

Cambridgeshire Transport Innovation Fund

Package Outline Proposal for Funding

Draft Commercial and Procurement Strategy

Contents

<i>Section</i>	<i>Page</i>
1. Introduction	1-2
Purpose of Report	1-2
2. Commercial and Procurement Strategy	2-1
Proposed Transport Improvements	2-1
Congestion Charging	2-4
List of Figures	
Figure 2.1 – Overview of Proposed Transport Improvements	2-1
Figure 2.2 – Proposed Area for Congestion Charging	2-5

1. Introduction

PURPOSE OF REPORT

- 1.1 This document presents supplementary information relating to the Commercial and Procurement strategy associated with the Package Outline Proposal for Funding (OPF) to the Department for Transport (DfT) Transport Innovation Fund (TIF). It is one of a suite of documents and should be read in conjunction with the:
 - ◆ Package Level Outline Proposal for Funding
 - ◆ Transport Improvements Report
 - ◆ Congestion Charging Report
 - ◆ Options Assessment Report
 - ◆ Environmental Appraisal Report
 - ◆ Economic Appraisal Report
 - ◆ Social and Distributional Impacts Report
- 1.2 The purpose of this report is to support the Package Level Outline Proposal for Funding to the Department for Transport by presenting more detailed information regarding the Commercial and Procurement strategy for the proposed Transport Improvements and Congestion Charging elements of the Package, as required by the Department. This report has been prepared in accordance with Department guidance for TIF bids and provides the information required by that guidance as far as is possible at this stage in the Proposal development.
- 1.3 In this particular case, the report presents an outline of the alternative commercial and procurement options to be considered by the Council. The Transport Improvements and Congestion Charging elements of the Proposal are considered separately. In each case criteria are identified that will be used to determine the most appropriate commercial and procurement option(s).
- 1.4 For the Transport Improvement, consideration is also given regarding the potential for use of existing contractual arrangements. This would enable rapid commencement of the delivery of elements of the Transport Improvements.
- 1.5 It should be noted that the Council is taking a long-term view of the TIF Package. At this stage, no firm decisions have been taken regarding the commercial and procurement arrangements for the Transport Improvement schemes and the Congestion Charging Scheme.

