

**SURREY COUNTY COUNCIL****CABINET MEMBER TRANSPORT, HIGHWAYS AND ENVIRONMENT****DATE: 12 FEBRUARY 2014****REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT, HIGHWAYS AND THE ENVIRONMENT****LEAD OFFICER: IAN BOAST, ASSISTANT DIRECTOR ECONOMY, TRANSPORT AND PLANNING****SUBJECT: AWARD OF CONTRACTS FOR THE DELIVERY OF REAL TIME PASSENGER INFORMATION****SUMMARY OF ISSUE:**

A primary objective for the Travel & Transport Group is to plan for and manage the movement of people and transport in the county. Providing accessible information on bus services is key to this. The Surrey 'real time passenger information' system (RTPI) provides members of the public with live bus arrival information and enables bus operators to manage their daily operation and performance of bus services. RTPI complements other passenger transport initiatives and schemes to make travelling by bus an efficient and attractive alternative to less sustainable travel and reduces reliance on the car. The RTPI system is operated in partnership with bus operators to provide an enhanced passenger transport experience for the public and assist with increasing patronage across the bus network (including both commercial and Council supported bus services). Increased patronage improves the commercial viability of services, which in turn can lead to reductions in the Council's financial support for socially necessary bus services. The quality of bus services is at risk without the continued provision and development of an effective RTPI system for Surrey.

This requirement is covered by the current contract that expires on 31 March 2014. It is therefore necessary to award a new contract, following a procurement activity, to the selected bidder to provide the supply, operation and maintenance of the RTPI, starting on 1 April 2014.

Due to the commercial sensitivity involved in the contract award process, the details of the evaluation process and scores, as well as full financial details are included as confidential information in Item 6 for Members to demonstrate why the proposed contract delivered best value for money.

**RECOMMENDATIONS:**

It is recommended that:

1. the information relating to the procurement process, as set out in this report, be noted; and
2. following consideration of the results of the procurement process in Part 2 of the meeting (as required), the award of a contract be agreed on the basis set out in Item 6 (circulated to Members) be agreed.

<b>REASON FOR RECOMMENDATIONS:</b>
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The existing contract will expire on 31 March 2014. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

<b>DETAILS:</b>
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1. This report recommends that a seven year contract for the supply, operation and maintenance of RTPi to commence on 1 April 2014 is awarded to the supplier named in the Part 2 Annex. Together with the Part 2 Annex, this report demonstrates why the recommended contract award delivers best value for money for Surrey County Council.

### **Background and options considered**

2. The project objectives were to maintain, operate and develop further the RTPi service for the public and bus operators in Surrey for the next three years with the option to extend for two further periods of two years each.
3. The current RTPi system provides the Council's staff and bus operators with a live/real time view of bus movements and service performance. The new system will provide the Council and bus operators with additional functionality to manage the import, export and manipulation of all bus service schedule data in the system. It will allow Surrey administrators to ensure bus service schedule changes are dealt with in a timelier manner, and errors can be investigated and corrected 'in-house'. Surrey County Council have previously had to rely on a contractor to remotely manage the data processes.
4. Through new and improved technologies, and further collaboration and partnership working with bus operators, Surrey County Council expect to further reduce system operating costs whilst providing an enhanced RTPi service with increased system coverage, improved communications, system performance and reliability.
5. A review of the service specification combined with a robust procurement exercise has ensured that the selected bidder is flexible enough to adapt to new technologies and future requirements, in order to be able to provide the most up to date system technology for Surrey County Council throughout the life of the contract.
6. The existing RTPi system supplied by Trapeze UK Ltd has been upgraded during the term of the current contract resulting in cost savings. The new RTPi contract will continue to operate and maintain the existing system, making effective use of the previous RTPi system hardware and investment. The selected bidder will continue provide improved system functionality, including software and hardware updates from the onset.
7. The upgraded back office system will also provide new and improved schedule reporting tools. Schedule reporting data allows bus operators to analyse their schedule adherence and bus service performance and make informed operational changes to provide better and more reliable bus services to the public.

8. Experience gained during the current RTPI contract period has led to the development of a clear set of defined Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) are included within the service specification. These targets have been specifically designed to accurately monitor and identify system performance issues in a timely and effective manner and include penalties to the supplier for poor performance. Feedback from system users and bus operator staff has been taken into account to develop these system monitoring and performance measures.
9. The two optional extension periods within the new contract term (3+2+2) will allow Surrey County Council the opportunity to evaluate changes in the market place and advances in technology part way through the seven year period and respond accordingly. The length of the contract provides Surrey County Council with operational stability in delivering the service to the public. Further, it offers a sufficient overall time period in which to maintain and continue to develop the RTPI system for Surrey before going back to the market.
10. The selected bidder will not require any system 'downtime' at the contract start and during the mobilisation period. This is a key factor for providing a consistent service experience to existing and new bus passengers. This was not a consideration that we were able to include and score suppliers against during the quality tender evaluation process. However, this should be noted as an additional benefit offered by the selected bidder.

