

**Department for Transport**  
**Accreditation Process Document**

**Pendolino Train Lengthening and  
Fleet Replacement Project**

**March 2008**

## IMPORTANT NOTICE

This Document is issued by the Department for Transport (the "**Department**") pursuant to the Secretary of State for Transport's (the "Secretary of State") functions and duties under the Railways Act 1993 as amended (the "Railways Act").

All references in this document to the Department include, where appropriate and unless the context otherwise requires, references to the Department's predecessors and successor(s).

All references in this document to Network Rail include, where appropriate and unless the context otherwise requires, references to Network Rail's successor(s).

The information contained in this document ("**Disclosed Information**") is for information purposes only, and has been prepared to provide background information in relation to the Project to interested parties, including those who may be considering whether or not to express an interest in making a bid proposal in relation to the Operator Support Services in connection with the Project and, if so, how to make it. It does not purport to be all-inclusive or to contain all of the information that an Applicant may require. The descriptions of existing and proposed contractual arrangements are of a general nature only.

Where the Disclosed Information describes any contractual arrangements which are not yet in force, those arrangements may change. Any reference to a contract or other document is qualified in full by reference to the entire terms of the contract or document referred to.

The issue of this document in no way commits the Department to award a contract for the Project. The Department reserves the right to terminate the competition to award the Contract without prior notice, to change the basis, the procedures and the timescales set out or referred to in this document, or to reject any or all bids and to terminate discussions with any or all Applicants at any time. Nothing in this document should be interpreted as a commitment by the Department to award the Contract to an Applicant.

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The only information which will have any legal effect and/or upon which any person may rely will be such information (if any) as has been specifically and expressly represented and/or warranted in writing to the successful Applicant in the relevant contracts or other relevant agreements entered into at the same time as such contracts are entered into or become unconditional.

This document is not a recommendation by the Department, or any other person, to bid for, enter into or agree to enter into any contract in connection with the provision of the Operator Support Services nor to acquire shares in the capital of any company, or in any parent company of the company, which is to provide the Operator Support Services, or any other related services. In considering any investment in the shares of any company or in bidding for the award of the Contract for the provision of Operator Support Services, those who have been invited to submit bids, potential contractors, funders and investors should make their own independent assessment and seek their own professional financial, taxation and legal advice and conduct their own investigations into the opportunity of being awarded the Contract and of the legal, financial, taxation and other consequences of entering into the contractual arrangements in connection with the Project.

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March 2008

## Definitions of the terms used in the AQ and APD

**“Applicant”** means either of the following:

- a) an entity (whether or not incorporated) owned (or to be owned) by a single incorporated entity (the Parent); or
- b) a consortium or joint venture (whether or not incorporated) comprising two or more Members.

**“Bidder”** means an Applicant who at the end of the accreditation process is invited to submit a response to the Invitation to Tender.

**“Contract”** means the contract to be entered into between the Service Provider and the Department for the provision of Operator Support Services.

**“Lead Operator”** means the Member of a consortium or joint venture to whom effective control over day-to-day management of an element of the operation of the Contract has been assigned by the consortium or joint venture.

**“Member”** means a participant in a consortium or a shareholder in a joint venture.

**“Operator Support Services”** means the services to support the Department throughout the procurement, design finalisation, manufacture, delivery, testing and commissioning of the Pendolinos and maintenance services.

**“Parent”** means the legal entity that owns (or will own) an Applicant falling within the provisions of sub clause (a) of the definition of Applicant above (including the ultimate Parent where the corporate structure involves intermediate holding company(ies)).

**“Pendolinos”** means the additional Class 390 Pendolino vehicles.

**“Project”** means the Pendolino Lengthening and Fleet Replacement Project.

**“Service Provider”** means the Applicant contracted under the Contract to provide the Operator Support Services.

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## **1. Background and Purpose of this Document**

### **1.1 Background**

Following an assessment of demand on the West Coast Mainline the Department has identified that passenger demand has increased substantially in recent years and is expected to continue to increase in the foreseeable future. The Department continues to take action to ensure the provision of extra capacity, as envisaged in the 2007 White Paper 'Delivering a Sustainable Railway'. The Department is committed to providing the additional capacity on the WCML through the introduction of additional rolling stock during the period 2009 to 2014, as confirmed in the recently published 'Rolling Stock Plan'.

