



Decision maker: Cabinet Member for Traffic and Transportation on 26 September 2013

Subject: Contract Award of Asset Management System/Host Operators Processing System (AMS/HOPS) and Customer Management System (CMS) for Concessionary Fares from 1 January 2014

Report by: Head of Transport & Environment Service

Wards affected: All

Key decision (over £250k): No

1. Purpose of report

- 1.1** This report considers and makes recommendations on the outcome of the joint procurement with Southampton City Council and Hampshire County Council for the provision of a Transport for South Hampshire (TfSH) Asset Management System / Host Operating Processing System (AMS/HOPS) and a Portsmouth Customer Management System (CMS).

2. Recommendations

- 2.1** To approve the award of a contract for a TfSH Asset Management System / Host Operating Processing System. (AMS/HOPS)
- 2.2** To approve the award of a contract for a Portsmouth Customer Management System. (CMS)
- 2.3** To award both contracts to Euclid of Forest Road, Denmead initially from the 1 January 2014 for four years, with an option to extend up to six years. The total 6 year estimated net cost is £142,984. These costs would be funded from the Local Sustainable Transport Fund (LSTF) and from the existing Transport & Environment Service revenue cash limits.
- 2.4** That the Head of Transport and Environment be given delegated authority to make any necessary adjustments in consultation with the Cabinet Member for Traffic and Transportation, and on the advice of legal services, for any variations to the contract award within procurement rules and overall budget total.

Expanded tables are provided in Appendix 1.

Estimated 6 year net costs for AMS/HOPS	£142,984	Table 1
Estimated 6 year net costs of not awarding	£147,276	Table 2

3. Background

- 3.1 In April 2010 Portsmouth City Council became the Travel Concessionary Authority (TCA) responsible for the statutory English National Concessionary Travel Scheme (ENCTS) in Portsmouth.
- 3.2 Prior to the 24 September 2012 the government provided and funded a back office system (known as an Asset Management System/Host Operators Processing System - AMS/HOPS) for TCAs. Portsmouth took advantage of this offer. Since the 24 September 2012 it has been a legal requirement for TCAs to put their own HOPS/AMS in place and fund any associated costs.
- 3.3 To fulfil this requirement to migrate from the government provided AMS/HOPS the council procured a short term low value contract with Euclid who already provided the CMS for Portsmouth. This contract finishes on the 31 November 2013 but is extendable in monthly increments until 31 March 2014. This short term contract was considered to be the best option at this time due to the uncertainty of the outcome of LSTF Major Bid “A Better Connected South Hampshire”, which included an AMS/HOPS Smart Ticketing Project. In the summer of 2012 announcements was made that the TfSH partnership major scheme bid had been successful.
- 3.4 Both the AMS/HOPS and CMS systems are needed to support the Council’s statutory obligation to provide the ENCTS pass.
- 3.5 A report to the Cabinet Member for Traffic and Transportation on 20 December 2012 sought and received approval for:
- a. Portsmouth City Council (PCC), Southampton City Council (SCC) and Hampshire County Council (HCC) through the Transport for South Hampshire (TfSH) partnership, procure a Smart Ticketing Back Office (Asset Management System (AMS)/Host Operations Processing System (HOPS) and possibly Card Management System (CMS);
 - b. Approve Southampton City Council as the Lead Authority for TfSH for the functions outlined in recommendation a.
 - c. Following a full procurement exercise of this scheme, PCC will fully evaluate our costings before a final decision is made on going ahead with this joint scheme.

- 3.6 The AMS-HOPS is a core component in every ITSO (the national standards organisation for transport Smartcards) scheme, providing the pipeline through which all card information and data flows are managed. It stores all concessionary pass creation data, supports all transaction data (for example when a smartcard is used on a bus which has a smart reader, an electronic transaction is created and that data needs to be managed) and communicates with back office systems (AMS/HOPS) belonging to other schemes.
- 3.7 Most schemes employ a specialist provider to supply and manage their AMS/HOPS as it is a complex piece of software that requires ITSO certification which links to the ITSO security system, other schemes' HOPS and all the devices in the local scheme as well as any external ITSO compliant systems that processes and manage data.
- 3.8 The council has been using a Customer Management System (CMS) which provides a back office function for the ENCTS. This provides a means of recording the details of people who are receiving travel concessions of bus passes, travel tokens or sea front parking tokens. The CMS supports the initial production of bus passes, enables the replacement of lost/stolen cards and provides the means to order on-going and block renewals of bus passes. It also makes it possible to hot-list bus passes. The current Portsmouth contract for the CMS, which is held by Euclid, needs to be replaced. There is no option to extend this contract.
- 4. Joint Procurement Exercise**
- 4.1 At the T & T decision meeting on 20 December 2012 the Cabinet Member gave approval for the council to be involved in a joint procurement exercise with Southampton City Council and Hampshire County Council for a joint back office function which would provide key elements of the ITSO offer.
- 4.2 The Council worked with Southampton City Council and Hampshire County Council conducted a fully EU compliant joint procurement for a combined AMS/HOPS system for the three authorities which would also provide an option for the CMS function as well.
- 4.3 The evaluation of tenders was based on quality (40%) and price (60%). Tenderers were required to submit a Quality Statement, which has been used to assess the extent to which they can meet or exceed the quality standards set out in the contract. Tenders were also asked to provide a demonstration of their systems and this was also included as part of the evaluation. The evaluation panel included representatives from all three authorities involved in the procurement process.
- 4.4 Tenders were received from two tenderers one of whom currently provides some of the existing functions to the three authorities. Following the evaluation process Southampton City Council have awarded a framework contract for the AMS/HOPS and CMS functions to Euclid. Portsmouth City Council and

