



Subway – Award of contract for the supply of disposable Smart Tickets

Date of meeting 23 February 2018

Date of report 31 January 2018

Report by Senior Director

1. Object of report

To recommend the Partnership approve the award of contract for the supply of disposable Smart Tickets for Subway to Confidex OY.

2. Background

Following implementation of the Subway smart ticketing system in 2013, tickets on the Subway continue to be sold on two types of smart media – reusable (normally referred to as plastic smartcards) and disposable smart tickets.

This report relates to the procurement process for the disposable smart tickets. The reusable plastic smartcards are provided separately through our joint venture partner, Nevis Technologies.

3. Outline of proposals

3.1 Scope of Supply

There are three types of disposable ticket required for the Subway ticketing system namely:

- Pre-cut single tickets which are issued via the ticket office machines (TOMS);
- Roll ticket stock which are issued via ticket vending machines (TVMs) on the station concourse; and
- Fan-fold tickets which are used in the car parking system.

All tickets are required to meet the ITSO national smart ticketing standard.

The smart ticketing system in the Subway has now been operating for just over 4 years and therefore this has allowed an estimate of future ticket sale numbers for this tender with annual volumes being: 4.5m pre-cut single tickets; 2m roll stock tickets and 0.5m fan-fold tickets. These tickets represent approximately 58% of all journeys made on Subway.

The contract length tendered was based on a framework agreement for a period of 4 years, with an option to extend for a further 2 years at the sole discretion of SPT. As agreed by the panel, 4 years plus potential 2 year extension will allow SPT to review requirement taking into account any external factors such as new market entrants and technology advances.

3.2 Tender assessment process

Following a market testing exercise to identify potential providers, it was agreed to issue an open OJEU tender to all providers for the provision of disposable smart tickets. The invitation to tender was issued on 24 November 2017 with tenders subsequently received on 11 January 2018 from:

- BemroseBooth Paragon Ltd
- Confidex Oy
- Nagels Druck GmbH
- SECUREmedia Ltd

The tenders were assessed on the basis of a 30:70 quality:cost split, with quality criteria of:

- Evidence of quality certification (e.g. ISO9001) and ITSO certification;
- Production facilities for manufacture and manufacturing quality (failure rates per 1,000);
- Capacity to supply all three required ticket formats;
- Resilience of materials supply;
- Percentage of recycled materials; and
- Delivery of urgent orders.

The tenders were assessed by a SPT team comprising ticketing, operations and procurement departments and the assessment scores are summarised in tables within section 3.3 below.

3.3 Tender assessment results

The tender scores are summarised as follows:

Supplier name	Quality Score	Price Score	Total Price + Quality	Ranking
Confidex Oy	30	70	100	1
BemroseBooth Paragon Ltd	29	68	97	2
SECUREmedia Ltd	30	59	89	3
Nagels Druck GmbH	28	51	79	4

This is a framework agreement therefore the final spend will depend upon actual demand, however the estimated spend is £1.9m over the contract duration of 4 years, based on current patronage figures.

All four tenderers scored highly on the quality scores and were able to demonstrate a detailed understanding of the requirements with only two points separating them. There was clear evidence of Confidex Oy's ability to meet Subway production needs as well as a commitment to high quality standards and inspection processes.

Prices were assessed based on anticipated usage, returning an annual price range of £467,000 to £638,000. Confidex Oy provided the lowest price score and scored highest in the quality assessment, therefore finishing first in the overall assessment.

4. Conclusions

The tender assessment has shown that Confidex Oy represents the most economically advantageous tender for the supply of disposable smart tickets for SPT Subway.

5. Further Information

The unit costs supplied by the preferred tenderer, Confidex Oy, represent an approximate 30% saving over the previous contract, and over the 4 year contract period are estimated to save approximately £880,000 in comparison to the current contract rates.

6. Partnership action

The Partnership is recommended to approve the award for the supply of disposable smart tickets to Confidex Oy for a period of 4 years with an option to extend for further 2 years subject to external factors as outlined in 3.1 above, during which actual spend will vary, depending on patronage, but is expected to be around £470,000 per annum.

7. Consequences

Policy consequences	<i>None identified.</i>
Legal consequences	<i>None identified.</i>
Financial consequences	<i>The project costs are contained within the Subway Revenue Budget for 2018/2019 and will be budgeted in future years.</i>
Personnel consequences	<i>None identified.</i>
Equalities consequences	<i>None identified.</i>
Risk consequences	<i>None identified.</i>

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