The Department proposes to increase capacity on the West Coast Mainline by enabling the procurement of additional Class 390 vehicles, including a replacement of the set damaged in the Grayrigg accident, with the minimum viable order of 4 additional sets and maintenance services, subject to pricing and contract terms being acceptable.

The Department for Transport (the "Department") wishes to procure a Service Provider who is capable of lawfully operating on the Network Rail network to provide support to the Department throughout the procurement, design, finalisation, manufacture, delivery, testing and commissioning of additional Class 390 Pendolino vehicles, sets and maintenance services. This support is required up until the end of the current West Coast franchise (31 March 2012) after which date the services will be provided by the new franchisee.

Details of fleet and service requirements are contained in Schedule 1.

This Document is addressed to parties who may be interested in the proposed letting of the above Contract.

This Document:

- (a) provides background information and details of the Contract;
- (b) outlines the process; and
- (c) describes the process for accreditation for receipt of an ITT.

## **2. Contract Objectives**

### **2.1 Departmental Objectives**

The Department's preferred strategy for the introduction of the additional capacity on the West Coast Mainline is consistent with the following project objectives:

- to provide additional capacity through the purchase of new Class 390 Pendolino trains and the lengthening of part or all the fleet to 11-cars.
- to deliver into operation the new rolling stock as early as possible in the life of the next WCML franchise (after March 2012).
- to deliver essential depot works in readiness for 11-car operations by 2010.
- to deliver essential station infrastructure works (i.e. platform lengthening, signal modification and SDO capability) in readiness for 11-car operations by 2010.
- to deliver the 1<sup>st</sup> new 9-car Class 390 set into operation in 2010, thereby permitting the integration of the 10<sup>th</sup>/11<sup>th</sup> intermediate vehicles and attain all safety approvals and certification in 2012.
- to make available to the WCML re-franchising process full disclosure concerning the integration risks and deliverability of the 11-car lengthening programme.
- to deliver the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> fully integrated 11-car Class 390 sets into operation by 31 March 2012 in readiness for immediate use upon franchise change.
- to permit the earlier introduction into service of the newly integrated 11-car sets by Virgin Trains, subject to agreement with Virgin Trains.
- to undertake the integration of the 10<sup>th</sup>/11<sup>th</sup> intermediate vehicles within the existing 9-car Class 390 fleet early in the successor franchise, preferably during the H3 Examinations.

Schedule 2 contains a diagrammatical summary of the existing and proposed contractual arrangements to be put in place as part of the Project.

## **2.2 Requirements of the Service Provider**

The Department for Transport (the "Department") wishes to procure a Service Provider who is capable of lawfully operating on the Network Rail network to provide support to the Department throughout the procurement, design, finalisation, manufacture, delivery, testing and commissioning of additional Class 390 Pendolino vehicles, sets and maintenance services. This support is required up until the end of the current West Coast franchise (31 March 2012) after which date the services will be provided by the new franchisee.

The Service Provider will be required to provide, amongst others, the following:

- entry into contracts as directed by the Department, either directly or indirectly, with the ROSCO, Manufacturer and/or Maintainer
- the review of the Manufacturer's Construction and Test Plan
- the inspection and certification of the construction of the new vehicles
- the readiness of all infrastructure upgrades of Network Rail infrastructure (including depots)
- obtaining all necessary possessions and/or paths to Network Rail infrastructure to facilitate the testing, commissioning and acceptance activities
- the provision of drivers during all track testing, commissioning and acceptance activities
- the movement of rolling stock to and from stabling to test locations
- the provision of rescue and recovery of failed rolling stock from test locations
- the attainment of a Statement of Compatibility from Network Rail
- securing a Safety Certificate and to establish a Safety Management System for the Pendolinos

## **3. Overview of the Accreditation Process**

### **3.1. Qualification to receive an ITT**

Applicants are invited to express an interest in qualifying to receive an ITT in respect of the provision of a Service Provider to provide the Operator Support Services by completing and submitting the Accreditation Questionnaire (the "AQ") which is available on the Department website.

