [Department's pages](#) of the GOV.UK website. In line with the [Cabinet Office Consultation Principles](#), the duration of a franchise consultation will be up to 12



weeks, but this will be decided on a franchise-by-franchise basis. Responses are recorded and analysed.

- 3.60 During the consultation period the project team holds public events at key locations across the franchise area, to promote awareness of the Consultation and to hear first-hand about matters of immediate concern to local communities.

### Prepare the stakeholder briefing document

- 3.61 The stakeholder briefing document is the Department's response to the Public Consultation. It consists of two parts:
- An analysis of the responses to the Public Consultation; and
  - A review of the final [specification](#) with a summary explanation of the justification for the choices that the Department has made.
- 3.62 The document provides a transparent formal record of decision-making to all stakeholders and also helps [Bidders](#) to understand the rationale underpinning the [specification](#). The stakeholder briefing document is finalised alongside the [ITT](#) and, after approval, published on the [Department's pages](#) of the GOV.UK website.

### Test and refine options

#### Figure 5.4 - Test and refine options

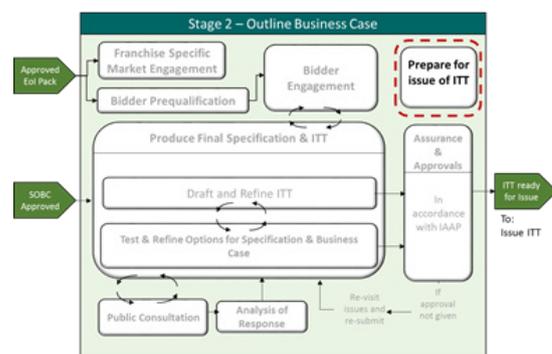
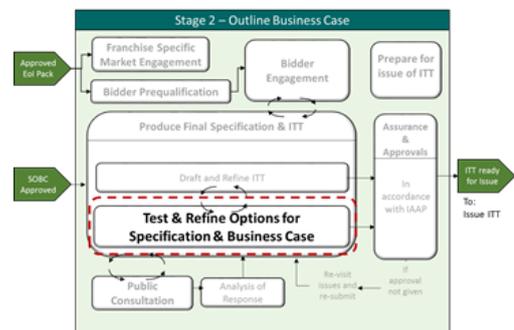
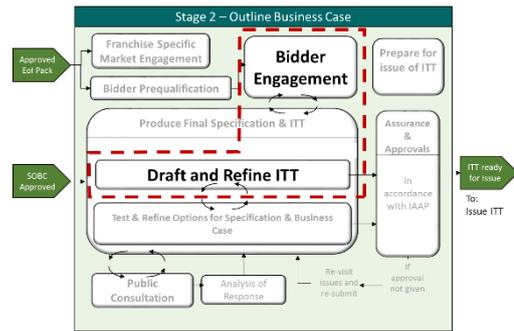
- 3.63 The project team updates relevant areas of the [Business Case](#) with any new or improved information that has been obtained, taking into account the results of the Public Consultation. Together with the Technical Adviser, it carries out any further work needed in order to determine the final combination of options for inclusion in the [specification](#). Further assessments are made of the options' [affordability](#) and [value for money](#) using the [Baseline/Comparator Modelling Suite](#) to ensure that the optimum combination has been selected.

### Draft and refine the ITT

#### Figure 5.5 - Draft and refine the ITT

- 3.64 Preparation of the [ITT](#) runs alongside development of the [specification](#). It is prepared by customising the generic [ITT](#) template to include competition specific details, including:

- The [specification](#) and the [Delivery Plan](#) requirements and weightings;
- The value of  $n$ ; and
- Other competition-specific information and instructions.



### **Engage with Bidders**

- 3.65 During the **ITT** finalisation process, the project team engages with the **Bidders** to receive and consider their feedback. Where appropriate, the project team may make amendments to the draft **ITT** or associated documents.
- 3.66 Throughout this process, the project team will keep **Bidders** aware of developments by issuing bulletins through the **e-sourcing portal**.

### **Develop the Shadow Bid**

- 3.67 The Shadow Bid is developed from the **Baseline/Comparator Modelling Suite** by the Technical Adviser to give additional confidence in **affordability**. The Shadow Bid sets out the Technical Adviser's view on what the **market** would reasonably be expected to bid against the published **ITT**.

### **Customise the standard Franchise Agreement**

- 3.68 As the **specification** is firmed up and the **ITT** drafted, the project team prepares instructions to lawyers to customise, subject to the relevant approvals, the standard **Franchise Agreement** in order that relevant aspects of the **specification** are properly contractualised.

### **Prepare the Outline Business Case**

- 3.69 The project team prepares the **OBC**, which is subject to the assurance and approvals regime detailed in the **IAAP**.

### **Prepare for issue of the ITT**

#### **Figure 5.6 - Prepare for issue of the ITT**

### **Assemble the ITT**

- 3.70 The project team will assemble the **ITT**, which is subject to the assurance and approvals regime detailed in the **IAAP**. The **ITT** comprises:
- The **ITT** (including the **Train Service Requirement**);
  - The **Franchise Agreement**;
  - The Conditions Precedent agreement;
  - The Financial Model Template; and
  - The Funding Deed.

### **Appoint the Bid evaluation teams**

- 3.71 Appointment of the **Bid** evaluation team is initiated at this stage to confirm availability of resources for pre-evaluation briefings and/or training and the evaluation itself.

### **Prepare the electronic sourcing portal**

- 3.72 Prior to issue of the **ITT** and commencement of **Bid** preparation, the project team ensures that the Department's **e-sourcing portal** is configured to receive and manage the competition-specific documents and to administer the clarification questions (CQ) process.