2. Commercial and Procurement Strategy

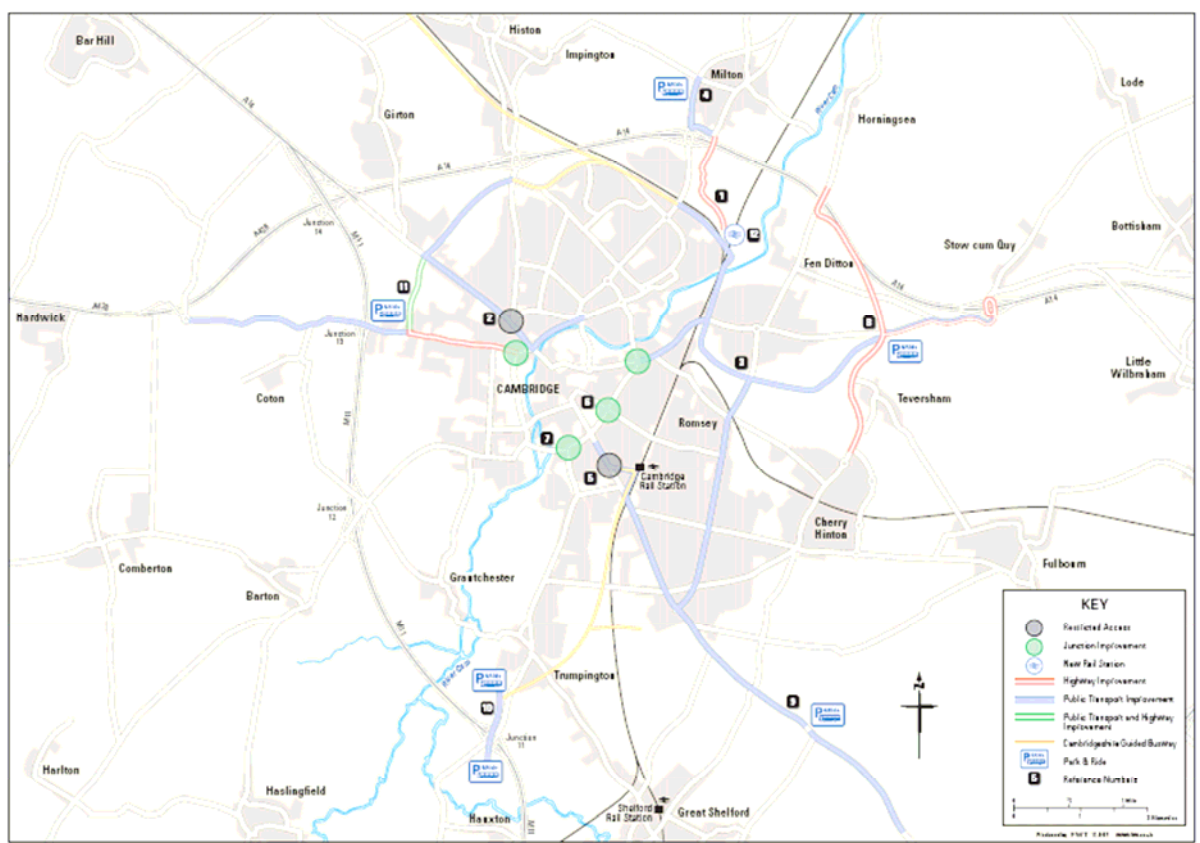
PROPOSED TRANSPORT IMPROVEMENTS

- 2.1 A number of Transport Improvements are proposed. These are outlined in Chapter 3 of the Outline Proposal for Funding and described in more detail in the Transport Improvements report.

Description

- 2.2 A summary of the Transport Improvements is shown in Figure 2.1.

Figure 2.1 – Overview of Proposed Transport Improvements



Potential Options for a Commercial Strategy

- 2.3 The Council is taking a long-term view of the TIF Package. At this stage no firm decisions on the post-implementation management of each of the Transport Improvement schemes and the Congestion Charging Scheme have been decided. However, the Council has a strong record of asset management and of the review of performance of all transport schemes/measures/campaigns undertaken. It is well recognised that the Congestion Charging element of the Package will require particularly robust management in the longer term.

- 2.4 The majority of the Transport Improvements proposals must be in place prior to the implementation of the Congestion Charging Scheme. This assumption underpins all of the demand forecasting and economic appraisal work supporting this OPF. However, it is recognised that some of the Transport Improvements will have a long lead time owing to the need for further detailed development and design processes, and the need to undertake statutory processes and approvals.
- 2.5 We would expect Government to recognise this and would want to agree clear milestone dates for agreeing funding approvals and dealing with the coordination of Public Inquiry and other statutory procedures to ensure that delivery of the Transport Improvements can come forward quickly and effectively.
- 2.6 Given the range and types of Transport Improvements there are a broad range of potential commercial strategies open to the Council in considering how to deliver the proposed Transport Improvements. These are described below;
- ◆ Local Council manages elements on an individual basis – each element of the Transport Improvements is procured and delivered on a separate basis by appropriate means that will depend on the particular element. The Council will manage the implementation, delivery and operation of all the elements to ensure that the overall objectives of the measures are delivered. Bus services would continue to be delivered by private sector operators;
 - ◆ Local Council manages elements on a bundled basis – the elements making up the measures are bundled together into packages, either on the basis of similar types of elements, elements that are linked by a particular transport corridor (or area) or a combination of the two. Each bundle of measures would be procured and delivered on a separate basis with the local Council managing delivery of the bundles to ensure that the overall objectives of the measures are delivered. Bus services would continue to be delivered by private sector operators;
 - ◆ Local Council manages a single provider who integrates the elements – a single provider is procured who would be responsible for delivering all the elements, requiring construction, making up the Transport Improvements, in the timescale required by the Council. Bus services would continue to be delivered by private sector operators;
 - ◆ Single provider of Transport Improvements including congestion charging – this would be similar to the previous options but would also include the congestion charging measures. This would be the same option that was considered in the appraisal of commercial options outlined above;
 - ◆ Single provider of all elements including bus services – A single provider would be appointed by the local Council to deliver all the elements of the

measures including the bus services required to deliver the objectives of the package; or

- ◆ Single provider of all elements including bus services and congestion charging – This option would bring together all the elements of package including the Transport Improvements, congestion charging and bus services.

Criteria

2.7 In order to assess the most appropriate commercial strategy for the elements making up the Transport Improvements of the scheme the Council is developing criteria against which each of the potential commercial options will be appraised.

2.8 The proposed criteria are described below.

Delivery of Project Objectives

2.9 The selected commercial strategy will need to deliver the objectives of the Council in reducing congestion. Each option will be reviewed as to how well it meets those objectives.

Risk

2.10 The Council recognises that there are risks involved in undertaking this project. It recognises that these risks need to be allocated on an appropriate basis between itself and the parties involved in the development and delivery of the project. The selected commercial strategy will need to be capable of ensuring that appropriate risk transfer can be achieved. Each option will be reviewed as to how well it enables risk transfer.