Applicants may be requested by the Department to clarify aspects of their submission.

If there are a sufficient number of suitable Applicants, the Department intends to invite **no more than five** Bidders to submit a bid. Selection of the Bidders will be made on the basis of ranking the Applicants on the scoring achieved for the AQ responses submitted. The Department reserves the right to invite bids from any number of Applicants.

Applicants completing the AQ will be offered a de-briefing on their submission. This will include whether the Applicant passed or failed Parts A and B, their percentage scores for Parts C and D and their ranking vis a vis other Applicants. The Department will not disclose the breakdown of percentage scores, the scores of other Applicants or the rankings and preferences of other Applicants.

### **3.2 Changes in Circumstances**

Applicants (including, for this purpose, each Parent and Member) are required to inform the Department promptly and in any case no later than twenty-one days, after the occurrence of:

- (a) Any change to their corporate structure from that set out in their application to qualify to receive an ITT (but not where this relates specifically to changes to the bid vehicle, which is dealt with in accordance with paragraph 3.4 below). This includes the grant of any options to acquire shares, any agreement relating to the exercise of rights attaching to such shares, and any amendments to a shareholders' agreement, articles of association or similar constitutional documents;
- (b) Any changes to the information provided to the Department as part of the Accreditation process; or
- (c) Any other changes to their circumstances, or the basis of their Questionnaire submissions, which may be expected to influence the Department's decision on their suitability for qualification for receipt of an ITT.

The Department reserves the right to approve or reject such changes (including any changes to the basis on which the Applicant may be accredited to receive an ITT), or to impose such conditions as it considers appropriate. A rejection of the changes may result in the Applicant being excluded from further participation in the competitions.

### **3.3 Changes to Bid Vehicles**

Applicants which are joint ventures or consortia may wish to qualify to receive one or more of the ITTs. In these circumstances, the Department would require details of the proposed arrangements set out in a shareholder agreement in order to assess their robustness.

Under UK and EU procurement law the Department must treat all Applicants fairly, equally and transparently. Prior to the issue of an ITT, the Department will establish whether Applicants are suited to receive an ITT and carry out its assessments of Applicants for this purpose at the Accreditation stage.

This means that it may not be possible for the Department to accept bids from entities that are materially different from those that it qualifies to receive an ITT.

The Department reserves the right to approve or reject any proposed changes. Applicants are reminded that procurement law limits the extent to which the Department may enter into dialogue with Applicants in relation to any proposed change to a bid vehicle, or give feedback on why any such proposed change has been rejected.

The Department therefore recommends that Applicants consider carefully whether they wish to bid as part of a joint venture or consortium and consequently, to have developed the terms upon which they intend to do so prior to submitting their response to the AQ.

### **3.4 Freedom of Information Act 2000**

The Freedom of Information Act 2000 (**the “FOIA”**) provides a general right of access to all information held by public authorities. The general right of access to information is then limited by a number of exemptions. The Department is a public authority. Upon a request for information, the Department must release that information unless one of the exemptions applies.

Applicants are also invited to identify which parts, if any, of their completed AQ(s) are provided to the Department in confidence and provide reasons why the information should be held in confidence. Applicants should however be aware of the Lord Chancellor's Code of Practice issued under Section 45 of the FOIA (which can be accessed at <http://www.dca.gov.uk/foi/reference/impref/codepafunc.htm> ). This limits the circumstances under which a public authority should agree to hold information in confidence.

## 4 Overview of the Bidding Process and Award of the Contract

### 4.1 Bidding Process

The indicative steps proposed for the bidding process for the Contract is outlined below:

May 2008	Announcement of Accredited Bidders
May 2008	Invitation to Tender Issued
July 2008	Receipt of bids in response to ITT
July 2008 onwards	Evaluation, negotiations and clarification
Autumn 2008	Contract Award

It is envisaged that those Applicants who have successfully qualified to receive an ITT will be provided with documentation that includes:

- (a) an ITT, giving details of the bidding timetable and procedures, the information required in bids, the criteria for evaluating bids; and
- (b) full details of the terms and specification relating to the Contract.