## 4. ITT Issue, Bid Evaluation and Contract Award

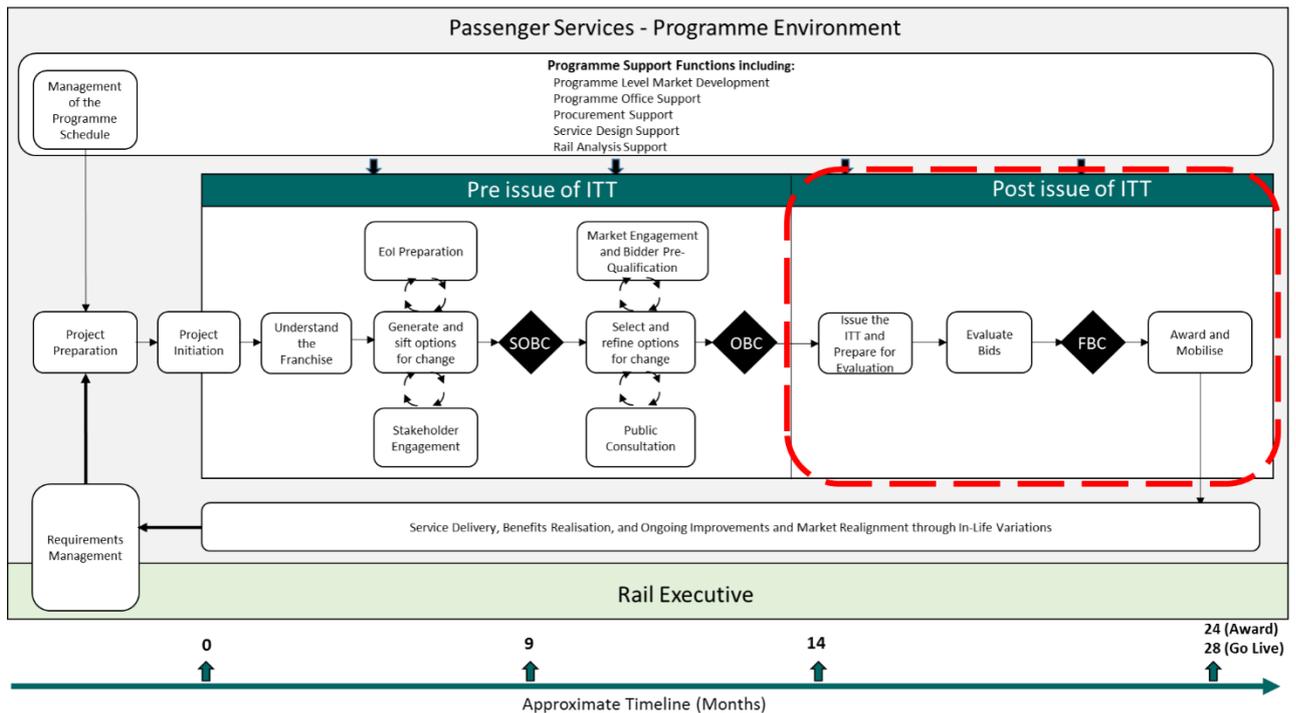


Figure 1.4 - Post-issue of ITT

### Issue the ITT and Prepare for Evaluation

Figure 1.4.1 - Issue the ITT and Prepare for Evaluation

#### Publish the ITT

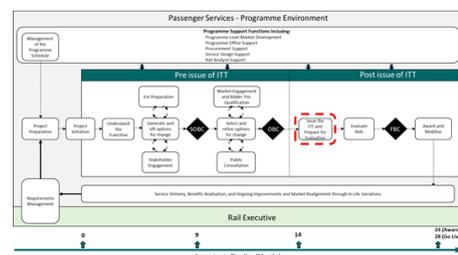
4.1 The ITT is published on the [Department's pages](#) of the GOV.UK website and is therefore fully visible via the internet. The deadline for Bid submission is normally 90 calendar days but is specified within each ITT.

4.2 Publication of the ITT is accompanied by a press notice.

4.3 The activities leading up to receipt of Bids are as follows.

#### Manage the CQ process

4.4 Where a Bidder requires greater clarity on any aspect of the ITT pack or the competition process they may submit a CQ electronically via the [e-sourcing portal](#).



### **Train the Bid Evaluation Team**

- 4.5 Arrangements are made to provide full training and ongoing support to the evaluation team members on protocols for and conduct of the evaluation, and use of the [e-sourcing portal](#) where they access [Bids](#) and record their rationales and markings. The training includes a full briefing on the [ITT](#) and the evaluation criteria and weightings.

### **Train the Bidders**

- 4.6 Final refresher training is provided to [Bidders](#) on uploading their [Bids](#) to the [e-sourcing portal](#) and they are also given an opportunity to upload a test document.

