

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	22 January 2013
Title:	Joint Procurement of Host Operator or Processing System (HOPS) for Concessionary Fares
Reference:	4610
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

1.1. The purpose of this paper is to seek approval for a joint procurement process with Southampton City Council and Portsmouth City Council to award a new contract for an Asset Management System/Host Operators Processing System (AMS/HOPS) and possibly a Customer Management System (CMS). Both systems are needed to support the County Council's Concessionary Travel Scheme. A shared AMS/HOPS system would be beneficial for the operation of a Solent Smartcard.

2. Contextual information

2.1. In April 2011 Hampshire County Council became the travel concessionary authority responsible for the English National Concessionary Travel Scheme in Hampshire.

2.2. As part of this transfer the County Council procured a CMS which provides a back office function for the scheme. This provides a means of recording the details of people who are receiving concessions under the scheme (bus passes and vouchers). The CMS supports the initial production of concessions, enables the replacement of lost/stolen cards and assists any annual renewals of concessions which may be required. It also makes it possible to hot-list bus passes. The current contract for the CMS, which is held by Euclid, expires in December 2013 although under the existing contract there is an option to extend this arrangement until December 2015.

2.3. From 24 September 2012 it has been a legal requirement for Travel Concession Authorities (Hampshire County Council for the Hampshire Scheme) to ensure that they have access to another back office system (known as an AMS/HOPS). Prior to this date the government provided and

funded a HOPS facility which offered this function for the Hampshire scheme. Travel Concession Authorities have subsequently been required to put their own arrangements in place and fund any costs associated with this themselves.

- 2.4. 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.
- 2.5. 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 local systems that process and manage data from the scheme.
- 2.6. Following a previous procurement exercise the County Council awarded a short term contract to Applied Card Technologies (ACT) to set up and manage a HOPS for the Hampshire scheme. The current contract with ACT expires in September 2013 although again there is an option to extend this arrangement up to 31 March 2014.
- 2.7. The short term nature of the contract with ACT was due to the outcome of the bid to the government's Local Sustainable Transport Fund not being known at the time the contract for the HOPS needed to be awarded. Longer term this retained the option for the County Council to work with Southampton City Council and Portsmouth City Council on a joint procurement process for a combined AMS/HOPS system for the three authorities if the bid was successful.

3. Joint Procurement Process

- 3.1. Following the successful Local Sustainable Transport Fund bid the local authority partners are proposing to introduce a fully interoperable ITSO compliant offer, making public transport seamless, easier to use and cheaper as well as promoting growth. This would include the travel concessions offered by each of the local authorities.
- 3.2. Following investigation of several options it has been proposed by a technical group of officers from all three authorities that the procurement of a joint back office function is undertaken. The options of joining another Local Authority system currently in place or being procured has been investigated, but have not proved to be suitable either because they are incompatible with the Solent Travelcard ambitions or because they do not comply with the council's own

procurement requirements. Given the specialist nature of the bespoke software required an 'in-house solution' is not considered viable.

- 3.3. The procurement process would encompass the AMS/HOPS as well as a Customer Management System (CMS) to administer the smartcard. The proposed back office could integrate the partner Local Authority systems allowing the ability to collect improved and robust transaction data in the use of concessionary passes. This should allow for business efficiencies between the partner local authorities.
- 3.4. Given the short term nature of the County Council's contract with ACT then a merged process for the longer term provision of a AMS/HOPS would seem to have many advantages for the authority, given that the requirements of each local authority are likely to be broadly the same for this facility.
- 3.5. The feasibility of making use of a combined contract for a CMS, however, needs to be explored more fully. There are currently marked differences in what the different authorities offer through their respective schemes and how this is managed and provided. A decision would therefore need to be taken nearer the time on whether the arrangements for any new contract can meet Hampshire's specific requirements and if so what elements of the scheme could be undertaken by this.
- 3.6. The intention is for Southampton City Council to be the lead authority in procuring a contract that Portsmouth City Council and Hampshire County Council could use when their existing back office functions expire, bringing the local authority systems together. The Isle of Wight Council may also be a future partner in this arrangement.
- 3.7. It is therefore proposed that approval be given for the County Council to enter into a joint procurement process with Southampton City Council and Portsmouth City Council and for the award of a contract which will provide an Asset Management System/Host Operating Processing System (AMS/HOPS) and a CMS. This could be used to provide the HOPS back office function for the Hampshire Concessionary Travel Scheme in the short term and retain the possibility of the council utilising the CMS at some point in the future if that was considered appropriate.
- 3.8. It is also proposed that Southampton City Council be approved as the lead authority for bringing together the common functions of the system, facilitating the smart ticketing back office and workstream and procuring the Asset Management System/Host Operating Processing System (AMS/HOPS) and a CMS.