Bidders will have one opportunity to put in a comprehensive, best value bid.

Between issuing these documents and receiving tenders, meetings may be held with Bidders to provide consultation and guidance as to the Department's requirements. After receipt of bids the Department may hold clarification meetings with the Bidders. The aim of this process is to gain a greater understanding of the bids, and to aid in the evaluation of the bids. Following the evaluation of bids, a shortlist of Bidders may be selected to conclude final negotiations. The Department takes the view that this process will not be protracted due to a clear and concise specification set out in the ITT documentation. The Department reserves the right to request clarification submissions from short listed Bidders throughout this process.

## 4.2 Award of the Contract

The Contract will be awarded to the bidder who presents the most economically advantageous tender in terms of the criteria specified in the ITT. The Department reserves the right not to award the Contract to any bidder.

There will be a number of conditions precedents to the completion of the Contract, for example, relating to the execution of track access agreements, other contractual agreements and the provision of financial guarantees where these are required. The ITT and related documentation will contain further information. Potential Applicants' attention however is drawn at this stage to the following, which will be included as conditions precedent:

- (a) the obtaining of the appropriate licences from the ORR. Further details will be given in the ITT but information can also be found in the Railways Act and the Transport Act 2000 and by accessing the ORR website at [www.rail-reg.gov.uk](http://www.rail-reg.gov.uk);
- (b) the obtaining of a Safety Certificate from ORR for the type and extent of operation required (being the statement of procedures, standards and internal regulations designed to achieve the safe provision of the operation of the franchise services). Further details will be given in the ITT but information can also be found in the Railways and Other Guided Transport Systems (Safety) regulations 2006 [www.rail-reg.gov.uk](http://www.rail-reg.gov.uk).

The Department may, at any time during the bidding process, require Bidders to demonstrate that they will be in a position to obtain the necessary licences and Safety Certificate from ORR. The Department may, at any time, during the bidding process require Bidders to apply for the necessary licences and Safety Certificate from the ORR in order to ensure that both are obtained prior to the franchise start date.

Each of the steps in the bidding process described above is indicative only and the Department reserves the right to vary, suspend or terminate the process on the Contract in any way including:

- terminating negotiations for the award of the Contract after or before the selection of a preferred bidder; and
- whether or not to select a single preferred bidder with whom to negotiate and conclude on the basis of Bidders' tenders.

No discussions or negotiations will be legally binding on the Department unless it expressly agrees otherwise in writing.

## **5 Instructions for lodging an application to qualify to receive an ITT**

### **5.1 Lodging of Applications**

When applying the applicant is required to submit four hard copies in ring binders plus five electronic copies on CD plus one electronic copy in HTML format of a completed response to the AQ, answering all of the questions completely. Completed responses should be delivered at or prior to **10:00 BST on 18 April 08** to Andrew Rowland, Department for Transport, Zone 3/27 Great Minster House, 76 Marsham Street, London, SW1P 4DR. Submissions should be taken to the loading bay which is accessed from Page Street.

No other documents or information should be submitted with the completed response. The responses should be submitted in boxes marked "Pendolino Train Lengthening and Fleet Replacement Project - Accreditation for receipt of ITT". The boxes should not be marked in any way that would indicate the identity of the Applicant. Responses received after the deadline set out above or which are not duly completed and signed may be disregarded. Nevertheless, the Department expressly reserves the right, in its absolute discretion, to treat any response to the AQ as valid and to proceed with the inclusion of any Applicant notwithstanding any procedural defect in relation to a response to the AQ.

All responses must be in English.

An application to qualify for receipt of an ITT will be considered on the basis of information supplied in accordance with the requirements of the AQ. The Department expects the information supplied in responses to the AQ to be concise and unambiguous and remain within the required word/sheet count detailed in the AQ. Any submission beyond the required word/ sheet count will not be considered as the limit is considered to be a reasonable size to allow the bidder to answer in the breadth and depth required at this stage. However, the Department reserves the right to seek clarification of any information contained in responses to the AQ from Applicants.