# Bid Evaluation

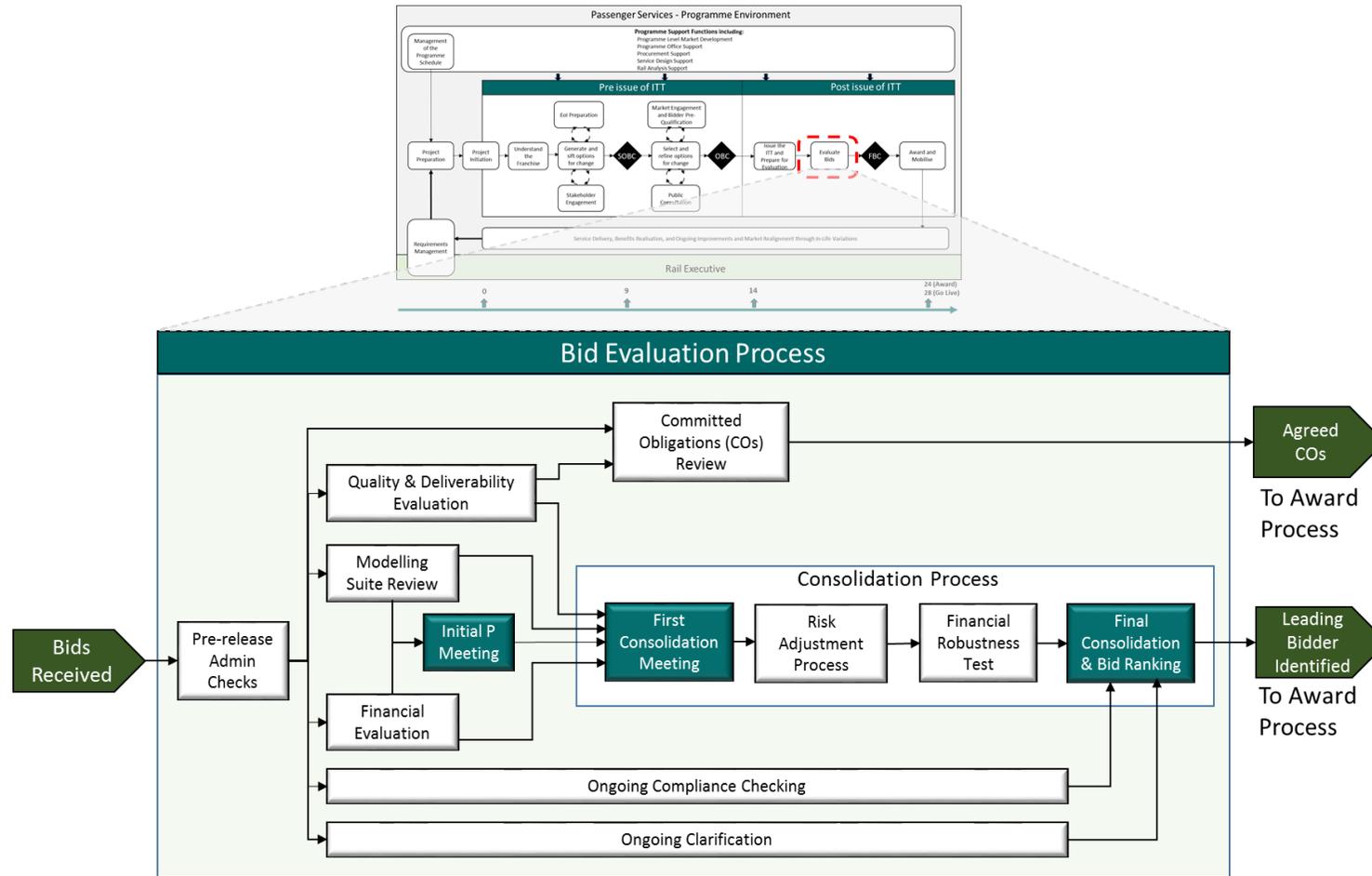
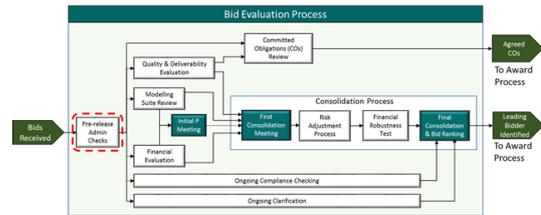


Figure 7 - Bid Evaluation Process

## Pre-release checks

Figure 7.1 - Pre-release checks

- 4.7 Pre-release administrative checks of Bids are carried out once the deadline for Bid submission has passed.
- 4.8 The objective of the administrative checks is to identify any obvious issues with submitted Bids so that the Department can seek clarification where appropriate.
- 4.9 When checks have been completed and all concerns have been dealt with to the Project Director's satisfaction, Bids are released for evaluation to commence.



## Clarification Questions and non-compliances

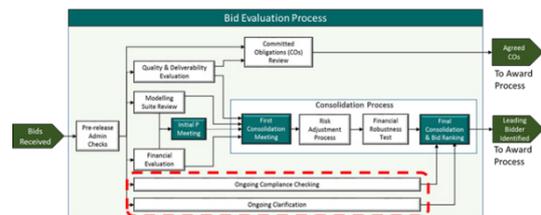
Figure 7.2 - CQs and non-compliances

### Clarification Questions

- 4.10 Throughout the course of the evaluation, the need will arise for evaluators and Bidders to ask for and provide clarification. All such correspondence must be transacted through the Department's e-sourcing portal in accordance with the process outlined in the ITT.

### Non-compliances

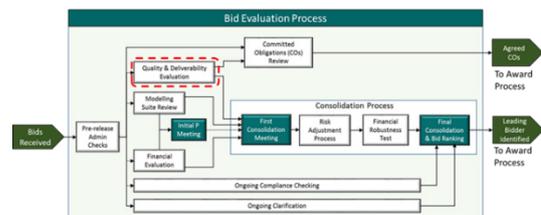
- 4.11 Non-compliances can be identified by any member of the evaluation team and they can be identified at any stage in the evaluation process.
- 4.12 A Compliance Log will be maintained throughout the evaluation, and this Log will be regularly reviewed by the project team, who will decide on the course of action to be taken with regard to any non-compliances.



