

REPORT TITLE: Concessionary fare system procurement	
Cabinet Date	Cabinet 23 rd March 2022
Cabinet Member	Councillor Philip Robinson / Economy, Education and Skills
Key Decision	Yes
Purpose of Report	<p>To seek Cabinet approval to procure and award a contract for the supply of:</p> <ul style="list-style-type: none"> a) bus pass production, management, and statistical analysis services; b) a back-office client management system for use by Council staff to manage card production, activity, and auditing; c) a customer portal for use by Gloucestershire residents to process orders for concessionary bus passes (applications and/or replacements); and d) concessionary fare reimbursement services. <p>Concessionary fare reimbursements are provided by the council to bus operators, as per the Council's statutory requirement where government pay for concessionary travel. Such reimbursements are funded by central government, via local transport authorities (with/without external supplier assistance), where reimbursements are calculated via national transport regulations.</p> <p>The proposed procurement would enable the Council to continue to fulfil its statutory obligations as a Local Transport Authority in respect of the English National Concessionary Travel Scheme (ENCTS)¹ ; free school transport²; and concessionary fare reimbursement³.</p>

¹ <https://www.gov.uk/government/publications/administering-smart-concessionary-travel-permits-english-local-authorities-guidance>

² <https://www.gov.uk/free-school-transport>

³ <https://www.gov.uk/government/publications/guidance-on-reimbursing-bus-operators-for-concessionary-travel>

<p>Recommendations</p>	<p>That Cabinet delegates authority to the Executive Director: Economy, Environment and Infrastructure, in consultation with the Cabinet Member for Economy, Education and Skills to:</p> <ol style="list-style-type: none"> 1. Conduct a compliant procurement process in respect of a contract for the supply of (a) bus pass production, management, and statistical analysis services; (b) a back-office client management system for use by Council staff to manage card production, activity and auditing; (c) a customer portal for use by Gloucestershire residents to process orders for concessionary bus passes (applications and/or replacements); and (d) concessionary fare reimbursement services. Such contract shall continue for an initial period of 5 years and include an option to extend its term for a further period of not more than 2 years. 2. Award such contract to the preferred tenderer. This will enable the Council to continue to fulfil its statutory duty as Local Transport Authority. 3. Determine whether to exercise the option to extend the term of such contract on the expiry of the initial term 5 year term.
<p>Reasons for recommendations</p>	<p>The production and management of the required bus passes and the provision of reimbursement services in respect of concessionary fares are both statutory requirements. Types of bus passes are (i) for ENCTS, (ii) for education transport (see footnotes on previous page and on this page).</p> <p>The current contract for card production and management services (including both concessionary cards and school bus passes) expires on 31st December 2022 and a new contract is therefore required in order to maintain service continuity. The required service is a statutory service, which at the moment has roughly 100,200 live concessionary card holders registered and roughly 4000 live school bus passes.</p> <p>The current contract for concessionary fare reimbursement (i.e., the administration and calculations therein), ends on March 31st 2023, and procuring this service within the same procurement process as the bus passes (cards) will increase productivity, decrease Council administration, and decrease costs.</p>
<p>Resource Implications</p>	<p>The required procurement process will be undertaken within existing budgets and staff resources.</p> <p>The total estimated maximum value of the proposed contract, if the council does elect to exercise its 2 year extension option, is £924,000. This is based on the annual average contract value over the past years (£105,600) plus an allowance for inflation, growth in the market, and demand for travel card products on passenger transport services during the lifetime of the contract. These values have been sense checked by industry experts.</p>

Background Documents	<p>Cabinet (28/09/2016): Tender and Award of Concessionary Travel and Smart Card Production and Management Contract</p> <p>Proposed Concessionary Travel Scheme Reimbursement Contract (14 December 2016)</p> <p>Department for Transport: Concessionary travel statistics: quality report 2021</p> <p>Department for Transport: Evaluation of Concessionary Bus Travel - The impacts of the free bus pass</p> <p>Department for Transport: Policy paper - Inclusive Transport Strategy</p> <p>Department for Transport: Policy paper - Post legislative assessment of the Concessionary Bus Travel Act 2007: memorandum to the Transport Select Committee</p>
Statutory Authority	<p>Section 111 of the Local Government Act 1972</p>
Divisional Councillor(s)	<p>All</p>
Officer	<p>Tom Main – Integrated Transport Manager 01453 425343 tom.main@gloucestershire.gov.uk</p>
Timeline	<p><u>Completed/Ongoing</u></p> <ul style="list-style-type: none"> • Prepare and launch soft market testing for requirement • Review soft market question responses received • Communicate with Strategic Procurement, ICT and IMS and Legal regarding procurement process and requirements therein. • Prepare documents and attend Cabinet Meeting March 2022 <p><u>Going forward</u></p> <ul style="list-style-type: none"> • Finalise procurement documents to conduct a compliant process in May, working with Procurement. • Award contract such that there is three months or more overlap with current supplier (for travel cards) as a mobilisation period. • By 31st December 2022, new supplier is fully onboarded and contract with previous supplier ends. • From March 31st 2023, the current concessionary fare reimbursement contract will end, and within the new contract specific to concessionary fare reimbursement, requirements will start from April 1st 2023 (with suitable testing beforehand).

