

Association of Train Operating Companies

**Guidance Note
- Inter Company
Component Change
Contract Variation (CV)
Approval Process**

Issue 1 – November 2014

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Synopsis

This Guidance Note (GN) details the industry approach for effective and efficient component change Contract Variation (CV) approval, particularly for CVs affecting multiple stakeholders.

ATOC/EC/GN/001 will be integrated into ACOP/EC/01006 during its next update.

A handwritten signature in black ink, appearing to read 'BAckroyd', positioned above a horizontal dashed line.

**Guidance Note –
Inter Company Component Change
Contract Variation (CV)
Approval Process**

ATOC Guidance Note

ATOC/EC/GN/001

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Guidance Note – Inter Company Component Change Contract Variation (CV) Approval Process

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Part A

Issue Record

This Guidance Note will be integrated into ACOP/EC/01006 during the next update.

Amended or additional parts of revised pages will be marked by a vertical black line in the adjacent margin.

Issue	Date	Comments
1	14/11/2014	Previously issued as SCF/GN/001 Issue 1 July 2013

Explanatory Note

This technical publication has been produced in consultation with a cross section of rail professionals, including the supply base, TOCs and the ROSCOs, and, is to be disseminated within the railway industry.

However, ATOC is not a regulatory body and this publication is not a mandatory standard. This publication is advisory only and must be evaluated and implemented as appropriate at the sole discretion and responsibility of the user. Any potentially conflicting arrangements contained in the relevant train lease agreements should take precedence over the processes described in this technical publication.

Every user is responsible for its own operation and carries full responsibility of ensuring safety of its own systems of work and inspection.

Whilst ATOC Guidance Notes are intended to disseminate best practice, users must evaluate this technical publication against their own requirements in a structured and systematic way. Some parts may be determined not to be appropriate at the user's discretion.

Guidance Note Status

This document is not intended to create legally binding obligations between train operating companies or their suppliers.

Supply

Controlled and uncontrolled copies of this Guidance Note may be obtained from the ATOC Director of Operations & Engineering.

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Part B

1. Purpose

The purpose of this document is to propose a process framework for industry-wide consultation leading to effective inter- company component change Contract Variation (CV's) approval and implementation by relevant parties. This process is intended to be used where engineering change to a component design (including hardware and software configuration), and/or any applicable specification, part number and drawing impacts on multiple stakeholders.

This document should be used in conjunction with ACOP/EC/01006 which covers Engineering Change and is implicitly linked to CV approval; for this reason ATOC/EC/GN/001 will be fully integrated into ACOP/EC/01006 during its next review.

2. Background

A proposed component change may be initiated by a Supplier, TOC or ROSCO where supply of a component or related service is via existing contracts between two or more parties, and, with a contract change to be formally recognised through use of a Contract Variation (CV) process. However, delays often occur with the approval and implementation of component change CVs; this can result in CVs with excessive time to implement, or never being implemented at all. The problem is amplified when multiple supply chain stakeholders (i.e. TOCs, ROSCOs or Suppliers) are required to assess and approve the technical impact of CV, because it is often necessary to seek unanimous agreement from all stakeholders via lengthy approval routes before a CV can be implemented e.g. when changing the configuration of common user material. This situation can cause significant frustration for stakeholders who have approved and are eager to proceed with a CV, but cannot do so without all relevant stakeholder approval.

Reasons for delays with CV approval are varied, but include; (i) extended or unclear approval routes between multiple supply-chain stakeholders, (ii) approvers being provided with inadequate technical information or justification to be able to complete their own approval, (iii) commercial / contractual barriers and (iv) a lack of consensus between multiple approvers, (v) extending consultation to potential or non contracted users.

In summary, the common component users within the rail industry are urged to be more effective and efficient with the approval and implementation of component related Contract Variations (CVs) as the existing approach can be lengthy and complex; this is especially relevant for CVs of a technical nature where there is potential to affect the reliability or safety of rail vehicles if their implementation is inhibited.

3. Scope

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This document outlines a successful CV framework process with multiple stakeholders for contracts directly linked to the component supply chain between inter-companies i.e. TOCs, ROSCOs and Suppliers, and which are for the supply of component parts and/or related services. It sets out the basic steps from initial inception through to approval and implementation, including appropriate routes to delivery with levels of decision points to proceed.