Deliverability

2.11 The selected commercial strategy will need to be deliverable. Each option will be reviewed to identify whether there are particular statutory or legal implications in the option that will make delivery difficult.

Manageability

2.12 The Council recognises that this project will require significant resource from the Council in ensuring that it is developed, procured, implemented and delivered efficiently and effectively. Each option will require different levels of input and these will be reviewed to ensure that the selected commercial strategy can be managed effectively by the Council.

Timescale

2.13 The selected commercial strategy will need to be in place in as short a time as possible. Each option will be reviewed to assess how long it would take to implement.

Market Acceptability

- 2.14 The selected commercial strategy will need to attract sufficient market interest to ensure that an appropriate partner or partners can be selected. Each option will be reviewed to assess the likely response from the market.

Affordability

- 2.15 The selected commercial strategy will need to provide an affordable solution to the Council. Each option will be reviewed against how it will meet this requirement.

Contractual Options

- 2.16 The Council has existing contractual arrangements in place to deliver work of a similar nature to the majority of elements of the Transport Improvements. These include;
- ◆ Highway Services Contract – Incorporates design and construction services across the Highway Network including schemes up to a Capital Value of £0.5M
 - ◆ Major Schemes Framework – Schemes above £0.5M
 - ◆ Cambridgeshire Guided Busway – Design and Construction contract for individual major scheme
- 2.17 The Council is of the view that it's existing range of contracts will allow an early start to be made on the development and implementation of key elements of the proposed Transport Improvements which will allow them to be in place before the Congestion charging scheme becomes operational.
- 2.18 The Council recognises that the capacity and resources required to develop, design and implement parts of the Transport Improvements, and particularly the major elements that relate to guided busways will be significant and will require additional contracts to be procured outside of its existing contractual arrangements.