### **Procurement Strategy**

11. Several options were considered when completing the Strategic Sourcing Plan (SSP) outlining the best route to market, before starting the procurement activity. These were:
  - a. Tender through a full Surrey County Council (SCC) procurement activity
    - i. This was the preferred option as it allowed the project team to write its own technical specification and invite all potential suppliers to bid.
  - b. Tender using the Hampshire Framework
    - i. This option was rejected – The Hampshire Framework was not favoured due to the lack of competition the framework allowed. Surrey County Council did not have input into the specification and as the framework was awarded to a single supplier, it was unlikely to fully meet the needs of the Council. It was anticipated that the framework did not offer better value.
  - c. Removal of RTPI system.
    - i. This option was rejected as the Council would lose benefits that the RTPI system offers the public. RTPI infrastructure is already in place with bus operators and a cost would be incurred by the Council for removal.

12. After consideration of the options, the Council elected to proceed via a two stage EU restricted procurement exercise. It was anticipated that the four large key suppliers would bid along with a number of small suppliers looking to enter the market.
13. A joint procurement and project team was set up including representatives from Surrey Travel & Transport (Passenger Transport), Surrey Procurement, Atkins Transport Consultants and bus operators (represented by Arriva).

### Key Implications

14. By awarding a contract to the supplier recommended in the Part 2 Annex for the provision of RTPi to commence in April 2014, the Council will provide an enhanced passenger transport experience for passengers and allow operators to manage their services more effectively and ultimately assist with increasing patronage across the bus network.
15. The Contractor will produce a monthly report for the Council on system performance and KPIs, and provide data to show contract delivery, fault response and repair times against Service Level Agreements. Overall performance will be formerly reviewed with the supplier on a quarterly basis. These figures will be published highlight figures on the Surrey County Council website for general public viewing to provide overview of general system performance, system faults and repair times, and shared with bus operators as key stakeholders of system.
16. In addition to the quarterly KPI review, there will be on-street or on-site review meetings with the supplier. The site review meetings will monitor live on-street performance and will be held every six months.
17. The KPI report will include the KPIs in the table below, plus any others agreed with the supplier at contract start up.

KPI Heading	Description	Target
Maintenance React and Repair Times	Record of achievement for meeting the required SLA fault response times. This shall show (expressed as a percentage, but also available as number of working days), the success rate in achieving the stated react and repair times. Full supporting evidence to back-up the result shall be included.	Various, depending on the SLA and priority level assigned for each fault
Tracking Bus Movements	Record of number of buses being tracked by the system for each bus operator. This shall be expressed as a percentage the number of buses providing positional data and live on-street RTPi predictions.	85%
Sign Accuracy	Record of sign accuracy, based on predictions counting down and accurately reflecting bus arrivals on the displays. Scheduled time being correctly shown on	85% predictions 100%

	the sign.	scheduled
Order Timescales	Record of achievement for delivery to the timescales set out in each Order. This shall show, expressed as a percentage, the success rate in achieving the stated delivery time. Full supporting evidence to back up the result shall be included.	90%

- 18. The KPI reports along with the on-street reviews will be used to determine whether to extend the contract when the initial three year contract period comes up for review.
- 19. The management responsibility for the contract lies with the Senior Transport Officer and will be managed in line with the Contract Management Strategy and Plan laid out in the contract documentation.

**Competitive Tendering Process**

- 20. The RTPPI market is changing and rationalising in response to newer technology and the way current system are designed to work. There are now only a few large suppliers within the UK market providing complete systems that could meet the technical criteria and system size that Surrey County Council requires. The four key suppliers that were expected to respond at the Pre-Qualification Questionnaire (PQQ) stage all submitted responses. Our market knowledge indicated that RTPPI system suppliers are now being far more selective in re-tenders where existing competitor systems are already in place. This is partly being driven by an awareness of the significant capital start up costs that would be required by a local authority to change system suppliers during the current economic climate.
- 21. The procurement activity undertaken included a Pre-Qualification stage where suppliers expressing interest in the advertised tender opportunity were evaluated to ensure that they had the legal, financial and technical capacity (including their Health and Safety and Equal Opportunities Policies) to undertake the contract for the Council. The result of this process meant four suppliers completed the PQQ stage and subsequently all were invited to bid through Bravo Solutions – the Council’s e-tendering software package.
- 22. Of the four suppliers invited to tender, three bids were submitted. Of the three submissions, one withdrew prior to evaluation leaving two suppliers to be evaluated. The remaining two bids offered varied system solution utilising different technologies to delivering the contract with competitive prices against one another.
- 23. In the final two years of the existing RTPPI contract, the Council was able to secure a cost reduction in annual maintenance charges of £75,000 per year. This was achieved through agreement of a revised maintenance model made possible by, and conditional on, our investment in new system technology and other RTPPI improvements. The contract savings were reinvested to meet this requirement. Key to this has been working with operators to jointly fund and upgrade the way the system communicates with their vehicles. Using new technology we have reduced the amount of RTPPI hardware fitted to buses,

with the benefits of less maintenance required. However, reduced maintenance charges have been offset by the additional communications costs that are now part of the new RTPI technology. Further recent investment in the system has included a move to remote server hosting, enhanced RTPI data management, and expanding the system further with additional vehicles and bus services. These changes have resulted in an improved level of service maintenance and overall system performance, and were implemented in full agreement with bus operators. This maintenance cost reduction has been incorporated into the price of the new contract ensuring a competitive price and best value for money was achieved. A further £10,000 cost saving is also anticipated as the system continues to be upgraded and maintenance costs reduce further.