4. The inter-company component change CV approval process

4.1 The way forward

The key factor of CV approval is the 'TOC/ROSCO/Supplier CV approval triangle', illustrated in Figure 1.

CV proposals for a component related change can be initiated by any stakeholder from any side of the triangle; normally the CV proposal will then affect stakeholders from both of the other sides of the triangle, either directly contractually or indirectly as an owner or user. CVs also have the potential to be relevant to other stakeholders on the initiating side of the triangle; an example would be a cross-ROSCO specification change which affects multiple ROSCOs, multiple TOCs and multiple Suppliers.

The formal CV approval route needs to respect the contractual supply chain arrangements in place; however a downside to this is excessive approval timescales due to the series nature of the contractual supply chain. The CV approval process outlined in Appendix A seeks to shorten approval timescales by encouraging upfront informal involvement of all stakeholders to evaluate the content of CV proposals, whilst fully respecting contractual boundaries.

An onus exists on the initiating party of a CV to act as a Champion and to have the systems in place to monitor, manage and track the approval and implementation status of the CV and to make the non-commercial aspect of CV approval status regularly visible to all stakeholders directly affected by the CV; this visibility will assist in keeping a focus on CV approval.

The responsibility assignment matrix (RACI) for the component change CV process is shown in Figure 2.

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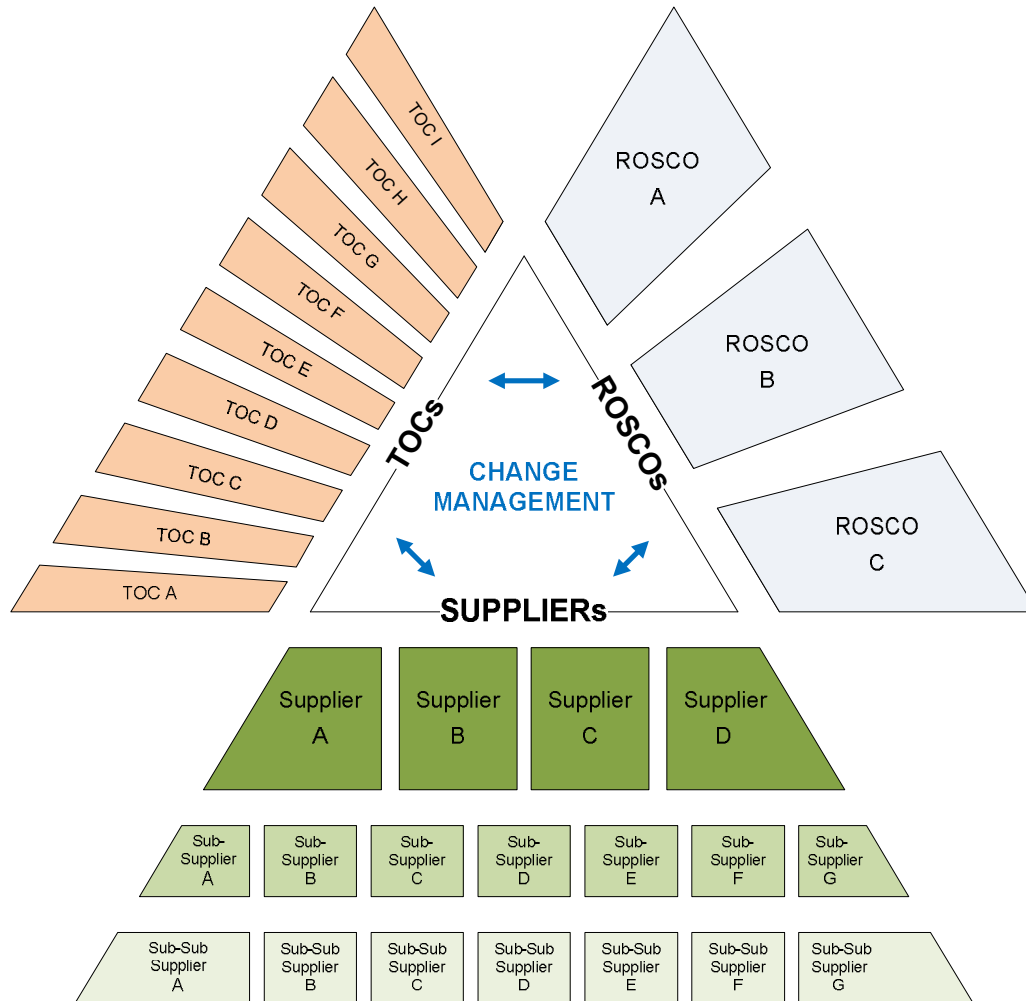


Figure 1 – Inter-company TOC/ROSCO/Supplier CV Approval Triangle

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Component change CV process	Champion (Supplier or TOC or ROSCO)	Component Supplier	Component sub supplier	TOC	ROSCO	Independent 3rd party reviewer										
Initiation of component change CV request process	A,R															
Informal feasibility stage to clarify component change CV scope with relevant stakeholders	A,R	C	C	C	C											
Production and distribution of component change CV pack to justify the request	A,R															
Review of component change CV request by stakeholders		R	R	R	R											
Independent 3rd party review of component change for generic change on behalf of relevant stakeholders, if required	A,R	C	C	C	C	R										
Securing Direct Replacement Component Certificate, where relevant, and the provision of supporting approval justification.	A,R	C	C	C	C											
Securing approval of component change CV by relevant stakeholders	A,R	C	C	C	C											
Commence and update a CV approvals status tracker	A,R															
Briefing of contracted stakeholders re change implementation strategy	A,R	C	C	C	C											
Advise to non contracted stakeholders re component change CV implementation	A,R	I	I	I	I											
Implementation of configuration control changes	A,R	I	I	I	I											
Stakeholders address internal strategy for change		R	R	R	R											

Key to RACI matrix

A = Accountable

The Champion where "the buck stops" - the lead company held accountable for the activity's overall success or failure.

R = Responsible

The stakeholder doing the required work.

C = Consult

Other stakeholders who must be consulted before action is fully agreed and implemented.

I = Inform

Other non contracted stakeholders who must be informed after actions are completed

Figure 2 – RACI matrix for the component change CV approval process

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4.2 Proposed inter-company CV approval process framework

The inter-company component change CV approval process framework is defined in Appendix A.

Inevitably this framework will never cover every eventuality, but aims to address the key following points:-

- Formalisation of an inter company approach for supply change CV approval
- Defining the change, identifying all stakeholders, agreeing the scope of change, securing outline agreement to the change
- Definition of a three-stage approach; Initiation > Approval > Implementation
- Inclusion of all directly contracted stakeholders in the CV approval process who are impacted by the proposed component related change – recognition of the ‘TOC/ROSCO/Supplier approval triangle’
- Shorter approval timescales due to a clearer approval process, as well as encouraging upfront informal involvement of all stakeholders in the evaluation of CV proposals
- ‘Fast track’ approval (by exception) of safety or high impact CVs, by offering a means for all stakeholders to prioritise these, including the use of no less than 60 day time-limited response deadlines where necessary
- An objective to minimise approval timescales by adopting parallel approval routes where possible, rather than defaulting to serial approval routes within lengthy or complex supply chains
- An objective to minimise stakeholder duplication of engineering review requirements for CV proposals, mainly by ensuring that the Champion provides adequate technical justification to support a proposed change
- Recognition of situations when changes to an individual component also result in associated change where the component is also a child item of a larger assembly e.g. a damper also forming part of a bogie and thus the requirement to extend the change to cover all associated documentation, where relevant.
- Recognition that each stakeholder has their own change approval process requirements for agreeing CVs
- Clarification of the DRCC (Direct Replacement Component Certification) scenario including mutual acceptance and DRCC signatories
- Relevance to ACOP/EC/01006 (Industry Engineering Change Process)
- An escalation process where there is failure to agree, or failure to engage

5 Definitions

The following definitions are used in this document.

- Champion: the company which is leading the supply change requirement. Any stakeholder or company throughout the supply chain (TOC, ROSCO, Supplier).

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- Contract Variation: any change to a contract agreed between the parties.
- Implementer: the Champion or alternatively an organisation leading the approval such as a lead supplier.

6 Abbreviations

The following abbreviations are used in this document

ATOC	Association of Train Operating Companies
ACOP	Approved Code of Practice
CV	Contract Variation
DRCC	Direct Replacement Component Certificate
RACI	Responsibility Assignment Matrix
ROSCO	Rolling Stock Leasing Company
TOC	Train Operating Company

Appendix A – CV Process Framework

