

Greater Western & Thameslink/GN Franchise Replacements

Pre-qualification phase - Clarification Bulletin 1

7 January 2005

Clarification questions and responses

	Document & Page Ref.	Question	Response
1	AQ/EFQM General	If a designated lead operator has been nominated within the bidding entity and as such will answer the sections C and D in the Accreditation Questionnaire, can the SRA please confirm that only the designated lead operator should address the Business Excellence Questionnaire ("EFQM") based on its experience as a passenger transport service operator as provided in Section 5 of the "Accreditation Questionnaire"?	Yes, lead operator only
2	AQ1	We know that 60% of the marks will be assigned to part C, are you able to advise whether these will be apportioned equally between sections 5,6,7 & 8? If not how will the marks be apportioned between the sections?	Paragraph 3.5 of the PPD sets out the level of information that will be provided in feedback to Bidders. The SRA will not be disclosing the apportionment of marks within the 60%
3	AQ8	Clause 2.2 of the AQ requires a statement of interest in other train companies. Please confirm that bid vehicles used in other active pre-qualification processes and bidding processes but that do not currently operate franchises, do not need to be listed.	Correct.
4	AQ8	Page 8 Section 3. If we intend to bid through a 100% owned subsidiary of the Group, that has been set-up for the purpose of bidding for the franchise, please can you confirm that full information need only be provided on the parent company.	Yes, information is only required from the holding company unless a subsidiary or intermediate holding company will be involved in the provision of support to providers of finance in relation to the Applicant's obligations.
5	AQ8	Financial information: question 3.2 - where the applicant is not the ultimate holding parent, are we required to provide financial information for any intermediate holding company as well as the ultimate parent undertaking?	No, unless such intermediate holding company will be involved in the provision of support to providers of finance in relation to the Applicant's obligations.
6	AQ9	Please confirm that in line with the IKF process, only the current credit rating is required in section 3.2 (k) of the AQ.	Correct. Please read Para 3.2(k) as: "Any prospectus issued in the last two years and the current credit rating"

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7	AQ12	Page 12 Section 4.1. We assume that sections (a) and (b) and (d) refer to the Group holding company. Please confirm that submission of our Group policies will be sufficient.	Yes
8	AQ12	Page 12 Section 4.1 (c). Please could the Authority clarify what level of information is required in this section? Most of the railway specific Health and Safety information is contained in our Railway Safety Cases. In previous submissions you have indicated that you do not wish to have full copies of the Railway Safety case submitted in support of this section. Is it sufficient to indicate that as a current rail operator we have valid and up to date safety cases for all our TOCs?	Yes
9	AQ 13 AQ19	Could SRA please confirm that the Maximum of 12,000 words for part C and the maximum of 5,000 words for part D is in addition to the tables within these sections (specifically: 5.1, 5.3.1 and 11.1)	Yes
10	AQ 13 AQ19	Please confirm that pro-forma tables required in the AQ will not be included in the word count limitations (e.g. table in section 5.1).	Yes
11	AQ 13 AQ19	Charts, diagrams & graphs are excluded from the word count. Are tables also excluded?	Yes
12	AQ 13 AQ19	Accreditation questionnaire: we note that most questions must be answered separately by the JV partners, where this is the case (e.g. part C, sections 5 - 8) please confirm that each partner can use a maximum of 12,000 for the submission, rather than 12,000 words for the entire submission.	Yes - each partner may submit up to 12,000 words for Part C and 5,000 words for Part D provided that a Lead Operator has not been designated and the Consortium member has relevant experience i.e. member completes section 5.1. For Part E, only one submission is permitted.
13	AQ13	Page 13 Part C. Please could you clarify your definition of 'charts and diagrams' with respect to the word count. Specifically, is information included in the tables in questions 5.1, 5.3.1 and 11.1 included in the word count for the respective sections?	No