Electronic copies of the AQ are available on the Department's website [www.gov.uk/pgr/rail/pi](http://www.gov.uk/pgr/rail/pi) and, in cases of difficulty, on request from Dale Ward (e-mail [dale.ward@dft.gsi.gov.uk](mailto:dale.ward@dft.gsi.gov.uk) , telephone 020 7944 3693) or Jim Cross (e-mail [jim.cross@dft.gsi.gov.uk](mailto:jim.cross@dft.gsi.gov.uk) telephone 020 7944 3907).

It is anticipated that Applicants will be informed whether or not they have qualified to receive an ITT by early May 2008. The Department reserves the right to change the timing and any other aspect of the proposed award of the Contract process at any time without prior notice.

In no circumstances will the Department be responsible for any costs incurred by Applicants in the preparation of responses to the AQ and/or in connection with the process for the award of the Contract.

## **5.2 Requests for Clarification**

Applicants may request clarification of the matters covered by this document. These issues should be sent by email to [PQQ@dft.gsi.gov.uk](mailto:PQQ@dft.gsi.gov.uk) .

Clarification requests can be made at any time however, applicants should note that the last date for the receipt of clarification questions is 4 April 2008. Responses will be made by the Department by 11 April 2008.

The Department will issue, from time to time, a bulletin summarising the clarification requests and the Department's response. This bulletin will be posted on the Department website [www.dft.gov.uk/pgr/rail/pi](http://www.dft.gov.uk/pgr/rail/pi) . A final bulletin will be issued by 14 April 2008.

## Schedule 1 – Pendolino Train Lengthening and Fleet Replacement Information

The Class 390 Pendolino is a unique feature of the West Coast franchise and therefore in order to provide additional capacity on the West Coast mainline additional Pendolino vehicles need to be acquired.

### Fleet composition requirements

The Department proposes to increase capacity on the West Coast mainline by enabling the procurement of the following additional Pendolino sets and vehicles:

- the delivery into operations of 4 new 9-car Class 390 sets and the lengthening of 35 9-car Class 390 sets to 11-cars (i.e. 106 new vehicles) by December 2012; plus
- an Option (A) exercisable no later than Q3 2010 to procure and deliver into operations the lengthening of up to 21 additional 9-car Class 390 sets to 11-cars (i.e. up to an additional 42 vehicles) by December 2012; plus
- a later Option (B) for the purchase of up to 23 new 8-car, 9-car or 11-car sets (for the purpose of further fleet enhancement and / or displacement of the Voyager fleet) as a 'run-on' to the core rolling stock procurement.

### Delivery into service requirements (pre 31 March 2012):

It is proposed that a rolling stock company (“**ROSCO**”) will acquire the vehicles from a manufacturer (the “**Manufacturer**”) and the ROSCO will appoint the Service Provider to carry out testing and safety acceptance checks of the vehicles. The ROSCO and the Manufacturer will work together to optimise the scheduling of manufacturing, delivery, testing and commissioning activities in order to fulfil the following entry into service dates:

### Pre 31 March 2012:

- |  |         |
|--|---------|
| • QTOC 1 <sup>st</sup> new 9-car Class 390 set   | Q3 2010 |
| • QTOC 1 <sup>st</sup> new / new integrated 11-car Class 390 (i.e. integration of new 9-car Class 390 with new 10 <sup>th</sup> /11 <sup>th</sup> intermediate vehicles) | Q1 2011 |
| • QTOC 2 <sup>nd</sup> new / new integrated 11-car Class 390   | Q2 2011 |
| • QTOC 3 <sup>rd</sup> new / new integrated 11-car Class 390   | Q3 2011 |

(i.e. integration of new 9-car Class 390 with new 10<sup>th</sup>/11<sup>th</sup> intermediate vehicles)

- QTOC 4<sup>th</sup> new / new integrated 11-car Class 390 Q4 2011

Stabling costs will be the responsibility of the Manufacturer, but the Service Provider may be required to operate the trains on the network in accordance with the Manufacturer's 'warm storage' specification.