Background

- 1.1 The Council has a statutory duty to
 - a) provide free concessionary travel to qualifying older people, and to disabled people of all ages, travelling on local bus services in Gloucestershire; and
 - b) provide free home to school transport for those pupils eligible for such transport, as per government regulation.

- 1.2 The rules and regulations of all this travel are predefined⁴ and non-negotiable. The proposed procurement does not involve any of the criteria listed below, as these are predefined by central government:
 - a) eligibility of travel;
 - b) the rates of travel;
 - c) the times of travel;
 - d) any negotiation with bus operators on these topics.

- 1.3 The Council's current concessionary and education bus pass production and management contract expires at the end of 2022 and a new contract needs to be put in place to ensure continuity of service for eligible residents.

- 1.4 Since 2011 Gloucestershire has pioneered the use of an online card application portal that enables residents to apply for a bus pass at any time of day and then receive a new card in the post within five days. Flexibility and prompt delivery such as this will be replicated in the new contract. Alternatively, residents may visit a local library and apply using a library-computer with support from library staff if needed. As well as being simple and convenient for customers, this system has also enabled the council to run the service more efficiently. We intend to build on this successful approach in our new contract. Technology has improved and there are more options available since procuring the current contract. The Council have seen progress and development of options given to the public and to Council staff for internal management. The procurement will ensure that the new supplier can continue impressive development for the duration of the contract.

- 1.5 ENCTS Permit design has its own guidelines, see [here](#)⁵ for more information.

- 1.6 Since the current contract has been in place, the Council has progressed in using bus passes for pupils with great success. The Council is one of few LTAs in the country which has most county schools registered to use travel cards. At the moment, roughly 4000 pupils have active travel cards. The parents of guardians apply for the pass(es), for no fee when pupils are eligible⁶, and those pupils receive them in the post, with a small fee for replacements.

- 1.7 A mandatory bus concession for older and disabled people has been in place since 2001, the "England national concessionary travel scheme" (ENCTS). The scheme has provided free off-peak local bus travel to eligible older and disabled people anywhere in England. Local Transport Authorities, including the Council, are responsible for reimbursing bus operators for journeys made by those with a pass.

- 1.8 Across the UK, continued preference to digital and cashless services has resulted in greater use of bus passes on transport services. The current system can produce commercial options. This flexibility and opportunity for commercially related cards will be

⁴ Predefined by the Department for Transport and central government

⁵ [Department for Transport – Technical Guidance for Travel Concession Authorities](#)

⁶ [Free school transport - GOV.UK \(www.gov.uk\)](#)

retained in the new contract, which will accommodate multi-operator ticket options. Multi-operator tickets in Gloucestershire is an aim of the Bus Service Improvement Plan.

- 1.9 One specific development required within the next contract is that the public will have access to an online portal to apply for either age or disability related concessionary bus passes. The Council are aware that this functionality already works well within the market. Within the current contract, the online portal for the public only allows age related concessionary bus passes. The advancement in the market allows us to make this development a requirement in the new contract.
- 1.10 The Council is consulting with independent industry experts, Smart Applications Management (SAM). SAM offers independent advice and market understanding to LTAs. SAM also have various framework-procurement options, and also provide managed options for LTAs to have support throughout provision of these statutory requirements. Considering the capabilities and capacity of internal Council staff (to work with residents), a technical support group and assistance throughout the contract could provide considerable help. Potentially, working in collaboration with SAM could result in support for the Council team and lead to large benefits during the contract, e.g. technological experience, and support tailored for LTAs.

Options

Option 1: Do nothing and allow the current contract to expire without a replacement system.

- 2 Not procuring an equivalent and new contract for these bus passes and reimbursement-system would mean the Council would not meet its statutory requirements. The resulting correspondence from the Department for Transport and potential legal repercussions would be extremely severe. This would result in huge reputational damage for the Council – the Council would be failing the residents of the county.

Option 2: Procure bus pass card production, management and concessionary fare reimbursement as per recommendations set out in this report

Recommended and Preferred option

- 3 To procure and award the contract described in the Recommendations hereunder. This option would allow the Council to ensure these statutory requirements are fulfilled to the best of our ability to choose the most appropriate supplier who can deliver the best value for money.

