

# Finance and Resources Committee

10.00am, Thursday, 20 May 2021

## Award of additional supply of Ticket Vending equipment – Edinburgh Trams

<b>Executive/routine</b>	<b>Executive</b>
<b>Wards</b>	<b>All</b>
<b>Council Commitments</b>	<b>22</b>

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 approves the issue of an instruction to Edinburgh Trams (ET) to renew the obsolete Ticket Vending equipment for current line and purchase of the equipment required for the Newhaven extension through its contract with Flowbird Transport Limited; and
  - 1.1.2 notes the contract extension of the scope of the existing contract to update the ITSO certification awarded to Flowbird Transport Limited, through a waiver of the Contract Standing Orders, at an estimated total cost of £638,000. This contract extension was approved as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by the Executive Director of Place, in consultation with the Convenor and Vice Convenor of Finance and Resources.

**Paul Lawrence**

Executive Director of Place

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# Report

## Award of contract for Ticket Vending equipment – Edinburgh Trams

### 2. Executive Summary

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- 2.1 This report seeks approval to issue an instruction to ET to procure the renewal of the obsolete Ticket Vending equipment on the Edinburgh tram line and to procure new Ticket Vending equipment for the line to Newhaven by awarding a modification to the existing contract with Flowbird Transport Limited.
- 2.2 Finally, this report asks committee to note the contract extension of the scope of the existing contract to update the ITSO certification awarded to Flowbird Transport Limited, through a waiver of the Contract Standing Orders, at an estimated total cost of £638,000. This contract extension was approved as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by the Executive Director of Place, in consultation with the Convenor and Vice Convenor of Finance and Resources. It should be noted that this contract extension was awarded prior to the novation of the Flowbird Transport Limited contract to Edinburgh Trams, and was therefore awarded by the Council to Flowbird Transport Limited.

### 3. Background

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- 3.1 The Council owns the tram equipment and infrastructure required to operate the tram line from the Airport to York Place. ET operates that equipment and infrastructure to deliver tram services under an Operations and Maintenance contract between the Council and ET.
- 3.2 The Council is responsible for the renewal of the tram equipment and infrastructure, which takes place when required including when the equipment and infrastructure is beyond economic repair. The ticketing equipment for the tram line from the Airport to York Place has reached obsolescence and needs to be replaced. Ticketing equipment is also required for the section of line from York Place to Newhaven on opening. Therefore, the procurement of a single line solution has been developed.

## 4. Main report

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### Requirement for renewal

- 4.1 The Council approved the award of contract for provision of ticketing equipment on the tram line from the Airport to York Place to Flowbird Transport Limited (then known as Parkeon Transit Limited) (“Flowbird”) on [13 December 2012](#). The contract was for provision of ticketing equipment and for maintenance of the ticketing equipment for a period of five years. Since then maintenance has continued to be provided by Flowbird on an annual basis.
- 4.2 The current equipment including platform validators, handhelds and back office will be obsolete by 21st November 2021 due to expiry of the ITSO certification so will need to be upgraded. ITSO concessionary products are facilitate the Scottish National Concessionary Travel Scheme.
- 4.3 The line to Newhaven is scheduled to open for revenue service in Spring 2023. Ticketing equipment is needed to be available on that date and the same ticketing system should be available across the full line from Airport to Newhaven for ease of operation, maintenance and passenger use.

### Objectives of renewal

- 4.4 A series of objectives were identified in developing the scope for the renewal of the Ticketing Vending equipment, working with ET. Those are:
  - 4.4.1 resolve system obsolescence and achieve ITSO compliance so that concessionary ticketing is supported and revenues are not impacted;
  - 4.4.2 support ET’s revised operating strategy to reflect usage through providing more platform validators. A separate exercise has already been undertaken to identify the number of Ticket Vending Machines (TVMs) and platform validators (PVs) required at each tram stop. The analysis, based on usage and expected demand, shows the number of TVMs and PVs to be relocated and the quantity of the new PVs to be procured and installed;
  - 4.4.3 functionality of new systems must meet or exceed existing system performance requirements and enhanced features to offer better operational flexibility;
  - 4.4.4 contactless Model 2 Pay-as-you-go (PAYG) Account Based Ticketing (Tap Tap Tram) to mirror existing capping functionality on Lothian Buses and integrate with Lothian Buses back office to provide capping across Edinburgh services;
  - 4.4.5 ET accepts the Ridacard scheme which is a Flowbird product owned and hosted by Lothian Buses. Approximately 15% of ET patronage is through Ridacard, based on 2019 figures. The Ridacard product is a season ticket configured to provide concessionary fares for frequent and or multimodal use or students etc. This season ticket product will still be required by both Lothian Buses and ET moving forward and continued access to the Ridacard scheme is therefore an objective of the renewal; and

4.4.6 delivery timescales are driven by the need to address the obsolescence of the existing solution and to ensure systems are in place for the open for revenue service of the Trams to Newhaven project.