Hampshire County Council are now able to use this framework contract to award their own contracts for their respective AMS/HOPS and CMS requirements.

5. Award of AMS/HOPS and CMS Contract

5.1 It is proposed that the framework contract which has been put in place by Southampton City Council following the recent procurement process should be used to award a contract to Euclid for the provision of the AMS/HOPS and CMS functions to enable the continued operation of the Concessionary Travel Scheme in Portsmouth. It is proposed that the initial contract term should be for four years but include the option to extend this for a further two years up to six years.

5.2 The estimated net cost of this contract over the six year period is provided in Tables 1 & 2 in Appendix 1. In making a decision on contract award the following needs to be taken into account:

- (i) The existing contracts would need to be retendered within the next year and this may result in higher costs;
- (ii) There is no uplifting in the current cost quoted for inflation over the first 4 years;
- (iii) The new contract will be to a higher specification and will include a number of new features which will be required to support the fully ITSO interoperable compliant offer which will be introduced following the successful Local Sustainable Transport Fund bid.

In particular the new contract, which will make available a smartcard product, will offer the following advantages over the existing arrangements:

- (iv) Speed up boarding times and reduce queuing for users;
- (v) Smart tickets are far harder to replicate and can be hot listed when they are reported lost or stolen; reducing the potential for fraudulent journeys;
- (vi) They could facilitate the introduction of loyalty schemes and offer ticket types to suit individual customers' needs. This could include the future Park and Ride at Tipner;
- (vii) Joining up services through using smartcards for other products such as library membership, leisure centre entry, benefit entitlement, parking, bike and car hire, and even lift share arrangements;
- (viii) Provide a greater level of data, including for the purposes of reimbursement

6. Reasons for recommendations

- 6.1 Best Value for the AMS/HOPS and CMS for TfSH and Portsmouth has been achieved. It comes in at a lower price than the council pays for the existing AMS/HOPS and CMS.
- 6.2 It opens up opportunities in the field of smart ticketing, which is moving fast and this enable other smart ticketing initiatives such as Near Field Communications technology, mobile phone payments and other emerging payment forms.
- 6.3 It opens up further opportunities around commercial ticketing products such as The Solent Travelcard as well as with the ferry and in the future rail operators.
- 6.4 Meets the objectives of the specification and represents the best offer.
- 6.5 The outcome of the tender provides all the advantages as highlighted in 5.2.
- 6.6 Portsmouth will not have to carry out a procurement process for the AMS/HOPS or CMS and the risks this imposes in terms of costs, resources, lack of suitable experience and increased costs to the council as a result of the procurement.
- 6.7 Holders of the ENCTS bus pass holders in Portsmouth will not be affected and will not notice any change.
- 6.8 It will enable the roll out of the scheme as submitted in the Local Sustainable Transport Fund “A Better connected South Hampshire” bid which has been funded.

7. Equality impact assessment (EIA)

- 7.1 There is no requirement to carry out an EIA as it does not raise any equality issues or change the service provided to the customer.

8. Legal services’ comments

Legal services will review the terms and conditions of appointment.

In order to comply with the Contract Procedure Rules, a gateway approval form should be prepared and submitted to the Procurement Manager.

9. Head of finance’s comments

The City Council has a statutory obligation to operate a national concessionary bus pass scheme; this includes reimbursing operators for concessionary trips and also for providing the concessionary passes to be used by passengers. The report details that the pass function needs to be ITSO compliant with associated back office systems, this is not something that the City Council needs to commission and cannot be provided in house.

The cost of issuing smart cards as a result of this recommendation can be met from the existing cash limited budget,

The costs of the procurement process and feasibility are to be met through the joint Local Sustainable Transport fund bid with Transport for South Hampshire.

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Signed by:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Preliminary EIA	Transport Planning and Equalities Unit

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: