

Rail Delivery Group



Becoming a Retail Partner for National Rail Products

*Frequently Asked Questions
February 2020*

Licencing and Setting up your Operation

Q Do I need a licence if I want to sell National Rail products as a Retail Partner?

A You will need to be licensed by Rail Delivery Group if you intend to become a Retail Partner and sell National Rail products. There are various types of licence depending on the type of operation you are setting up.

For example, an Investor Licence is the most comprehensive and offering the most long-term security, although does require the greatest commitment.

Other types of licence are also available which we can go through in more detail with you.

You will not need to be directly licenced if you intend to enter into a Sub-Agent, Whitelabel or Affiliate relationship with an established retailer. Just to note, you will still need Rail Delivery Group approval for this but we can put you in contact with established retailers if you decide that's the best route for you.

Q What are the different types of types of Licences available?

A There are various licence types available depending on the range of products you are considering selling;

- Investor Licence – used to licence B2C retailers with a provision for B2B.
- There is an Interim variant of this licence which is used as the staging post towards gaining an Investor licence.
- International Licence – used to licence B2C retailers selling National Rail to inbound consumers, with a provision for B2B.
- Season Product Licence – used to licence B2C retailers wishing to only retail season products, with a provision for B2B.
- Travel Agents Licence – used to licence B2B retailers predominantly in a TMC environment.
- ITX Licence – used to licence retailers wishing to offer National Rail as part of Inclusive Tour packages.
- Approved Third Party – used to licence an Agent that is selling a defined range of products on behalf of a sponsoring TOC.

Please talk to us about the type of business you are proposing as this will determine the most appropriate licence type for you.

Q Is there an application fee for a licence?

A Yes – Generally there is an application fee of up to £10,000 (exclusive of VAT) to cover our costs during the of processing the application up to and including the granting of a Licence. Please be aware that this fee is non-refundable in any circumstances, even if a Licence is denied, or subsequently withdrawn.

As part of your application though we will discuss application fees and any other costs with you including the ongoing fees you can expect to see when you are Live.

Q Who approves an application for a retailing licence?

A Although applications are made to ATOC, approval of applications are made by a committee made of commercial representatives from Train Operating Companies.

Once the detailed discussions and any negotiations have been completed, the decision to grant the Licence is passed to a sub-committee of the Operators to be formally agreed, who has the ultimate authority to accept or reject the application.

Q Apart from application fee, what other set-up costs should I take into consideration?

A Whether you are planning to build a new Ticket Issuing System (TIS) or use an existing solution, you will need to consider the level of start-up investment they may need to commit to outside of this licence, particularly in the case of new entrants to the industry.

Here are some examples of areas that you need to take into consideration, although this should not be seen as an exhaustive list:

- The licence application fee (non-refundable);
- Research and development costs if building a new TIS plus the costs to get that system accredited;
- Procurement and licencing costs if planning to source a system from an existing TIS supplier;

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- Ongoing licence fees;
- Ongoing Bonding
- Set-up and ongoing connectivity costs for accessing our systems
- Ongoing Service Charges (for the receipt and use of our data and access to and the use of our systems).

The latter two applies to all retailers, including train operating companies, and are either proportionate to the retailer's share of total rail industry sales and revenue, or are based on volume usage.

The total fees will be determined according to individual circumstances.

Q What does the ongoing licence fee cover?

A Licence fees are payable to recover costs that are incurred by us in the administration of the Licence; access to Rail Delivery Group resources and access to industry collateral.

Q What is Bonding?

A Bonding is a guarantee or other form of security as agreed by RSP that you need to have in place and keep renewed, before your operation enters into pilot.

Regardless of credit rating, all Agents are required to obtain and maintain a bond in favour of ATOC/RSP. RSP will call upon the bond if an Agent fails to meet a settlement payment on the required payment date.

Q How much is the bond set at?