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14	AQ13	Part C of the AQ (page 13) refers to the Authority using past performance data as part of its evaluation process. Could you please advise precisely which sets of data, and for what period, you will use. Different data (eg punctuality –v- delays –v- average lateness –v- cancellations) can present different impressions of performance and we should like to have the opportunity to provide explanations of any changes over time, to assist in your understanding of our performance.	The Declaration in Section G states that the Authority may use its own records to verify any information given and Section C refers to punctuality reliability and NPS results for the periods specified in 5.2.2 (i.e. three years)
15	AQ13	Page 13 penultimate paragraph. Please could the Authority indicate what performance data it holds in respect of punctuality and reliability that will be used in the evaluation of this submission? If this is not public domain information already, please can you indicate the source of this data and confirm that it will be made available to the respective bidders?	The SRA will use industry standard information that is collected to assist its management of franchises and their Performance Improvement Plans.
16	AQ15	PPQ Accreditation Questionnaire - 5.2.1 Please would SRA define "service performance standards"? Does this mean punctuality, reliability and NPS scores?	The intention of Q5.2.1 is for Applicants to set out which performance standards they measure. This may be expected to encompass operational performance and service quality variables.
17	AQ15	Page 15 Section 5.2.1. You have asked for indications of the targets we expect to achieve – we assume you are not looking for a forecast of our future aspirations, rather the targets we expected to achieve historically?	Yes
18	AQ15	Page 15 Section 5.2.2. Please could you clarify which operating performance targets you are expecting us to use in this section? We assume that the most relevant targets in this section are punctuality and reliability (PPM data) and cancellations, as section 6.3 appears to cover NPS and Passenger Charter. Could you confirm that this is correct?	Q 5.2.1 interrogates processes that underpin service delivery. Q 5.2.2 focuses on measurements of operational performance and, as such, reference to the variables mentioned would be appropriate. Section 6.3 and in particular, Q6.3.2 focuses on measurements of customer satisfaction where reference to NPS data could again support a relevant response.
19	AQ17	Page 17 Section 6.3.3. As above, please could you clarify that you require us to include NPS data here (and not in 5.2.2.) in addition to Passenger Charter statistics?	See response to question 18 above.

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20	AQ17	Will the SRA please confirm that in section 7.1.1 of the AQ it only requires evidence of achievement of financial results within agreed premium/subsidy targets in respect of "heavy rail" operations in the UK and overseas?	Correct - these could be considered most relevant.
21	AQ18	Section 8.1 (a) Please could you define what the Authority means by the term "operations".	Operations in this context could be assumed to encompass those core business activities associated with delivery of an effective transport service, excluding fleet.
22	AQ General	Please confirm that relevant appendices that assist the SRA in forming its view of competence will not count towards word count limits specified in the AQ.	The SRA expects full responses within the set word limits referred to in the AQ (which exclude charts, diagrams and tables) and its assessment will be based on that response. If Applicants wish to append particularly relevant documents as supporting evidence, then that is acceptable.
23	EFQM1	Format instructions: 13pt line spacing, the accreditation questionnaire refers to minimum line spacing whereas the EFQM format instructions refer to a maximum line spacing. Please could you clarify which is correct.	The Accreditation Questionnaire is correct. i.e. both should refer to minimum line spacing
24	EFQM1	The guidance requires a maximum 40 page submission. If we are a 50:50 joint venture, please confirm that each party will be permitted to submit a 40 page document.	Yes
25	EFQM1	The guidance permits photocopied attachments to support the EFQM submission, please advise if there is a limit to the quantity of attachments.	Whilst there is no limit as such, only material documents that are relevant to, and which amplify a response may be attached. Documents or information that is generic in nature, or is of a promotional nature, should not be included.
26	EFQM1	Please could you clarify if pictures and graphics count as part of the page restriction or do the 40 pages only include words? We think it would be quite restrictive if we are unable to include charts and graphics as these help to explain the EFQM process.	40 pages is the limit, but annexes that are relevant to, and which amplify a response may be attached. Documents or information that is generic in nature, or is of a promotional nature, should not be included.

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27	EFQM1	The guidance as issued requires EFQM submissions for the partner companies but not for the joint venture. Please confirm that this interpretation is correct and that an EFQM submission, in full or summary, is not now required for the joint venture company. If an EFQM submission is required for the joint venture company, please advise of the questions and format.	Yes, your interpretation is correct (no joint submission required).
28	EFQM1	Please advise on the status of the Business Excellence Questionnaire in terms of the evaluation process. How will the EFQM ranking impact on the final selection of the parties to receive an ITT?	The EFQM assessment will allow the Authority to determine an Applicant's effectiveness or otherwise in the management of its business processes. The Authority may also use the EFQM results and associated ranking to differentiate between applicants with similar evaluation scores in the final selection of the required number of pre-qualified bidders.

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29	EFQM1	Part 1.1 - The EFQM model generally takes leadership to be something applying throughout an organisation. In part 1.1.2, the question refers to "leadership of the group". Is this intended to refer to something different to leaders as envisaged by the EFQM model? If so, is this in turn different in any way from "senior managers" (see parts 1.1.3 and 1.1.4).	<p>Before addressing the specific issues (Qs 29-33) the SRA would like to take the opportunity to remind Applicants of certain fundamentals concerning the model. The SRA currently uses the British Quality Foundation standard criteria for assessment and these form the basis of the supplier accreditation questionnaire. The objectives in using this application include assessing the potential for continuous improvement and benchmarking respective bidders both overall and against specific criteria in the model. We want to we avoid being too proscriptive or definitive as this may, amongst other things, stifle innovation and initiative. We are prepared to accept the widest possible interpretation of inputs, approach and deployment (based on the RADAR philosophy) from potential bidders whilst remaining focussed on end results and outcomes.</p> <p>Leadership, as defined in the criteria, can include "group" level drivers; e.g. where a holding company has several different subsidiaries but may have a common quality approach, or a subsidiary business unit may have a completely different "local" approach to its specific business. The outcome we seek is continuous improvement within a results focused business. Use the level that is accountable for results that deliver for all stakeholders under the contract to describe your leadership approach.</p>
30	EFQM1	Part 1.1 - We are approaching the submission on the basis that "senior management" for the purposes of 1.1.3 and 1.1.4 refers to TOC directors and those to whom they report at divisional/group level. Is this the right approach?	See response to Q29 (above)