## Quality and Deliverability (Q&D) evaluation

Figure 7.3 - Q&D evaluation

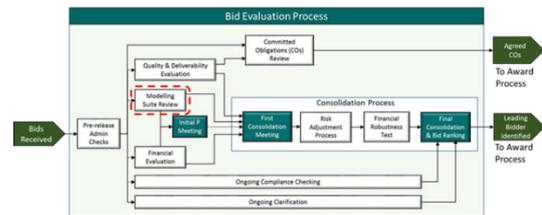
- 4.13 Quality and Deliverability (Q&D) evaluators work independently to evaluate Delivery/Sub-Plans from each Bid using the scoring methodology set out in the ITT. Evaluation scores must be clearly based on and limited to the evidence provided by Bidders in their Bids and must be accompanied by each evaluator's supporting rationale.
- 4.14 Certain Delivery and Sub-Plans, identified by the specifier, are also examined by specialist reviewers who will provide the evaluators with reports for their consideration during the course of their individual evaluations.
- 4.15 Following individual evaluation, the evaluators for each Delivery/Sub-Plan come together in a consensus meeting, the aim of which is to agree a single rationale and score for each Bidder.
- 4.16 To conclude the Q&D evaluation, a moderation meeting is held to challenge and confirm that the scoring methodology and guidance has been applied consistently and appropriately for each Bidder and each Delivery Plan.



## Modelling Suite review

Figure 7.4 - Modelling Suite review

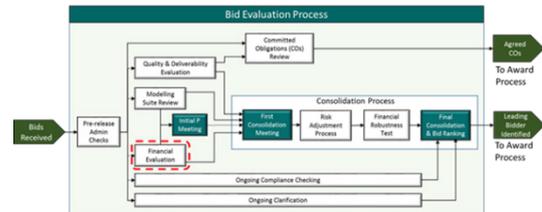
- 4.17 Each Bidder's Modelling Suite is reviewed to check for completeness, accuracy and consistency with the rest of the Bid documentation.



## Financial evaluation

Figure 7.5 - Financial evaluation

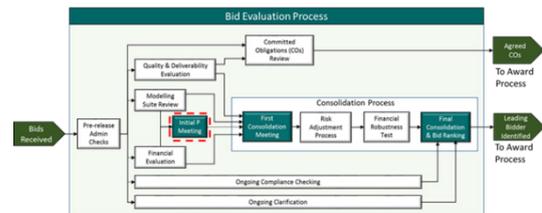
- 4.18 The purpose of the financial evaluation is to check each Bidder's financial model, financial structure and Funding Plan against the ITT requirements.
- 4.19 The financial evaluation is conducted separately from the Q&D evaluation. However, the Technical Advisers may provide the Q&D evaluators with a specialist report where appropriate.



## Initial P meeting

Figure 7.6 - Initial P meeting

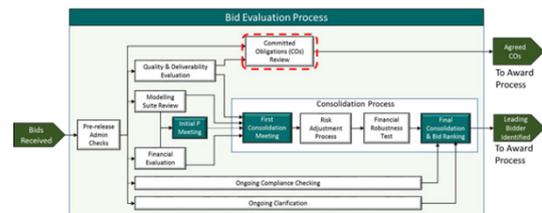
- 4.20 The Initial P meeting is chaired by the Project Director to review and assure the outputs from the Financial Evaluation and Modelling Suite review, and to prepare for the first consolidation meeting.



## Committed Obligations

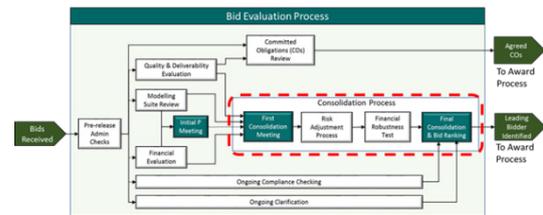
Figure 7.7 - Committed Obligations

- 4.21 The ITT will set out the Department's approach to contractualisation and Committed Obligations for the franchise in question. A Bidder must be prepared to deliver every initiative set out in its Bid. However, the Department may or may not seek to contractualise every initiative, depending on the outcome of evaluation.
- 4.22 The Department will provide one or more of the Bidder(s) with contractual drafting of those Committed Obligations and offer them an opportunity to comment on whether the drafting accurately reflects the initiatives in their Bid(s). If a Bidder is not prepared to enter into a Committed Obligation as prepared by the Department (if appropriate, as clarified with the Bidder) then the Department may revise the score given to the relevant Delivery or Sub-Plan or any other element of the evaluation (including the financial robustness test).
- 4.23 Agreed Committed Obligations are finalised for inclusion in the Franchise Agreement.



## Consolidation process

Figure 7.8 - Consolidation process



4.24 Once the individual components of each Bid have been evaluated or reviewed, the evaluation outputs are brought together through a consolidation process to identify the **Leading Bid**. The consolidation process consists of the following steps:

### First consolidation meeting

4.25 The first consolidation meeting is chaired by the Project Director to review the evaluation process and outputs to date including:

- The provisional **P** value for each Bid;
- The provisional **Q** value for each Bid; and therefore
- The provisional **Final Score** ( $P+n*Q$ ) and ranking for each Bidder.

4.26 By taking account of the provisional **Final Score** and ranking for each Bidder, the meeting will make a recommendation as to how the risk adjustment stage should be conducted.

### Risk adjustment and financial robustness test

4.27 The purpose of risk adjusting the financial model is to determine whether a Bid will remain financially robust throughout the term of the franchise

4.28 The detail of how risk adjustments will be applied to a Bid is set out in the **ITT** but the general principles are:

- Identify areas in a Bid where the Department believes there is a significant risk of a materially different financial outcome to that proposed by the Bidder;
- Determine how the Bidder's Modelling Suite should be adjusted to reflect these risks; and
- Risk adjust the Bidder's Modelling Suite and carry out the financial robustness test. Bids that fail this test may be eliminated from the competition, after giving the Bidder the opportunity to comment on the Department's risk adjustment proposals.