A As an indication, the amount will be $\frac{3}{4}$ of the greatest amount paid by an Agent in respect of sales and refunds made in a settlement period in the previous Rail Delivery Group financial year (1 April to 31 March). We determine the value of the bond for new Agents based on your projected turnover. More details on Bonding is available [here](#).

Q Are there other on-going costs on top of the licence and set-up costs that I should also take into consideration?

A Yes – there will be on-going Service Charges for connectivity to our back-office systems plus ongoing RSP data costs. There may also be an annual licence fee.

We will go through fees in detail with you as part of your application.

Q What else should I take into consideration that may not be immediately obvious?

A You will also need to complete some other very specific tasks, for example you will need to request a code for the point you are going to be retailing from (a National Location Code), and you will need to confirm that the correct connectivity is in place to allow your system to communicate with our systems.

Please talk to us about the specific tasks that need completing and when they should be scheduled.

Q What sort of help can I expect from Rail Delivery Group during the application?

A We are available to help and support you through your application. We are able to help with technical understanding of the systems and data that your system will need to interact with. We can also offer help and advice to ensure you understand the relevant Standards that you will need to conform to.

You may also want to consider buying some consultancy time from us to give you additional and specific access to our Accreditation Team.

Q What happens if I change my mind?

A You can change your mind at any point before and withdraw immediately, please note that neither the application fee nor any consultancy you may have paid for is refundable.

Q How long is the Term of the licence?

A Licences commence on the date the licence is agreed and signed. The Term then continues until further notice.

Q Can the licence be terminated once agreed?

A Yes – You can terminate your Agreement at any time by the one year’s notice in writing to Rail Delivery Group.

- The Licence cannot be terminated by Rail Delivery Group except on the grounds of material breach or insolvency of either party.
- These are examples of breach that may lead to termination includes:
- Failure to achieve initial Accreditation, or, where required, reaccreditation within the reasonable specified period;
- Failure to obtain the agreed bond amount;
- Failure to maintain the agreed bond amount for 5 days or more;
- Failure to pay any Settlement amount due to Rail Delivery Group on two consecutive payment dates;
- Bringing the industry and/or Operator(s) into disrepute;
- Jeopardising the safe and efficient operation of the railway;
- Persistent failure to retail accurately, impartially and/or in accordance with agreed Standards;
- Corporate fraud.

Standards and Accreditation

Q What is an Accredited TIS?

A Ticket Issuing Systems (TIS) interfaces with a number of critical central railway IT systems. It is therefore essential that your TIS operates in accordance with the defined standards so that (i) it does not interfere with the operations of the systems and other users; (ii) all rail products sold are accurately reported; and (iii) subject to the agreed rules, products are sold impartially and accurately.

An Accredited TIS is a TIS that conforms to these standards. TIS Accreditation is the process by which we ensure this is the case. Full

details of how this applies to you and your choice of TIS will be explained once we understand your intentions.

Q Do I have to develop my own TIS?

A No – There are already Accredited Ticket Issuing Systems. The list is [here](#). We can put you in touch with contacts if you are interested in going further down this route.

Opting to enter into a commercial agreement with a Supplier of an already Accredited TIS which means some or all of our Service Charges are included within that contract.

Your operation though will need to be accredited to confirm the relevant retailing Standards are being met.

Q What Does Impartially and Accurately mean?

A Certain licenses are strictly for impartial retailing, and as a rule, B2C retailing needs to be impartial. This means based on the search details given, Agents must advise customers on all the rail product that best meets their requirements. This must be done without favouring the products of one operator over another. For example, it is not sufficient to display or offer just the cheapest options as customers may, be more interested in a quicker but more expensive option, likewise it is not sufficient to simply offer the quickest services. Results should be tailored though depending on the details given by the customer at the time of the enquiry, and an Agent must provide the capability in their system that allows for this tailoring.

