



Department
for Transport

Franchise Competition High Level Process Map

24 April 2013

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
Website www.gov.uk/dft
General email enquiries FAX9643@dft.gsi.gov.uk

© Crown copyright 2013

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Status of the Franchise Competition Process Map

The Franchise Competition Process Map (“the Map”) and this explanatory narrative are internal Department documents which are being published on our website for the market and other interested parties. These are indicative and dynamic documents which are subject to controlled change and must be read in that context. They are not intended to be a statement of what will happen in each individual competition and the Department reserves the right to change the process described.

It should also be noted that the Essex Thameside and Thameslink Southern Great Northern franchise competitions are already underway and the competitions will proceed according to the instructions specific to each of these.

Contents

| | |
|--------------------------------------|---|
| Overview | 4 |
| Process Map | 5 |
| Franchise competition lifecycle..... | 6 |

Overview

This Franchise Competition Process Map is published by the Department for Transport (the “Department”) pursuant to the information given in the Prior Information Notice published on 26 March 2013.

The Map provides a high level overview of the franchising process. The detailed Franchising Competition Process Guide (the “Guide”) will be published in June 2013. The Guide will set out in detail the process the Department will follow in procuring passenger rail franchises as well as the governance and assurance stages. It will be used by staff, contractors and advisers who are involved in rail franchising competitions.

Process Map

The Map, which is published with this document, represents the lifecycle of a typical franchise competition.

The rows of the Map show, from top to bottom:

- key activities relevant to the market's interaction with the Department;
- key outputs from the Department's process that are of direct relevance to the market;
- headline activities within the Department's franchise project team;
- the principal governance stages of the process that will ensure consistency and integrity of the competitions; and
- a key to terminology and an indicative timeline.

Franchise competition lifecycle

The competition process comprises five sequential stages as indicated by the divisions along the top of the Map. These are:

- 1) Readiness
- 2) Project Initiation, Pre-procurement and Specification
- 3) Procurement
- 4) Mobilisation
- 5) Benefits realised.

The objective and the Department's activities during each stage are summarised below. Please note – this summary is not an exhaustive description.

1) Readiness

Objective

To ensure that the resources needed to complete the project effectively and on time are available and to make the market aware of upcoming franchising opportunities.

Principal activities

- issue an annual Prior Information Notice to update the market on the programme of franchise competitions;
- confirm that the Department has all the resources needed to undertake each Franchise Project.

2) Initiation, Pre-procurement and Specification

Objective

To share the Department's aims and aspirations for the Franchise and to engage the market and stakeholders in the development of a specification that will deliver these.

Principal activities

- conduct pre-procurement dialogue with the market to attract both existing and new suppliers – including the hosting of an industry day;
- carry out an in-depth assessment of the existing Franchise. This includes an examination of the requirements and aspirations of the market, the challenges and opportunities that these may present and

the investment benefits that are expected to be realised. All of these factors will shape the design of the Franchise;

- conduct a public consultation;
- develop the procurement strategy, commercial proposition and specification for the Franchise and its supporting business case;
- start to upload information to the secure Data Site;
- compile and obtain approval for the “OJEU / PQQ Pack”, which is intended to include:
 - the OJEU Notice
 - the Pre-Qualification Questionnaire (PQQ)
 - the Pre-Qualification Process Document (PPD)
 - the Franchise Letting Process Agreements (FLPAs) for the incumbent and non-incumbent Bidders
 - the draft Invitation to Tender (ITT), including the draft Train Service Requirement and the draft evaluation process, criteria and weightings
 - the Stakeholder Briefing Document, including analysis of responses to the public consultation
 - the draft Financial Model Template which will have been customised for the Franchise.

3) Procurement

Objective

To appoint franchisees who will work in the context of partnership to support the Department’s aim of providing world class train services that drive economic growth, exceed passenger expectations and deliver value for money for passengers and taxpayers.

Principal activities

- publish the “OJEU / PQQ Pack”;
- receive and evaluate applications for Pre-Qualification to select Bidders who will be invited to tender (as required by the Railways Act 1993 S26(3));
- give Bidders access to the Data Site once the Bidder list is announced. The majority of information will be uploaded to the Data Site prior to the OJEU notice;
- finalise, gain approval for and publish the ITT Pack, which is intended to include:
 - the final ITT including the Train Service Requirement and the evaluation process, criteria and weightings
 - the Stakeholder Briefing Document
 - the Financial Model Template, customised for the Franchise
 - the Franchise Agreement, customised for the Franchise

- documentation relating to capitalisation requirements
- begin a structured engagement with Bidders;
- throughout this stage there will be opportunities for bilateral meetings, site visits and presentations by Network Rail and any other relevant parties;
- acknowledge and respond to Clarification Questions within agreed timescales;
- receive bids, check their compliance with stated requirements and evaluate them against published criteria;
- raise Clarification Questions with Bidders as necessary and identify the leading bid(s);
- develop and gain approval for the Full Business Case based on the leading bid and obtain approval to award;
- announce the winning Bidder, initiate the standstill period and then sign the Franchise Agreement.

4) Mobilisation and close-out

Objective

To improve the quality of future bids.

To achieve the successful mobilisation and seamless handover of the new franchise, ensuring continuity of service for passengers.

Principal activities

- debrief each Bidder to enable them to improve future bids;
- hand over information to franchise management teams;
- receive feedback from Bidders, advisers and internal stakeholders to identify lessons learned;
- initiate franchise mobilisation and issue a Mobilisation Manual;
- facilitate the franchise mobilisation process, by guiding all parties involved through it to enable them to complete their required tasks and activities within the schedule;
- ensure that the incoming franchisee fulfils its Conditions Precedent;
- ensure that the outgoing franchisee complies with the terms of its own Franchise Agreement;
- arbitrate on and resolve any disputes that arise.

5) Benefits realisation

Objective

To ensure that the public purse is protected by overseeing completion of the agreed franchise obligations, to deliver effective risk management of in life commercial negotiations and to maximise the value of the assets for the future.

Principal activities

Throughout the life of the Franchise, the Department's role is:

- to monitor and enforce delivery of the franchisee's contractual obligations;
- to develop an effective long term partnership with the franchisee to deliver additional benefits to the network;
- to ensure that the Secretary of State's statutory duties are discharged;
- to negotiate and deliver commercial solutions for policy changes, including fares changes and major investment projects;
- to facilitate cross-industry solutions.