CONGESTION CHARGING

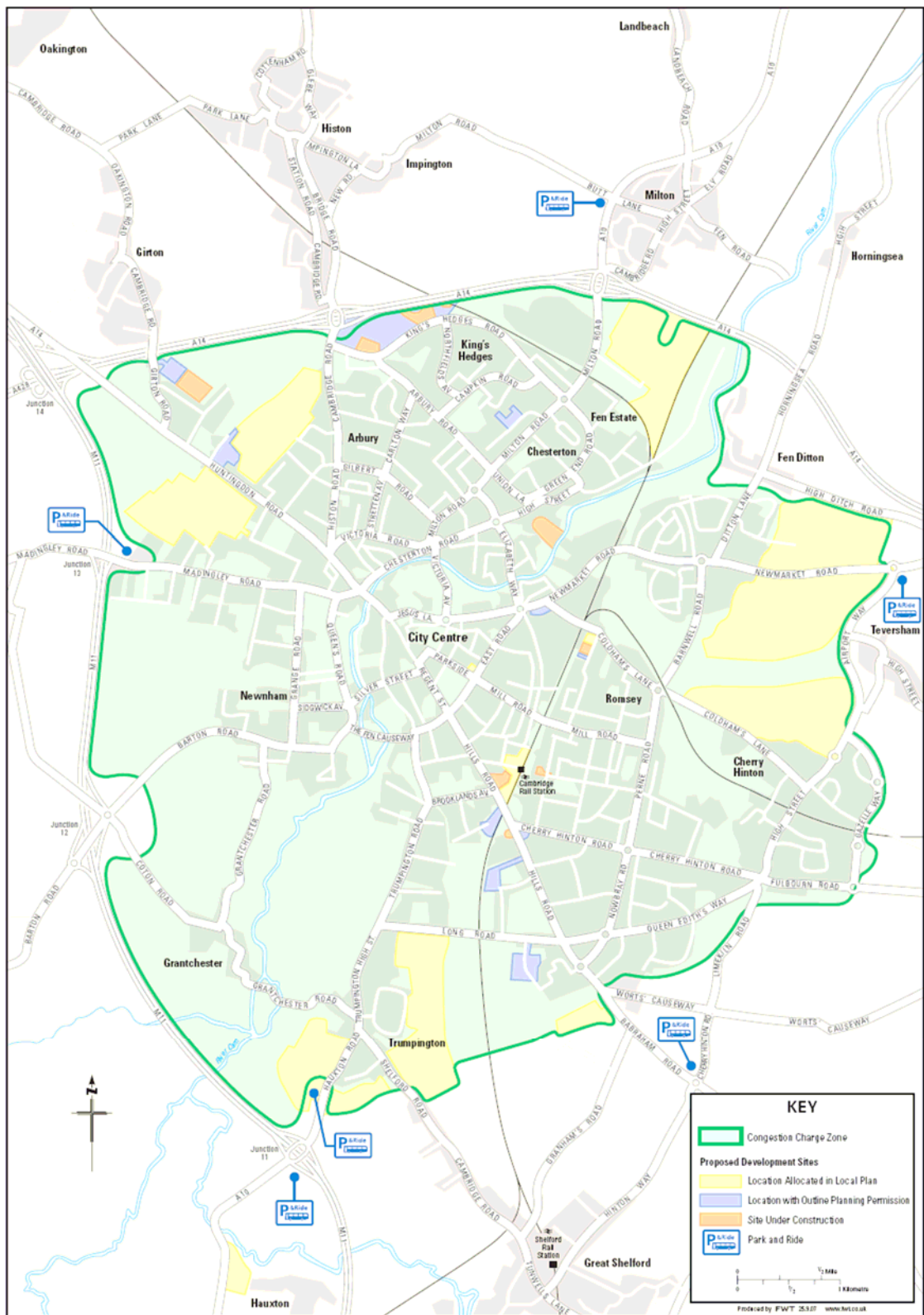
Proposed Congestion Charging Scheme

- 2.19 Having considered a range of options for reducing congestion the Council has concluded that the scheme that best meets its objectives, based on quantitative and qualitative analyses, is an area based scheme operating for the Monday to Friday morning peak period. This proposed scheme is outlined in Chapter 3 of the Outline Proposal for Funding and described in more detail in the Congestion Charging report

Description

- 2.20** The currently proposed area for Congestion Charging is shown in Figure 2.2.

Figure 2.2 – Proposed Area for Congestion Charging



Options for a Commercial Strategy

2.21 There are a range of potential options for how the elements making up the scheme could be brought together. The potential options that the Council may consider are set out below:

- ◆ the Council provides all elements of the project - The Council would deliver all the functions necessary for the scheme itself. It would buy in the required systems and act as software developer and be responsible for systems integration as well as operating the congestion charging service;
- ◆ the Council as owner of business processes - The Council would let a small number of large contracts for end-to-end systems but would run the congestion charging system itself;
- ◆ Multi vendor service delivery - The Council would outsource scheme functions, including systems integration to a number of contractors. The number of contractors would be higher than above with potentially up to 10 contractors being involved;
- ◆ Congestion charging bundled with a transport infrastructure contract - The Council could include a congestion charging service within a larger transport infrastructure contract. This could be a PFI type contract with a construction led SPV sub contracting the congestion charging element to a systems integrator or business process outsourcer; or
- ◆ Single Business Process outsourced contract - The Council would appoint a single contractor for all/most systems and the operation of the service. This would typically involve a business process outsourcer acting as a prime contractor, subcontracting systems integration and technical roles.

Criteria

2.22 In order to assess the most appropriate commercial strategy for the Congestion charging elements of the scheme the Council is developing criteria against which each of the potential commercial options can be appraised.

2.23 The proposed criteria are described below;

Delivery of Project Objectives

2.24 The selected commercial strategy will need to deliver the objectives of the Council in reducing congestion. Each option will be reviewed as to how well it meets those objectives.

Risk

- 2.25 The Council recognises that there are risks involved in undertaking this project. It recognises that these risks need to be allocated on an appropriate basis between itself and the parties involved in the development and delivery of the project. The selected commercial strategy will need to be capable of ensuring that appropriate risk transfer can be achieved. Each option will be reviewed as to how well it enables risk transfer.

Deliverability

- 2.26 The selected commercial strategy will need to be deliverable. Each option will be reviewed to identify whether there are particular statutory or legal implications in the option that will make delivery difficult.

Manageability

- 2.27 The Council recognises that this project will require significant resource from the Council in ensuring that it is developed, procured, implemented and delivered efficiently and effectively. Each option will require different levels of input and these will be reviewed to ensure that the selected commercial strategy can be managed effectively by the Council.

Timescale

- 2.28 The selected commercial strategy will need to be in place in as short a time as possible. Each option will be reviewed to assess how long it would take to implement.

Market Acceptability

- 2.29 The selected commercial strategy will need to attract sufficient market interest to ensure that an appropriate partner or partners can be selected. Each option will be reviewed to assess the likely response from the market.

Affordability

- 2.30 The selected commercial strategy will need to provide an affordable solution to the Council. Each option will be reviewed against how it will meet this requirement.