Risks

Reputational risk

- 4 Although ENCTS bus passes and provision of education bus passes are statutory requirements, there are always risks around software functionality and future-proofing software design. The Council should ensure that the software is easy to use and works well. This risk will be mitigated by ensuring software functionality and future-proofing are key points within the contract specification. To ensure accessibility, the Council will explicitly state in the contract that the software is required to be readable, accessible as per government guidelines⁷, modern and easy to use.

Risk that the procurement results in un-economically high prices

- 5 The provision of such software and the strong regulatory constraints mean that there are high barriers of entry into this market and as a consequence the number of active players is

⁷ <https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps>

relatively small. We have completed a soft market testing exercise which had three responses. The Council will continue to consult with SAM s an expert advisor to local authorities in this market. The Integrated Transport Unit (ITU) and Procurement are already in touch with SAM to review all appropriate routes to market.

Risk that technological advancement in the sector, during the new contract, results in the supplier achieving sub-standard functionality, compared to other similar systems from other suppliers

- 6 Within most technology, software sectors, there is a chance that new technology will leave some suppliers “behind”. To mitigate against this risk, the Council will (a) ensure we take advice from independent industry experts, and (b) ensure the new contract includes a break clause, most likely that the contract can end within 12 months after notification from the Council to the supplier.

Financial implications

- 7 The Council have budgeted internally for the costs, within the Integrated Transport Unit budgets. Thus, the procurement and awards will be undertaken within existing budgets and staff resources. Industry experts are being consulted, who offer both a service which can be procured, and also offer procurement expertise in this area.
- 8 The total maximum contract value is estimated at up to £924,000. This is for seven years (five-year award plus possible maximum two year extension), based on the annual average contract value over the past years (£105,600) plus an allowance for inflation, growth in the market, and demand for travel card products on passenger transport services during the lifetime of the contract. It is hoped that by using knowledge from industry experts, the contract value will be lower.

Climate change / Environmental implications

- 9 The Council must fulfil its statutory requirements, whilst also upholding it’s climate policy. As such, questions will be asked during procurement regarding any supplier policies in place to reduce the energy required for running back-up servers, energy required for server-cooling, and how such reductions / remaining under a certain level of energy use is sustainable into the future.
- 10 Similarly, the Council will understand any environmental/carbon offsetting the suppliers already have in place, to offset their work as a whole.
- 11 If any face-to-face meetings with supplier(s) are preferred, public transport will be encouraged. Due to the software being web based, and all meetings with suppliers being able to occur online, this helps reduce the need to travel by car.
- 12 These obligations are fully in line and linked to the Local Transport Plan and the Council’s commitment to reducing carbon emissions and commitment to climate change. For more information on these links, please see the Council website.

Equality implications

- 13 Cabinet Members should read and consider the Equalities Impact Assessment in order to satisfy themselves as decision makers that due regard has been given. The Council has reviewed research and data regarding the equalities of protected characteristics within these statutory requirements. In terms of the recommended decision, there will be increases in positive impacts on equalities if the procurement is approved. Without any procurement, the increase in negative impacts would be considerable on the two relevant protected characteristics - age and disability.

Data Protection Impact Assessment (DPIA) implications

- 14 ITU have identified that this project requires the completion of a mandatory DPIA due to the large-scale use of sensitive data. This DPIA is currently being drafted in consultation with IMS.

Social value implications

- 15 ITU will work with Procurement to ensure Social Value is included in the contract with the successful suppliers.
- 16 It is worth noting that in the technology/software industry, there can be a large difference in some suppliers' spending on social value compared with others' spending, i.e. often larger organisations can spend more. We will work to ensure the assessment on social value prioritises feasibility and value that is more relevant to Gloucestershire and/or the Council's transport objectives, rather than total expenditure on any social value endeavour.

Consultation feedback

- 17 There is no public consultation due to these items being a statutory duty via an administrative process. As mentioned, all regulations are set by central government, including eligibility.
- 18 Considering that there are elements of the software that will be used by the public in their own homes, accessibility is important. Thus guidelines⁸ will be used.

Officer recommendations

- 19 It is recommended that the Cabinet grants its authority to proceed on the basis recommended in this report by delegating authority to the Executive Director to procure a contract for the production and management of bus pass cards, for associated analytics, and for concessionary reimbursement calculations/management.

Performance Management/Follow-up

- 20 High priority will be placed on data migration in the specification, so that any new supplier can be fully aware of timeline and so they will fully comply with security.
- 21 Performance in general of these functions is high priority for the Council, and as such several staff work on the resulting software and with interested parties daily. This level of oversight by full time staff ensures frequent performance management of the supplier, fixes any issues promptly, and that using the software is not a silo role within the Council.

⁸ <https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps>