



Maintenance and Managed Service of Automated Fare Collection System – award of contract

Committee Operations

Date of meeting 8 November 2019

Date of report 17 October 2019

Report by Director of Subway

1. Object of report

To recommend for approval the award of a 5 year contract for the maintenance and managed service of SPT's Automated Fare Collection system to Scheidt & Bachmann GmbH (S&B).

2. Background

2.1 Introduction

On 22 February 2011, SPT awarded a contract to Scheidt and Bachmann GmbH for design, manufacture and installation of a new automated fare collection system. At this stage, a 5 year maintenance and managed service contract with an option to extend for a further year was also awarded to S&B. The maintenance and managed service contract commenced on 1 August 2013. On 8 August 2011, S&B was awarded the contract to install car parking equipment at the three Subway stations which have car parks, which was integrated into the existing system.

In November 2018, SPT entered into contract negotiations with S&B regarding a new maintenance and managed service contract.

2.2 Needs summary

The current contract with S&B is due to expire on 30 November 2019. The maintenance of SPT's automated fare collection system is vital to ensure the reliable operations of all hardware and software associated with SPT's ticketing system.

This contract will also ensure revenue protection for SPT and the provision of a reliable service for customers. An unreliable ticketing system will significantly impact the customer experience which in turn would have a negative impact on patronage.

2.3 Requirement summary

The requirement is to ensure that the assets remain in working order and fully maintained, with a response structure for faults which is tailored to the operational requirements of SPT.

2.4 Aims and objectives

The overall aims and objectives of this supply provision are:

- To ensure the safe operation and reliability of the assets;
- To ensure efficient ticket vending for customers;
- To maintain / improve the ease by which passengers flow through the station;
- To remove the stock of spare parts SPT procured in the first contract period;
- To provide a more flexible contract structure over the next 5-year period that allows SPT to make the right decisions, at the right time.

3. Outline of proposals

3.1 Scope of supply. The requirements for SPT are:

- Preventative maintenance, reactive maintenance of all devices;
- Support for all associated software systems;
- Provision of all labour and parts associated with the above equipment;
- Provision of a managed service;
- Provision of lifecycle management.

The contract period is until 30 November 2024.

3.2 Procurement – negotiated procedure without prior call for competition

SPT entered into negotiations with S&B to continue with the initial 5 year period of equipment maintenance. S&B is the only company who have the software and IP which enable the existing equipment to work. Changing our manufacturer and supplier of ticketing and barrier equipment and services would be a major undertaking, and is not thought to be a realistic consideration at this stage. However, efforts continue to engage and stimulate the market to provide a feasible alternative at the earliest opportunity.

The negotiations centred on the improvement of the service provision and as part of the negotiations there is an option to vary the contract to include improved customer experience through contactless card payments within the scope of this contract. This requires Point to Point Encryption (P2PE), and would cost around £45,000 annually based on anticipated usage. In the last year, this process has now taken considerable amount of time from the SPT procurement, engineering, operations and ticketing commercial teams. The process comprised of both a scope of service suite of documents and a commercial proposal. The proposal which is the subject of this report has been fully scrutinised by the appropriate SPT teams.

3.3 Cost of existing maintenance and managed service

In order to directly compare and negotiate an improved price, the costs for year 2018/2019 (£682,344) was used as the key reference point.

Following detailed negotiations and based on lessons learned from the current contract through effective asset management, SPT was able to negotiate the following enhancements to the original contract:

- A defined Service Level Agreement (SLA) which includes both response and resolution times, which are now better aligned to our operational requirements;
- Included within the contract are Service Credits linked to the SLA;
- Provision of all spares is responsibility of S&B.

The final negotiated price for the maintenance and managed service for SPTs Automated Fare Collection System, including the above enhancements is £710,689 and £45,000 for the P2PE option per annum.

4. Conclusions

The contract position negotiated with S&B has resulted in an increased level of service response which meets with SPT's requirements to provide a functioning Automated Fare Collection system during the operational hours of the Subway at a cost per annum of £710,689, plus £45,000 for the P2PE option, subject to annual variation in line with CPI. The cost of the contract represents a scope of service more aligned SPT's operational requirements. This price is therefore considered to be best value.

5. Committee action

The Committee is recommended to approve the award of a contract to Scheidt and Bachmann GmbH for a period of 5 years at an annual cost of £710,689 for the maintenance and managed service for SPT's Automated Fare Collection system and £45,000 for P2PE option (both subject to annual variation in line with CPI).

6. Consequences

Policy consequences	<i>None identified.</i>
Legal consequences	<i>The contract has been initially reviewed and documents will be issued to legal for final review prior to award of the contract.</i>
Financial consequences	<i>The costs will be accounted for within the appropriate operational revenue budgets across the contracted 5 years.</i>
Personnel consequences	<i>None identified.</i>
Equalities consequences	<i>None identified.</i>
Risk consequences	<i>Failure to maintain operation of all hardware and software would result in an unreliable ticketing system impacting on patronage and revenue.</i>

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