If applying for an Impartial licence you will need to demonstrate to us that you have suitable systems and management controls in place to ensure impartiality and accuracy before a licence can be granted. You will also be subject to periodic monitoring activity (e.g. mystery shopping) to confirm these controls and measures remain in place against a set of published Rail Delivery Group Standards.

You can find more details on Impartial Retailing within this guide [here](#).

Q What are the Standards?



A Our Standards specify the minimum applicable standards that your operation will be measured against, for example are measures in place to deal with refunds, changes of journey and customer support. In the same way your TIS needs to be accredited, your overall operation also needs to be accredited to confirm it meets the minimum standards. Again, more details of how this applies to you and your operation will be explained once we understand more about your proposal.

Q How long does Accreditation typically take?

A There is no set time for Accreditation but the generally speaking the more work you do in advance, particularly around testing, the easier (and potentially cheaper) the Accreditation process will be for you. Generally, the complexity of the fare structure is the area requiring most attention.

It is recommended though that you arrange to meet with the Accreditation team before you submit your system for Accreditation. This will give you a better understanding of what is expected from the process. Broadly speaking, you should be aiming towards the order of 6 months for a new build and 3 months for an upgrade.

If you are buying an off-the-shelf system from a known supplier then it is possible that the system is already RSP approved, but please note that any modifications will result in some degree of further accreditation.

Q Is there a cost to Accreditation

A Yes – Accreditation costs are £1000 per day.

Retailing

Q Once my system is accredited, can I start retailing?

A Yes – although you will already retailing be as your system will be within a Live environment whilst in the Pilot phase.

Q Is there a range of National Rail Products must I offer for sale?

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- A Yes – there is a range of National Rail Products that must be offered for sale, which is dependent on the type of licence you are applying for. Not every licence allows the retailing of every product type, for example, not all Retail Partners can sell Season Tickets.

The more comprehensive the licence, the wider the range of products you will be expected to offer. We will talk through the range with you in more as discussions progress.

Q Does a licence allow me to also sell other Rail Products that are not National Rail Products?

- A That depends on whether the product you want to sell is included within our data. For example, a number of TOCs price through fares to attractions and events, which is included in the data and can be sold.

Our licences though do not extend to include European rail data and if you want to European rail, you will need to approach providers of that data. We can help with introductions if you'd like us to.

Q Are There Products that I cannot sell?

- A Yes – Although our licences allows you to sell a wide range of National Rail products, there are products that are purposefully excluded, for example, staff discounted tickets cannot be sold under any of our licences.

Q What happens if some National Rail Products or services are not suited to my distribution channel?

- A Licence negotiation will identify the products (if any) you don't want to offer. These will be listed in List of Rail Products Authorised for Sale by the Agent schedule in the Licence Template. However, the Licence may oblige you to sell certain National Rail Products, even if it wasn't your original intention to do so.

Q How do I get paid for selling National Rail?

- A We pay you a commission for every rail ticket you sell and that is settled through our systems.



Q What is the rate of commission paid on the sale of Rail Products?

A Commission rates paid on the sale of National Rail Products is subject to retail channel used, and the licence type being applied for.

You should note though that the published commission rates cover the Products that are authorised to be sold by Agents. If additional Products are added to that list, it does not follow that commission rates will be the same as those published.

Q Do you expect to see a Business Plan?

A Yes – You will be required to agree an initial Marketing & Promotion Plan with us. This plan sets out in some detail how you intend to sell National Rail Products and provide Train Service Information during the term of the Agreement. Particular emphasis is placed on the first 12 months of the Agreement with the plan providing outline details for subsequent years.

This will become a rolling plan that you will be expected to update annually, including the detailed element for the upcoming 12 months.

Q How is the commission calculated?

A The Agent's Fee is calculated using the value of the National Rail Products sold or issued, after reductions have been made for any refunds paid during the Settlement Period, less any applicable discount payable. Commission rates are subject to periodic review and are based on the method of retailing used.

Commission payments are made every four weeks.

Q How do you know what I've sold?

A An Rail Delivery Group approved TIS is designed to capture complete and accurate records of all sales of National Rail products and to supply these records automatically to our revenue allocation system. You must ensure that there is a connection between your TIS and our systems in the way specified by us.

Q How do you access the money I have taken from sales of National Rail products?

A We have a settlement process which operates on a four weekly cycle. At the end of each four-week accounting period, the amount due from an Agent is calculated as follows;

During the accounting period, you will be required to make four payments to Rail Delivery Group by direct debit under a mandate granted to RSP Ltd.

- The sum of the prices of the rail products sold; less
- The amount of refunds made; less
- The Agents commission.

Week 1 (Friday)	Interim Payment 1
Week 2 (Friday)	Interim Payment 2
Week 3 (Thursday)	Final Payment for the Previous Period
Week 4 (Friday)	Interim Payment 3

The interim payment is 1/3 of 70% of the amount paid by the Agent for the corresponding accounting period in the previous year. For new operations, RSP will estimate the value of the interim payment from the business plan sales forecasts.

The final payment made by the Agent will be notified 9 business days after the period end. The final payment must be paid on the 14th business day after the period end and comprises of:

- The amount due for the period concerned; less
- The sum of the three interim payments made in that period.

We will let you know what the latest published settlement dates for each period.

Q Is VAT chargeable?

A All sums referred to in these guidelines are exclusive of VAT. Any VAT which is chargeable will be charged by submission of the relevant and appropriate VAT invoice.

National Rail Products are currently zero rated for VAT, but please note the obligation to accommodate, at your own expense, any changes to this arrangement.

Q How will I obtain Ticket Stock?

A It is your responsibility to procure stock that meets the ticketing specifications, we will though provide contact details to you of the approved ticket stock supplier. You also have an obligation to keep all ticket stock secure.

Q How do I get fares and timetable information etc?

A Data is provided electronically via our data feeds in a raw format, or you can take formatted data from a recognised supplier. Sample data and more background information about the data types and what they consist of is available [here](#).

Interface specifications are also available which we can provide on request.

Q What contact with Rail Delivery Group will I have after I am up and running?

A You can expect ongoing contact and support from us once you are in full operation. We see our dealings with retailers as both long-term and collaborative so we will be in regular contact both formally and informally long after you are retailing.

Q What level of Management Information does ATOC expect?

A You will be expected to allow ATOC and or RSP to monitor specified aspects of your performance against your obligations. These include sales statistics, complaints statistics, details of operating and transactional costs and customer details.

Next steps

Q Is there anywhere I can see more documentation

A Yes – useful documents and sites are listed below

We maintain a database called ASSIST (Accreditation Standards Site Integrating System Toolset) ASSIST is where all our Standards and specifications are stored including details on the Accreditation process. The documents held are available for you to download, or to view online. Updates and new Standards will also be published here. You can request an account [here](#).

A Retailer Set-Up guide is [here](#). This is a guide to our systems and services which you will need to interact with as part of becoming a National Rail retailer. It aims to highlight the various areas which you should consider in order to progress from an initial concept through to live operation.

A detailed guide to Accreditation is available [here](#).

Q Is there an alternative if I still am interested in becoming retailer but do not feel ready for the commitment of a licenced agreement?

A Yes – You could consider becoming either a Sub-Agent, an Affiliate or a Whitelabel to an already Accredited Retail Partner.

Most of the existing Retail Partners have their own Affiliate programmes. You would need to contact the retailer directly. Although we wouldn't be directly involved in the affiliate relationship, we can put you in touch with existing partners.

Q What are the next steps?

A If you're still interested in knowing more about becoming a retailer, please get in touch as we'd love to hear from you. You can email enquiries@raildeliverygroup.com with details of your ideas and why you think they'd be suited to retailing National rail products.