Delivery into service requirements (from 1 April 2012):

Upon franchise change, the Contract shall terminate

The incoming franchisee will then work with the ROSCO and Manufacturer to optimise delivery, testing and commissioning activities in order to fulfil the following planned entry into service dates:

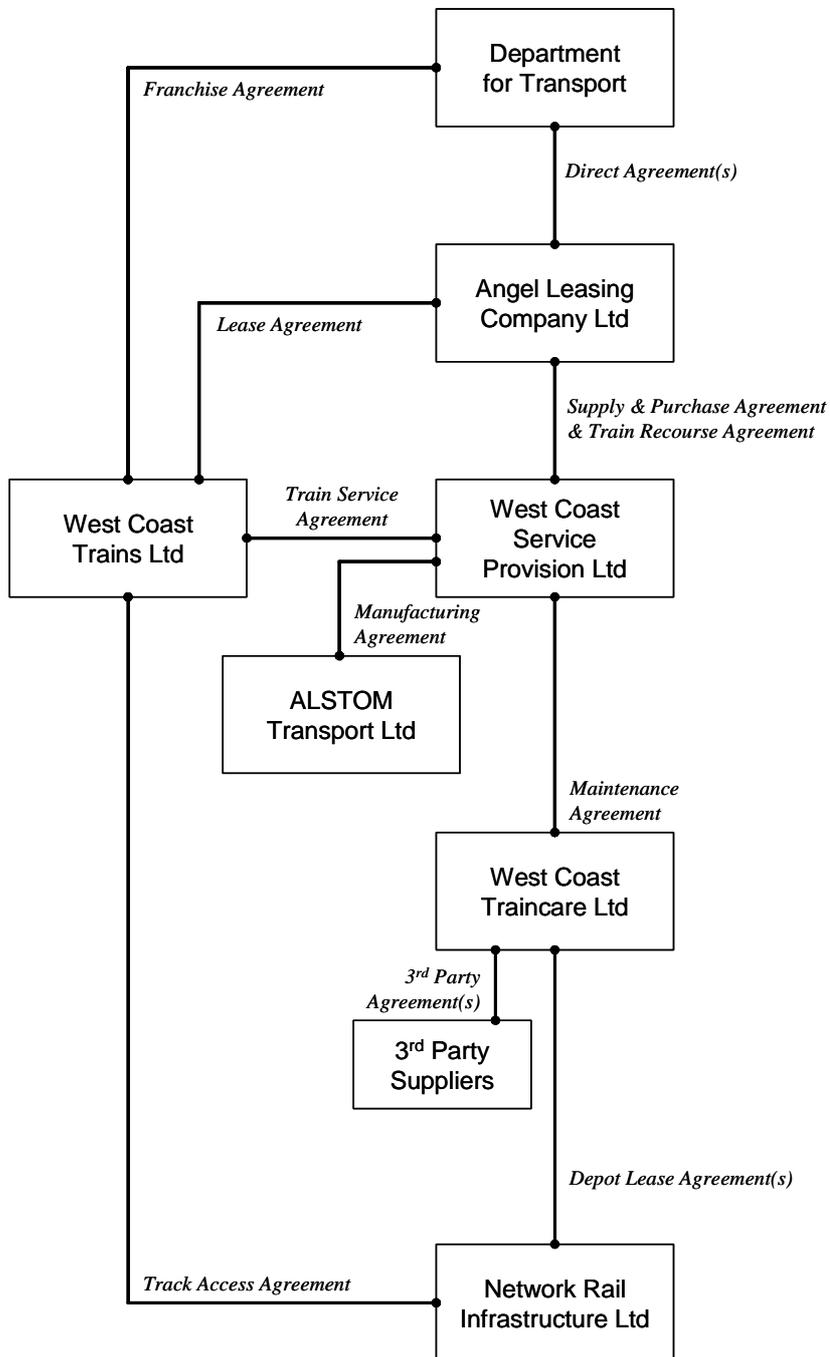
From 1 April 2012:

- 4 No new / new integrated 11-car Class 390 sets enter revenue service (unless introduced into service within Virgin Train's franchise) Q2 2012
- QTOC 1<sup>st</sup> old / new integrated 11-car Class 390 set and enter into revenue service (i.e. integration of existing 9-car Class 390 with new 10<sup>th</sup>/11<sup>th</sup> intermediate vehicles) Q2 2012
- QTOC 2<sup>nd</sup> to 31<sup>st</sup> old / new integrated 11-car Class 390 sets and enter into revenue service Q2-Q4 2012
- If Option (A) is exercised, QTOC 32<sup>nd</sup> to 52<sup>nd</sup> old / new integrated 11-car Class 390 sets and enter into revenue service Q2-Q4 2012

It is anticipated that the accelerated integration of the new intermediate vehicles within the existing 9-car sets can be achieved by the end of 2012. This is made possible through the immediate availability of the four new 11-car sets.