24. The two bids were then evaluated against the criteria and weighting in the confidential annex.

#### **CONSULTATION:**

25. Stakeholders consulted with, at all stages of the commissioning and procurement process include Surrey Travel & Transport (Passenger Transport), Surrey Procurement and Commissioning, bus operators on the current Surrey RTPI system, and Atkins Ltd (Professional Highways Services provider).
26. The specification was developed by a working group which included Surrey Travel & Transport (Passenger Transport) and Atkins Ltd (Professional Highways Services provider), with input from bus operators on the current Surrey RTPI system.
27. Discussions have been held with other local authorities to enable us to develop an understanding of current and future RTPI system developments being made by key suppliers in the market place.
28. The evaluation panel included a representative from one of the bus operators on our current system.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

29. The contract uses the MF/1 Contract. This form of contract has been used by other authorities for their RTPI systems as well as SCC's current contract. The notice period is six months which provides a sufficient period for both parties to make alternative arrangements, if required.
30. All short listed tenderers successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the pre-qualification stage.
31. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Financial	The Transport Review concludes that we should	The contract is fixed for three years with the option to negotiate price for contract extension periods.

	have less RTPI.	<p>The Council is under no commitment to the supplier to develop the system further and/or spend additional capital sums throughout the contract period.</p> <p>Secured Government grant funding along with third party investment will allow the Council to develop the system further, or not as the case maybe, depending on the outcome of the transport review.</p> <p>The contract terms and conditions (T&amp;Cs) include a six month notice termination period from both parties.</p>
Reputational	Successful supplier does not have necessary skills, experience and technical knowledge to satisfactorily complete the elements of the contract(s)	The tender process was split 60% quality and 40% price. Of the 60% quality marks available, 20% of those were assigned to supplier demonstration interviews where suppliers demonstrated how they would deliver a successful RTPI system.
Reputational	Poorly maintained RTPI systems could discourage public transport users.	Quality, specialist contractor appointed through contract procurement exercise. Regular monthly contract performance meetings to ensure adherence to works programmes and agree recovery actions if required.

**Financial and Value for Money Implications**

- 32. Full details of the contract value and financial implications are set out in the confidential annex.
- 33. The current RTPI system upgrade and migration project has improved overall system performance and reliability, and has enabled the Council to reduce the system running cost through the use of new technologies. This has been funded through the recent successful bid to the Department of Transport (DfT) for Local Sustainable Transport Funding (LSTF).
- 34. System enhancement projects are currently being progressed with 3<sup>rd</sup> party funding and in partnership with bus operators, and will continue throughout the new contract period, including utilising newer RTPI system technologies. This is expected to reduce system operating costs for Surrey County Council further as more elements of system infrastructure and hardware will not be required, and system communication costs are increasingly shared amongst bus operators.
- 35. The performance of the supplier will be monitored through a series of review meetings to ensure that the contract continues to deliver value for money throughout the contract term

36. Benchmarking information will be shared with East Sussex and other South East Seven (SE7) Members.

#### **Section 151 Officer Commentary**

37. The relevant financial implications are set out in the paragraphs above and in the Part 2 report. The Section 151 Officer supports the recommendation to award the contract to the recommended supplier on the basis it represents the best value for money and costs can be met within the existing budget allocation. Introduction of new technology is expected to result in reduced maintenance costs in the future.

#### **Legal Implications – Monitoring Officer**

38. The procurement of the RTPI system was done competitively in accordance with the Public Contracts Regulations 2006 and the Council's Procurement Standing Orders. There are no apparent legal risks to the Council in appointing the preferred provider, as set out in Item 6.

#### **Equalities and Diversity**

39. The RTPI system provides live bus information through multiple media channels to benefit different passenger groups. Provision of audio announcements for the visually impaired at bus stops and on board vehicles has been captured within the new contract service specification.

#### **Other Implications:**

40. The successful bidder will utilise elements of our existing system infrastructure, alongside implementing new equipment and system solutions to deliver the service specification where necessary during the contract mobilisation period. The completed system product will provide a platform for the continued development and expansion of the Surrey RTPI system.

#### **WHAT HAPPENS NEXT:**

41. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award (including 'call-in' period)	21 February 2014
Standstill Period	23 February 2014
Contract Signature	24 February 2014
Contract Commencement Date	1 April 2014

42. The Council has an obligation to allow unsuccessful suppliers the opportunity to receive a debrief and have the opportunity to challenge the proposed contract award before the contract is entered into. This period is referred to as the standstill period.

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#### **Contact Officer:**

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**Consulted:**

Surrey Procurement and Commissioning  
Atkins, Processional Highways Services  
SE7 Authorities

**Annexes:**

Part 2 annex commercial details and contract award (Item 6).

**Sources/background papers:**

None

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