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31	EFQM1	Part 1.1.5 - The corresponding question from the EFQM model is directed specifically at leaders championing organisational change that better drives policy and strategy to achieve the desired results. The question here appears to be much broader (ie. any change). Are we right to assume that the "change" referred to in the question is predominantly organisational change to drive policy and strategy? If not, what construction can we place on the term "change" to avoid that term covering all eventualities?	The SRA are interested and will assess all change that affects the delivery of the outcomes required in the contract.
32	EFQM2	Part 1.4.3 - The SRA questions refer to "facilities" where the model would usually ask for "buildings, equipment and materials". Is the SRA question intended to cover buildings alone or also to cover, for example, fleet management?	In relation to the model "facilities" includes all assets that contribute to the delivery of the contract outcomes. Do include fleet management.
33	EFQM3	Part 1.9. - Part 1.9.1 appears to move away from actual results and towards measurement, assessment and review of outcomes by making changes to policy and strategy. As an enabling activity this appears to overlap considerably with part 1.2. Does the SRA expect to see actual business results in this part 1.9 or merely to see the processes for agreeing key outcomes and accompanying key performance indicators.	Applicants are referred to the criteria set out in the BQF Manual. The Key Performance Results section is in two parts. First, measured outcomes related to the organisation's own policy and strategy such as success rates against contract specifics; and secondly operational measures such as cash flow, improvements in performance of the business etc.

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34	GWPPD2	<p>Page 2 section 2.2 With reference to the bullet points under the paragraph 'The SRA intends to achieve these objectives through securing a franchisee for the Greater Western Franchise who:'....</p> <p>We request clarification from the Authority that bidders who have demonstrated their abilities under the first, third and fourth bullet points, are not expected to additionally demonstrate how they 'understand the characteristics of comparable rail markets' (second bullet point).</p> <p>If this is not the case please clarify what is meant by 'comparable rail markets'</p>	No. For "comparable" please read "long distance, regional and local"
35	GWPPD3	<p>Page 3 section 3.2 We understand that it is for the bidder to take the competition risk in bidding for the Greater Western franchise, but please confirm that the Authority has obtained clearance from OFT that the creation of the Greater Western Franchise per se will not in itself create a merger that bidders would have to take risk on?</p> <p>In the third paragraph of this section, you indicate that 'the SRA expects Applicants to consider if they should seek such guidance prior to submitting their response to the Questionnaire'. Has the SRA agreed with the OFT that they will be prepared to give such guidance before 2 February 2005? The timescales seem very tight.</p>	<p>The OFT has previously stated that "any lessening of competition that may arise as a result of the re-mapping exercise cannot be investigated as a relevant merger situation by the OFT.."</p> <p>The SRA has not reached any agreement with the OFT regarding the timing of a response.</p>
36	PPD5	<p>PQQ process document - Paragraph 3.4, first sub para last line refers to paragraph 3.5 (h). There is no para 3.5(h). Should this refer to para 3.5? And to what extent should we cross refer to question 3.2 "Financial Information" in the accreditation questionnaire?</p>	<p>The reference to Para 3.5(h) was an error. It does not refer to Para. 3.5. Applicants should fulfil the requirements set out in Para 3.2 of the AQ</p>
37	PPD9	<p>Do the SRA require submissions in electronic format?</p>	<p>Submission of two CD copies would be extremely helpful (in addition to five hard copies).</p>