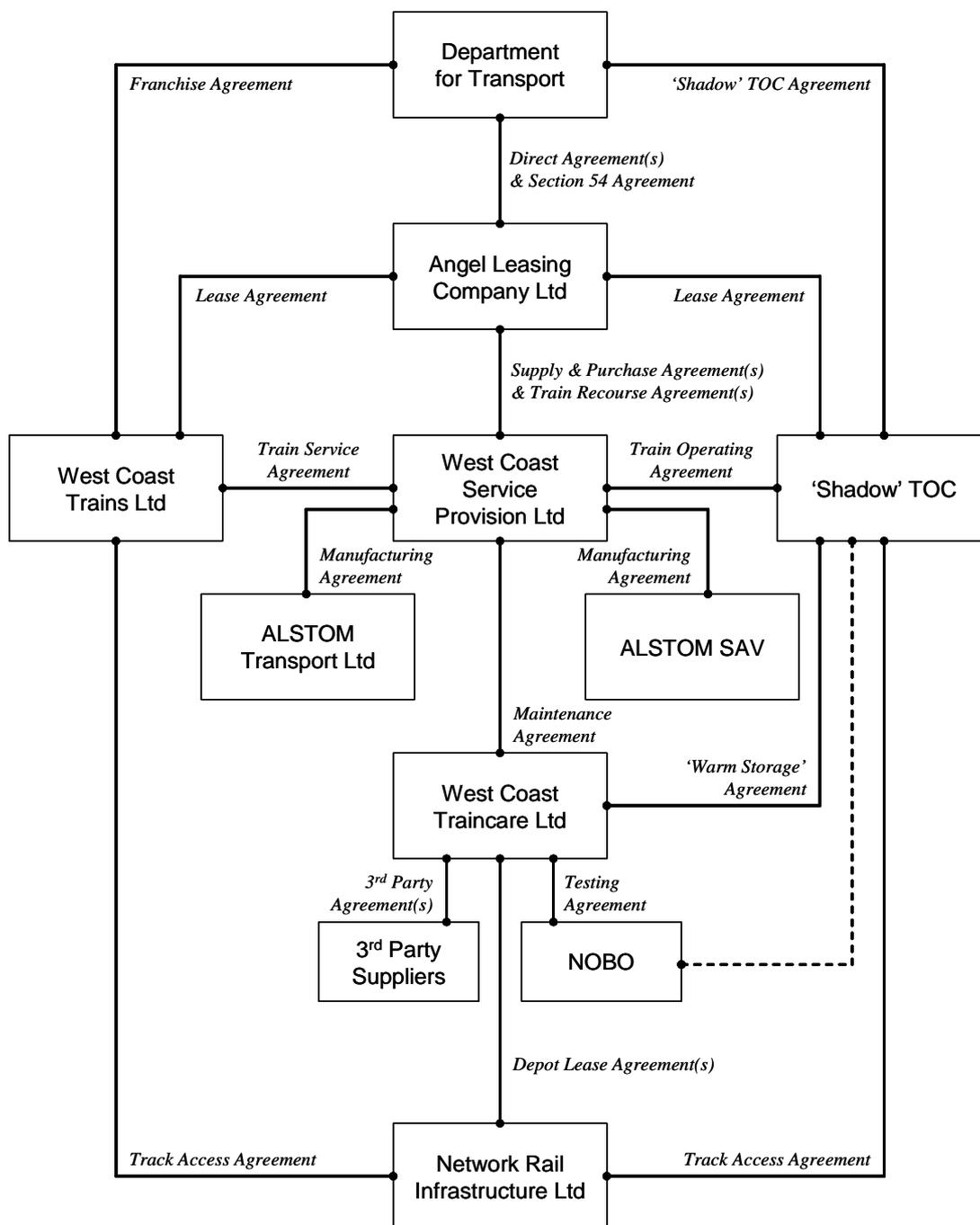
## Schedule 2 – Indicative Contract Structures

Figure 1 provides an indicative representation of the current contract structure.