It should be noted that the objectives of renewal include interface with Lothian Buses both in terms of back office functionality and access to the Ridacard system. Lothian have projected that their ticketing system is likely to be due for replacement in 2024 or 2025. In order for an interface to be maintained they would also have to take account of the interface with ET as part of their future procurement.

### **Routes to market**

- 4.5 Legal and technical advice was taken on how best to meet these objectives. A technical note was provided by Atkins which considered that an open procurement could introduce technical challenges and risk. They considered that to meet the needs of the Trams to Newhaven project and address the identified the Council objectives, the most appropriate package would be a single integrated back office solution that replaces the existing ET back office functionality, is ITSO compliant, supports contactless payments and has the capacity to be integrated with other modes, including Lothian Buses' back office solution. Using Flowbird as the supplier through single source, provides the most appropriate, short term technical option. They noted that the technical proprietary nature of the existing systems and products would require extension or integration which would have to be performed primarily by Flowbird. Therefore, the introduction of an alternate supplier could introduce technical and commercial complexity with significant delays, duplication of services and costs.
- 4.6 The Council took legal advice on the basis of the technical advice note, and a compliant route to market by modifying the existing Flowbird Contract pursuant to Regulation 86(1)(b) of the Utilities Contracts (Scotland) Regulations 2016 was identified.
- 4.7 Therefore, it is considered that a single source with Flowbird represents the optimal approach for this renewal.

### **Contractual position**

- 4.8 The existing contract with Flowbird was novated to ET on 30 April 2021 in line with the transfer of maintenance responsibility for the tram line to ET. Therefore, the extension to the existing contract will be awarded to Flowbird by ET, with an identical instruction issued by the Council to ET under their operations and maintenance contract to procure the renewal. The Council will then manage ET under the operations and maintenance contract to ensure that the renewal is delivered.
- 4.9 It would be possible for the Council to award a contract directly to Flowbird for the renewals element (as opposed to instructing ET to utilise its contract with Flowbird). However, considering that would introduce an additional interface between the renewals work and the operational tramline, and also an additional interface between the renewals work and ongoing maintenance, that approach is not recommended.

## **Approval under urgency**

- 4.10 Separately, in order to ensure that the timescale of 21 November 2021 for ITSO certification could be met, and taking into account the lead in timescales advised by Flowbird, a request was made to the Executive Director of Place under section 4.1 of the Council's Committee Terms of Reference and Delegated Functions, that the scope of the existing contract with Flowbird be extended to allow them to commence the work required to update the ITSO certificate by 21 November 2021. This approval was given in consultation with the Convener and Vice Convener of the Finance and Resources Committee and the contract amendment issued to Flowbird for the sum of £638,000. This award was made by the Council prior to the novation of the contract to ET and therefore the instruction was given by the Council direct to Flowbird, utilising the existing contract. Following completion of the novation ET will now manage delivery of this aspect of the works package, and ET will be managed by the Council as noted above.

## **5. Next Steps**

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- 5.1 Subject to committee approval, an instruction will be issued by the Council to ET instructing them to procure the required renewals from Flowbird.
- 5.2 Following the award of the contract, Council officers from the public transport team and the Trams to Newhaven Project will work with ET and Flowbird to implement the required renewals and maintenance packages.
- 5.3 The Public Transport team will ensure that effective contract management is delivered throughout the lifecycle of the Contract, in accordance with the Council's contract management framework and with the support of the Contracts and Grants Management Team, as necessary.

## **6. Financial impact**

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- 6.1 The cost of procuring the renewal totals £1,740,000 of this sum, £990,000 is paid for from the public transport tram renewal budget and £750,000 from the Trams to Newhaven project budget. This split represents the pro rata cost of delivering the renewal between the existing tram line and the line to Newhaven. The cost of the approval under urgency contained at 4.10 is included within this sum.
- 6.2 There is provision in each budget for the sums due to be paid and the renewal can be delivered without pressure on other budgets.
- 6.3 In procuring the renewal passengers will have access to a greater range of ticketing payment options, and the ability to cap their tram ticket costs in the same way currently available on Lothian Buses and ultimately would have the equipment to facilitate multimodal capping at a point in time. As noted above, this approach relies on Lothian Buses taking account of the ET system at the time of their renewal.

## **7. Stakeholder/Community Impact**

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- 7.1 The introduction of capped ticketing and ultimately an integrated multi modal solution removes barriers to travel and supports the City Mobility Plan.

## **8. Background reading/external references**

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- 8.1 None.

## **9. Appendices**

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- 9.1 None.