4. Budget

- 4.1 The contract will be awarded initially for a term of four years with an option to extend this up to seven years. The annual value of the contract will be £1.7 million of which £232,631 would need to be paid for by Hampshire County

Council from the Concessionary Travel Scheme budget if both the AMS/HOPS and the CMS functions were purchased through this contract. The remainder of the contract price would initially be covered by contributions from other authorities, operators and funding from the Local Sustainable Transport Fund which has been secured.

- 4.2 The funding from the Local Sustainable Transport Fund will enable a significant proportion of the costs of launching the Smartcard, which will require an AMS/HOPS, to be met and will help to provide a system of seamless travel in the South Hampshire area by equipping smaller bus operators and ferry companies to provide an integrated travel ticket. It is hoped that rail travel can also be added when the new franchise commences in 2017.
- 4.3 The ongoing costs to the authority of maintaining the smartcard will be higher after 2015 (estimated at £496,481) once the Local Sustainable Transport Fund funding finishes and the additional costs which fall on the Economy, Transport and Environment Department for this will need to be addressed. It may be possible to offset some of these costs through contributions from third parties that make use of the smartcard for other products which they require e.g. citizen passes, visitors cards etc.

5. Conclusion

- 5.1. In order to operate the Hampshire Travel Concession Scheme and comply with the legal requirements of Travel Concession Authorities (Hampshire County Council for the Hampshire Scheme), it is necessary for the council to be able to produce ITSO compliant smartcards. For this the council requires the use of both an Asset Management System/Host Operating Processing System (AMS/HOPS) and a CMS. Following the transfer of concessionary fares to the County Council in April 2011, contracts have been put in place to provide these back office facilities.
- 5.2. Following the successful Local Transport Sustainable Fund bid a joint procurement exercise is now proposed to offer these back office facilities for Southampton City Council, Portsmouth City Council and the County Council as part of the implementation of the proposed Solent Smartcard for South Hampshire.
- 5.3. Southampton City Council will act as the lead authority in procuring a contract that Portsmouth City Council and Hampshire County Council could use when their existing back office functions expire, bringing the local authority systems together.

6. Recommendations

- 6.1. That the County Council enters into a joint procurement process with Southampton City Council and Portsmouth City Council for the award of a contract that will provide an Asset Management System/Host Operating Processing System (AMS/HOPS) for the council.
- 6.2. That Southampton City Council be approved as the lead authority for bringing together the common functions of the system, facilitating the smart ticketing back office and work stream and for procuring the Asset Management System/Host Operating Processing System (AMS/HOPS) and Customer Management System (CMS).
- 6.3. That following the completion of the procurement exercise delegated authority be given to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Transport and Environment, to decide whether this should include the future CMS arrangements for the County Council in respect of this service, and if so, the timescale for this.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1 The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. An assessment of the impacts in this service area can be found at [Safe and efficient transport systems in Hampshire](#).

It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

- 2.1. The creation of a smart ticketing system will make it easier to hot list travel concessions which are no longer valid. This will help prevent fraudulent use by unauthorised users of the scheme.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

The new shared HOPS back office will provide the basis of a multi-operator public transport Smartcard which will provide an attractive alternative to individual car journeys and so help reduce carbon emissions.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The proposal supports the provision of alternatives to the car, and thereby contributes to adaptation to the increasing requirement for sustainable modes of transport.