**Figure 1: Indicative Contract Structure: Current**

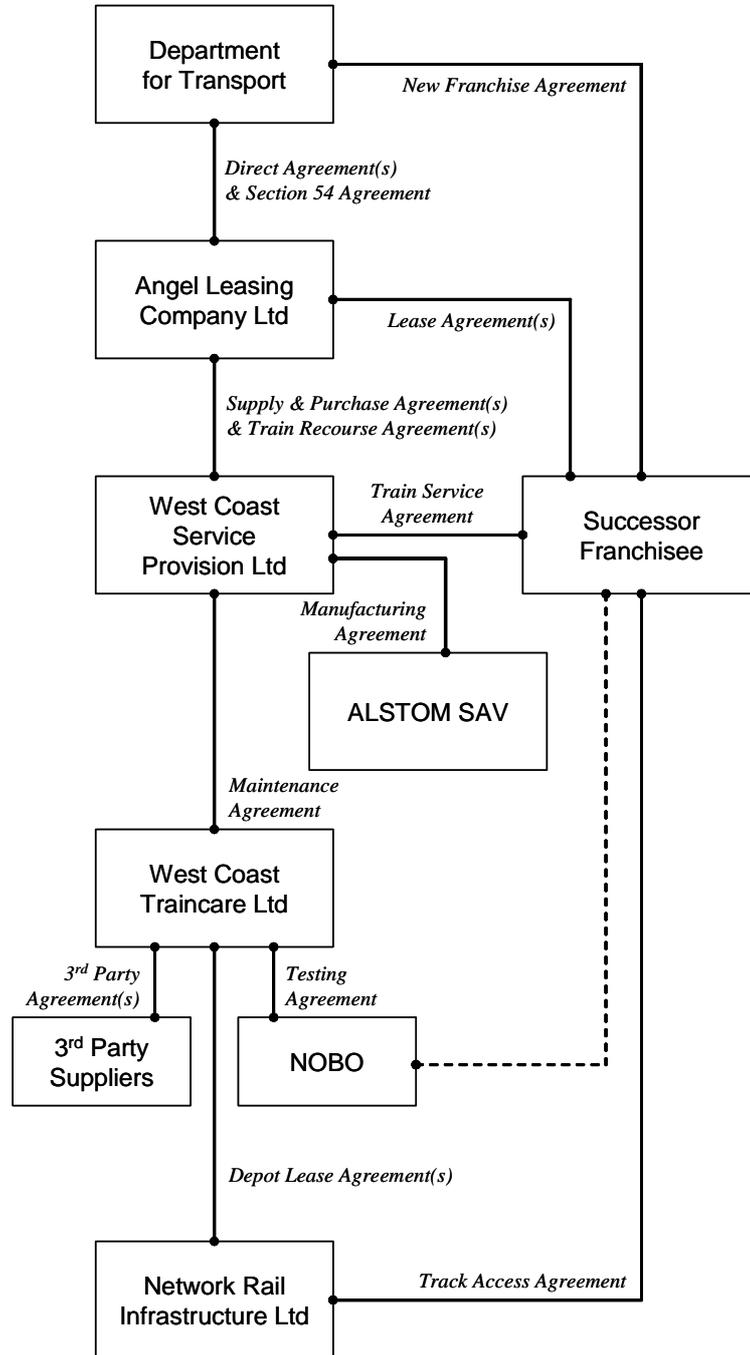
Figure 2 provides an indicative representation of the proposed contract structure to



31 March 2012.

**Figure 2: Indicative Contract Structure: to 31 March 2012**

Figure 3 provides an indicative representation of the anticipated contract structure from 1 April 2012.



**Figure 3: Indicative Contract Structure: from 1 April 2012**