### Final consolidation and Bid ranking

4.29 Having ensured that the declared evaluation process has been adhered to throughout, the Bids are ranked in descending order to identify the **Most Economically Advantageous Tender (MEAT)** and therefore the **Leading Bidder**.

4.30 Finally, the Project Director confirms that all the criteria and assurance processes set out in the **IAAP** have been met and followed and that a Recommendation to Award can be made.

## Stage 3: Identification of Leading Bidder to Franchise Award

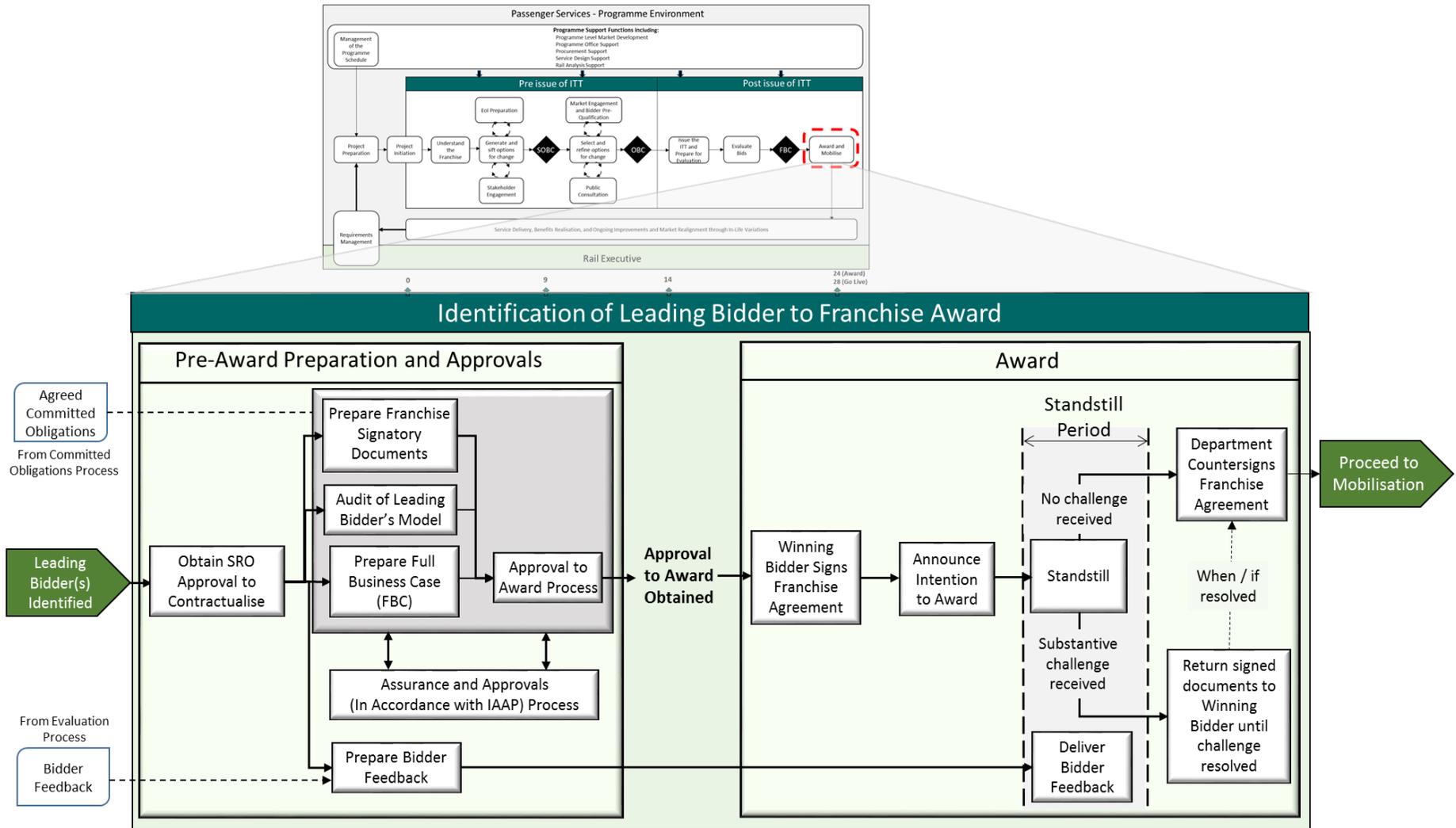


Figure 8 - Identification of Leading Bidder to Franchise Award

## Prepare to award the franchise

### Approval to contractualise

- 4.31 The Project Director obtains approval from the [SRO](#) to proceed with contractualisation of the [Bid](#).

### Prepare Franchise Signature Documents

- 4.32 The Franchise Signature Documents are prepared on the basis of the Committed Obligations agreed with appropriate [Bidders](#).

### Audit of Lead Bidder's financial models

- 4.33 The [Leading Bidder](#) is asked to remove any errors from its financial models that were identified during evaluation and then to initiate an independent audit of the models. The detailed requirements for this are specified in the [ITT](#).

### Prepare Full Business Case

- 4.34 The [Business Case](#) is updated and completed with relevant information drawn from the [Leading Bid](#). [Affordability](#) and [value for money](#) are tested and confirmed. The complete [FBC](#) is subjected to assurance to verify and validate the assumptions, evidence, calculations and conclusions. Once assured, it is used as the evidence on which the award approval bodies rely when making their decision.

### Assurance and approvals

- 4.35 The [IAAP](#) details and sequences the assurance and approvals that must be obtained prior to inviting the [Leading Bidder](#) to sign the [Franchise Agreement](#).

### Prepare Bidder feedback material

- 4.36 In preparing [Bidder](#) feedback the Commercial Lead draws on the rationale recorded at each step in the evaluation process.

## Award the franchise

### Invite Leading Bidder to sign Franchise Agreement

- 4.37 The [Leading Bidder](#) is invited to sign the [Franchise Agreement](#) and associated documents after ministerial approval is given.

### Announce intention to award

- 4.38 Information regarding the grant of a long and high-value contract has the potential to affect the share price of both the [Winning Bidder](#) and those who were unsuccessful. The award announcement is made to the London Stock Exchange by the Department following grant of ministerial approval.

### Notification of Bid outcome to Bidders

- 4.39 Simultaneously, the Department formalises the outcome of the bidding process by issuing notification letters to the unsuccessful [Bidders](#). The letters state the Department's intention to award a contract, conveys to each [Bidder](#) the key information regarding scoring of all [Bids](#) and offers them the opportunity to attend a feedback meeting.

### Standstill period

- 4.40 The issue of the notification letters to [Bidders](#) marks the start of the voluntary [Standstill Period](#), which will normally last at least 10 days. At the conclusion of the [Standstill Period](#), the unsuccessful [Bidders](#) are informed in writing that the contract has been awarded.

4.41 A notice of contract award is issued through the [OJEU](#).

**Countersign the Franchise Agreement**

4.42 Subsequent to completion of the [Standstill Period](#) and having given due consideration to any challenges received, the [Franchise Agreement](#) is countersigned by the Secretary of State. Lead responsibility for the relationship with the incoming [Delivery Partner](#) remains with the [SRO](#).

## Handover and Mobilisation

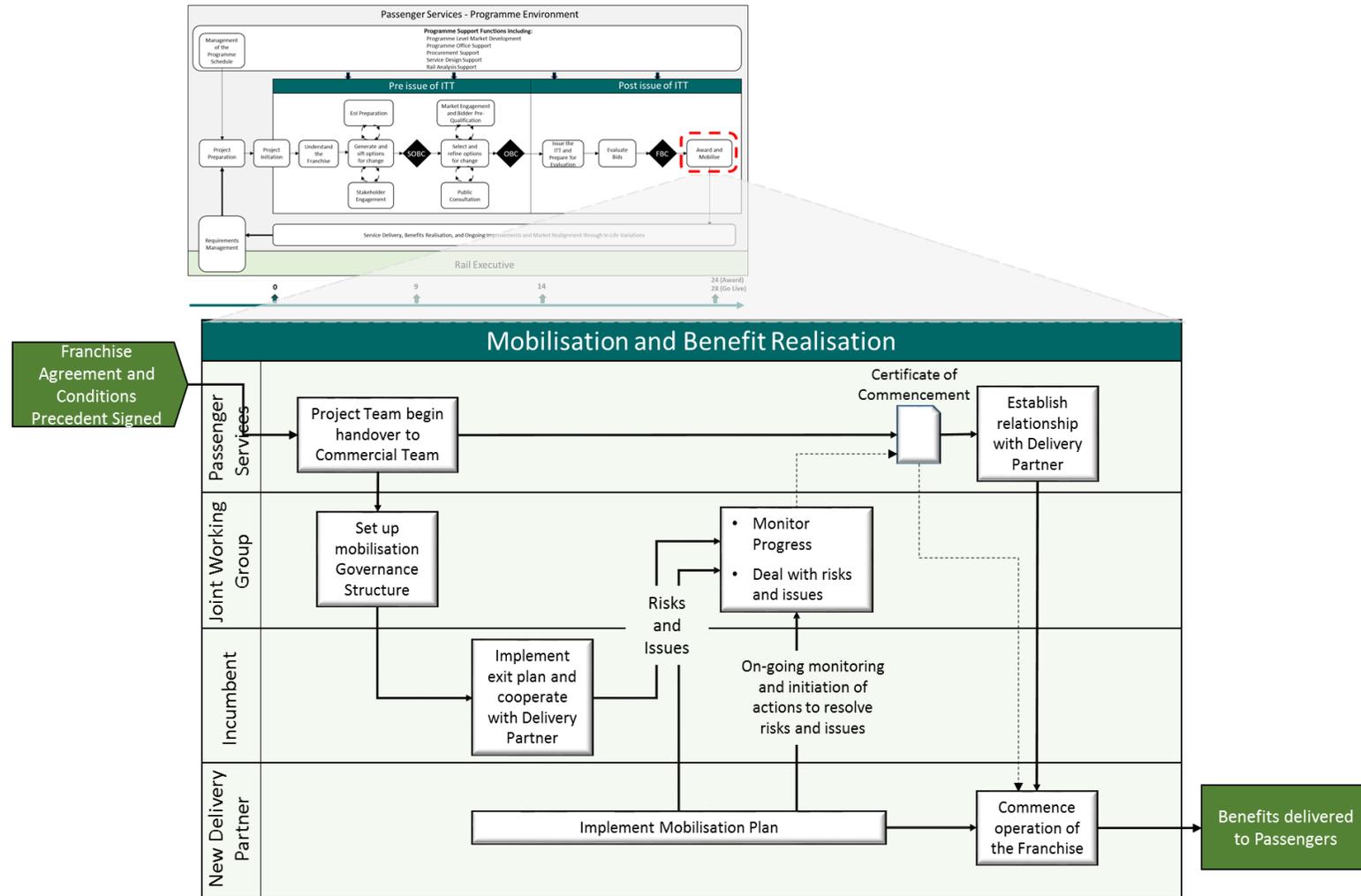


Figure 9 - Handover and Mobilisation

## Objectives

4.43 The objectives of the handover and mobilisation phase are:

- To achieve a seamless transfer of the franchise from the incumbent to the new [Delivery Partner](#); and
- For the project team to hand over responsibility for the management of the new franchise to their commercial/contract management colleagues in Passenger Services.

### Project team handover to commercial/contract management team

4.44 The project team prepares and presents a Bid Overview to their commercial/contract management colleagues, which is followed up with detailed briefings on the franchise-specific obligations to ensure the transfer of all necessary information and knowledge. The handover will include all contractual documents, together with any relevant supporting evidence and information.

4.45 The project team remains engaged to assist throughout the mobilisation period.

### Set up mobilisation governance structure

4.46 To ensure the objectives of mobilisation are achieved as efficiently as possible and that any risks and issues that arise during mobilisation can be mitigated or dealt with, the commercial/contract manager will establish a governance structure that comprises:

- A Steering Group, which will include senior directors from the incumbent and incoming [Delivery Partners](#); and
- A Project Management Group, comprising managers and work stream leaders from the incumbent and incoming [Delivery Partners](#), along with managers from organisations with a material interest in the mobilisation of the new franchise as and when required.

### Implement exit plan

4.47 In accordance with its [Franchise Agreement](#), the incumbent puts in place all necessary arrangements to exit the franchise in a professional manner and provide appropriate support to the new [Delivery Partner](#) in mobilising the new franchise.

### Commence operation of the franchise

4.48 An assurance review is carried out by the commercial manager to verify that the new [Delivery Partner](#) is fully prepared to assume operations and that all Conditions Precedent have been met. This assurance enables the issue of the Certificate of Commencement.

4.49 On the contracted commencement date the new [Delivery Partner](#) takes over and begins operation of the franchise.

4.50 The rail [industry](#) and passenger markets are dynamic. Passenger Services recognises that the contract as awarded may not reflect those changes, particularly in the light of the length of the procurement cycle. We are therefore committed to an adaptable approach, facilitating ongoing, in-life contract variation to drive continuous improvement in passenger services.

### Project closure

4.51 The project team finalises the Benefits Realisation Plan and produces the Project Closure Report, signalling the end of the procurement phase. The project team also

ensures that a lessons learnt workshop is held, so that key learning points from the competition can be built into future projects.

# Annex A: Acronyms

<b>Acronym</b>	<b>Expanded</b>
CQ	Clarification Question
Eoi	Expression of Interest
FBC	Full Business Case
FLPA	Franchise Letting Process Agreement
IAAP	Integrated Assurance and Approval Plan
IAAS	Integrated Assurance and Approval Strategy
ITT	Invitation to Tender
MEAT	Most Economically Advantageous Tender
OBC	Outline Business Case
OJEU	Official Journal of the European Union
PIN	Prior Information Notice
PPA	Passport Process Agreement
PPD	Pre-Qualification Process Document
PQQ	Pre-Qualification Questionnaire
Q&D	Quality & Deliverability
RIS	Rail Investment Strategy
SOBC	Strategic Outline Business Case
SRO	Senior Responsible Owner

**Table A - Acronyms**

## Annex B: Glossary

Term	Definition
<b>Affordability</b>	The extent to which all types of costs falling to the Department in competing and managing the franchise have budget cover in the years in which they fall.
<b>Applicant</b>	An organisation that has submitted an <a href="#">Expression of Interest</a> .
<b>Baseline/ Comparator Modelling Suite</b>	A costs and revenues forecast, based on the existing franchise and taking into account the impact of committed schemes, which is used to analyse the impact of potential options for the new franchise.
<b>Bid</b>	A tender submitted by a <a href="#">Bidder</a> in response to an <a href="#">ITT</a> .
<b>Bidder</b>	An entity which has pre-qualified to bid for the franchise in question.
<b>Commercial Proposition</b>	The Department's proposal for the new franchise, encompassing aspects such as the franchise length, risk share and bonding requirements.
<b>Data Site</b>	A secure online repository for information and documents relating to the project and franchise, designed to ensure controlled and auditable sharing.
<b>Delivery partner</b>	In the context of Passenger Services, those who contract with the Department to provide passenger rail services on our behalf, i.e. Train Operating Companies.
<b>Delivery Plan</b>	A <a href="#">Bidder's</a> proposal for meeting the Department's detailed delivery requirements for a given element of the franchise, as set out in the <a href="#">ITT</a> . May be comprised of Sub-Plans.
<b>E-sourcing portal</b>	A secure online system used to administer all aspects of the procurement process, designed to ensure a clear audit trail.
<b>Expression of Interest</b>	The second half of the pre-qualification process. Passport holders express their interest in a specific franchise and provide evidence of their economic and financial standing, as well as further evidence of their capability and technical ability if required.
<b>Franchise Agreement</b>	The contract entered into between the Secretary of State for Transport and the <a href="#">Delivery Partner</a> for the provision of passenger services.
<b>Franchise Letting Process Agreement</b>	A contract between the Department and potential <a href="#">Applicants</a> which sets out rules for behaviour throughout the competition process.
<b>Industry</b>	All those organisations or individuals who presently play a role, directly or indirectly, in the delivery of passenger rail services in the UK; or who might wish to do so.
<b>Industry Day</b>	An annual event hosted by the Department to inform the <a href="#">industry</a> about upcoming opportunities, as well as to share broader ideas and strategy about UK passenger services.