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38	PPD9	Page 9 section 5.1. In past submissions you have indicated that it would be acceptable to submit papers in unmarked boxes rather than envelopes. Please can you confirm that this is the case for these submissions?	Yes
39	PPD9	Following on from your earlier advice confirming that there is no limit on supporting evidence for the EFQM submission, it is likely that even with the careful use of appendices bidders will find it difficult to fit 5 copies of the submission into a single envelope (process doc, para 5.1). Can we assume that submission of a single package (rather than envelope) would equally comply. Additionally, it is not clear whether the Authority requires paper or CD copies of the submission, please would you confirm which format is required?	Correct. A package or box would be acceptable. The five copies referred to 'hard' (i.e. paper copies). Additional submission of two CD copies of submissions would be welcome.
40	GWPPD11	Page 11 of the pre-qualification process document for the Greater Western franchise includes franchise summary information. Section 3 covering stations, says that the 3 franchises are SFO for 210 stations. We agree with the total. However the text says that Wessex manages 124 stations, we understand that it actually manages 125. Is our view correct, or has a Wessex station been included on the first list, if the latter which one?	The breakdown of the current SFOs of the 210 stations should have read as follows: FGW 14, FGWL 15, Wessex 125
41	GWPPD12	On page 12 of the GW PPD it says that the 3 franchises serve another 120 stations. We're only aware of another 50! Are you able to list the stations so that we are clear which stations are served?	The 120 stations referred to stations accessed by the existing franchises, including those of TOCs forming the future Greater Western franchise. This number also included stations not served since 11/12/04, but excluded stations between Carmarthen & Pembroke Dock. Our estimate of the number of 'other' stations currently served by TOCs forming the future Greater Western Franchise (including to Pembroke Dock) is 66.

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42	TL/GN PPD15	Please advise how PQD clause 2.2 (d) (SRA objective to identify and implement a sustainable and operationally robust rolling stock and depot strategy) is compatible with the statement in clause 4 that maintenance of class 319 units will continue to be undertaken at Selhurst?	Schedule 1 of the Tlk/GN PPD Document states that maintenance of the Class 319 Fleet will continue to be undertaken at Selhurst. This statement is meant to indicate that Selhurst Depot will continue to be available to undertake maintenance. However, bidders are free to consider alternative solutions that they consider better deliver the franchise specific objectives.
43	General	Consultation: we are aware that there will be a period during the bidding process when we will not be allowed to consult with SRA and stakeholders in the franchise area. Please could you advise of the protocol and permissible dates for consulting SRA & stakeholders.	The bidding stage has not been reached yet. Until the SRA advises otherwise, we would encourage Applicants to consult widely to assist in the development of their bids.
44	General	Use of the name "Great Western": we are considering using the name "Great Western" for the Greater Western operating company. Please advise whether this is acceptable to SRA	Yes it is.
45	General	<p>Please may we have performance information at this stage of the bidding process from Network Rail for at least the Great Western Region in order to commence preparation of performance improvement schemes. The data required is:</p> <p>Paladin data for the last 3 years. This probably comprises several tables of detailed data (incidents and delays) by location, by train, by responsible manager etc.</p> <p>Records of the number of trains that ran and the lateness of each train at each location.</p> <p>We recognise that these data sets are very large and may have to be transferred in parts or even by DVD(!).</p> <p>Forward projections of delays would also be helpful.</p>	<p>This data is currently being compiled by Network Rail and will not be available for several weeks. Notwithstanding this, the earliest that we would expect to make such data available would be after the submission of Pre-qualification documentation by Applicants (including the FLPA) to the SRA. Applicants seeking such information will also have to sign confidentiality agreements with Network Rail.</p>

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46	General	Please may we have details at this stage of the bidding process of Network Rail infrastructure alteration schemes that have been prepared to at least project level 1 stage that are designed to increase capacity and/or performance. If full details are not available, could we have a list of them and an indication of to what stage they have been prepared?	This data is currently being compiled by Network Rail and will not be available for several weeks. Notwithstanding this, the earliest that we would expect to make such data available would be after the submission of Pre-qualification documentation by Applicants (including the FLPA) to the SRA. Applicants seeking such information will also have to sign confidentiality agreements with Network Rail.
47	General	Would it be possible to have supplied at this stage of bidding a MOIRA model for the Greater Western geography and a PLATO model for the Great Western Link services into London Paddington please?	We do not envisage supplying the MOIRA model until later in the process and are considering how best to approach the issue of the PLATO model.
48	General	Consultation with ROSCOs. Please advise of the date from which we will be prevented from negotiating with ROSCO	The SRA does not envisage setting a date from which Applicants/Bidders will be prevented from negotiating with ROSCOs
49	General	Please clarify the expected financial revenue risk for the new operator (e.g., is the new operator to take the financial risk on passenger revenue and if so in what proportion)?	For guidance purposes , the current tFA provides for both revenue sharing and revenue support either side of a target revenue threshold bid by the operator. In the case of revenue support this is currently available from Year 4 in bands providing up to 80% of a shortfall where revenue was less than 94% of target revenue. Revenue support is currently available for force majeure events in the first four years. Further guidance on this provision will be given to pre-qualified bidders in the ITT documentation.
50	General	Is the financial risk planning to change to another type on reletting?	If the revenue risk mechanism were to change as a result of, amongst other things, implementation of the Government's White Paper pre-qualified bidders would be informed at the bidding stage.
51	General	Please clarify the current subsidy profile for each franchise?	This information is published in the SRA's Annual Report & Accounts which can be viewed on the SRA's web-site.