<b>Integrated Assurance and Approval Plan</b>	A document which sets out key risks and approval points and assurance activities in relation to both of these. There is an IAAP for the Passenger Services Programme, supplemented by a mini-IAAP for each project.
<b>Integrated Assurance and Approval Strategy</b>	A document which provides guidance to programmes and project teams, with the aim of ensuring a consistent approach to governance and assurance. This document refers to the Passenger Services IAAS; this is subordinate to the Departmental IAAS.
<b>Invitation to Tender</b>	A call for <b>Bids</b> (from <b>Bidders</b> ) for the operation of passenger services on a given franchise. The ITT sets out (amongst other things) the Department's requirements, instructions for submitting a <b>Bid</b> and information about how <b>Bids</b> will be evaluated. 'ITT' is used to refer both to the entire suite of documents and to the individual document of that name.
<b>Leading Bidder</b>	The <b>Bidder</b> identified as having submitted the <b>Most Economically Advantageous Tender</b> following evaluation. Expected to become the <b>Winning Bidder</b> .
<b>Market</b>	A subset of the <b>industry</b> : those organisations who are or might wish to bid to operate a passenger services franchise – predominantly Train Operating Companies and Owning Groups.
<b>Most Economically Advantageous Tender</b>	A combination of price and quality. What this means in relation to a given franchise competition will be defined in the relevant <b>ITT</b> , but in essence each <b>Bid</b> receives a score calculated as: $P+n*Q$ , where $P$ =Price, $Q$ =Quality and $n$ is a quantifier for $Q$ .
<b>Official Journal of the European Union</b>	The official compendium of EU and other official documents of the EU institutions, bodies and agencies. For the purposes of this Guide, we are predominantly interested in <b>Tenders Electronic Daily (TED)</b> , the online OJEU Supplement dedicated to public procurement.
<b>OJEU Notice</b>	The contract notice relating to the franchise in question, published in the <b>TED</b> supplement to the <b>OJEU</b> .
<b>Passport</b>	This grants permission to its <b>Holder</b> to express an interest in franchise competitions.
<b>Passport Holder</b>	A potential franchise <b>Applicant</b> that has successfully passed the first stage of <b>pre-qualification</b> , and is eligible to <b>express an interest</b> in competitions during the lifetime of the <b>Passport</b> .
<b>Pre-qualification</b>	A process by which the Department selects a manageable field of <b>Bidders</b> , each of whom it deems to have an appropriate financial position and the necessary managerial competence, and to be otherwise suitable, to operate the franchise in question. (See <a href="#">Railways Act 2003, s.26</a> ).
<b>Pre-qualification Process Document</b>	A document setting out rules and guidance for <b>Applicants</b> as they prepare and submit their <b>Eoi</b> responses.
<b>Passport Pre-qualification Questionnaire</b>	A questionnaire issued by the Department requiring <b>Passport Applicants</b> to provide evidence that they are suitable to operate rail franchises. The questionnaire is backward-looking only.
<b>Prior Information Notice</b>	A notice published in the <b>OJEU</b> and on GOV.UK to alert the <b>market</b> to upcoming commercial opportunities. See <a href="https://www.gov.uk/government/collections/rail-franchising#background-to-rail-franchising">https://www.gov.uk/government/collections/rail-franchising#background-to-rail-franchising</a> for the latest PIN.
<b>Proposition</b>	The proposal for the franchise, encompassing the <b>Commercial Proposition</b> as well as key policy aspects.

<b>Qualification System Notice</b>	A notice published in the <a href="#">OJEU</a> and on GOV.UK to alert the <a href="#">market</a> to upcoming commercial opportunities, inviting interested parties to make Passport applications.
<b>Rail Investment Strategy</b>	A publication which explains what the Secretary of State wants to be achieved by railway activities during a railway control period. Formerly High Level Outcome Specification (HLOS). See latest HLOS at <a href="https://www.gov.uk/government/publications/high-level-output-specification-2012">https://www.gov.uk/government/publications/high-level-output-specification-2012</a>
<b>Senior Responsible Owner</b>	The individual responsible for ensuring that a project or programme meets its objectives and delivers the projected benefits. Currently, the Managing Director of Passenger Services.
<b>Specification</b>	A specification sets out what we require of our <a href="#">Delivery Partner</a> . <a href="#">Bidders</a> must demonstrate in their <a href="#">Bids</a> how they would meet the requirements of the specification.
<b>Standstill Period</b>	A period of time (usually at least 10 days) following a notification of intention to award which affords unsuccessful <a href="#">Bidders</a> an opportunity to challenge the decision prior to the contract being signed.
<b>Train Service Requirement</b>	Part of the suite of documents which constitutes the <a href="#">ITT</a> , the TSR sets out the minimum level of service the new <a href="#">Delivery Partner</a> must operate, specifying aspects such as frequency of trains, calling patterns and maximum journey times. <a href="#">Bidders</a> must demonstrate their ability to meet the TSR in their <a href="#">Bids</a> .
<b>Transport Business Case</b>	A tool used to inform and support the investment decisions of Ministers by setting out evidence across five areas: strategic, economic, commercial, financial and management. Each Business Case has three stages: <ol style="list-style-type: none"> <li>1 Strategic Outline Business Case</li> <li>2 Outline Business Case</li> <li>3 Full Business Case</li> </ol> <p>See full guidance at: <a href="https://www.gov.uk/government/publications/transport-business-case">https://www.gov.uk/government/publications/transport-business-case</a></p>
<b>Winning Bidder</b>	The <a href="#">Bidder</a> to whom the Department has decided to award the Franchise. The <a href="#">Leading Bidder</a> becomes the Winning Bidder when they have signed the <a href="#">Franchise Agreement</a> and the Department's intention to award is announced.
<b>Value for Money</b>	A determination of the extent to which a proposal's benefits outweigh its costs, taking into consideration any economic, environmental, social and distributional impacts. Value for Money is the crux of the Economic Case, part of the <a href="#">Transport Business Case</a> .

Table B - Glossary