

# Free-Flow Charging Project

Market Engagement Event

Venue: Amba Hotel Charing Cross

9 February 2018

# Welcome, introduction and overview

Gary Bacon



# Agenda

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Item	Lead
<b>Welcome, introduction, and overview</b> <ul style="list-style-type: none"><li>▪ Objectives for the day</li><li>▪ Introduction to Highways England , business objectives and priorities</li><li>▪ Ambition / vision of the project</li><li>▪ Indicative timeline of the project</li></ul>	<b>Gary Bacon</b> Strategy and Planning Senior Project Manager
<b>Dart Charge, future services, and required capabilities</b> <ul style="list-style-type: none"><li>▪ Significance of Dart Charge</li><li>▪ Future services and required capabilities</li><li>▪ Road User Charging schemes and experience of the capabilities</li></ul>	<b>Sarah Green</b> Finance and Business Services, Divisional Director Network Claims and Dart Charge
<b>Planned market engagement:</b> <ul style="list-style-type: none"><li>▪ Potential packaging and service provision approaches</li><li>▪ Indicative timeline for the procurement</li><li>▪ Supplier questionnaire</li><li>▪ One-to-one meetings and the next market engagement event</li><li>▪ How feedback from the market engagement will be used</li></ul>	<b>Neil Widdop</b> Commercial and Procurement Procurement Manager, Traffic Technology Systems
<b>Questions and answers:</b> <ul style="list-style-type: none"><li>▪ Questions and answer session and a recap of the next steps</li></ul>	
<b>Wrap-up and close</b>	Gary Bacon
<b>Lunch and networking</b>	

# Objectives for the day

- To hold a market engagement session, aimed at sharing our experiences, and gaining insight to inform our future approach.
- To set out Highways England ambition and future development of services
- To outline our proposed packaging approach for the capabilities we may procure, seek feedback on feasibility, and explore risks & opportunities.



# Highways England, ambition and future development of services

- Established by government to operate, maintain and enhance the Strategic Road Network (SRN) in the interests of our customers and stakeholders.
- Connect communities, sustain business and support the economy, through improving safety, tackling congestion and boosting capacity
- Government-owned company with a five-year funding cycle, that looks to and plans ahead for the future, including longer term changes driven by technology.
- Future development of free-flow charging services;
  - Scalable solution for the SRN.
  - Focused on customer service and future convenience, mapping out potential pathways to integrated services, and a seamless transition to any new services.
  - Ensuring scheme credibility and sustainability, by maintaining or improving road user charging compliance levels and revenue protection performance.
  - Ensuring value for public money

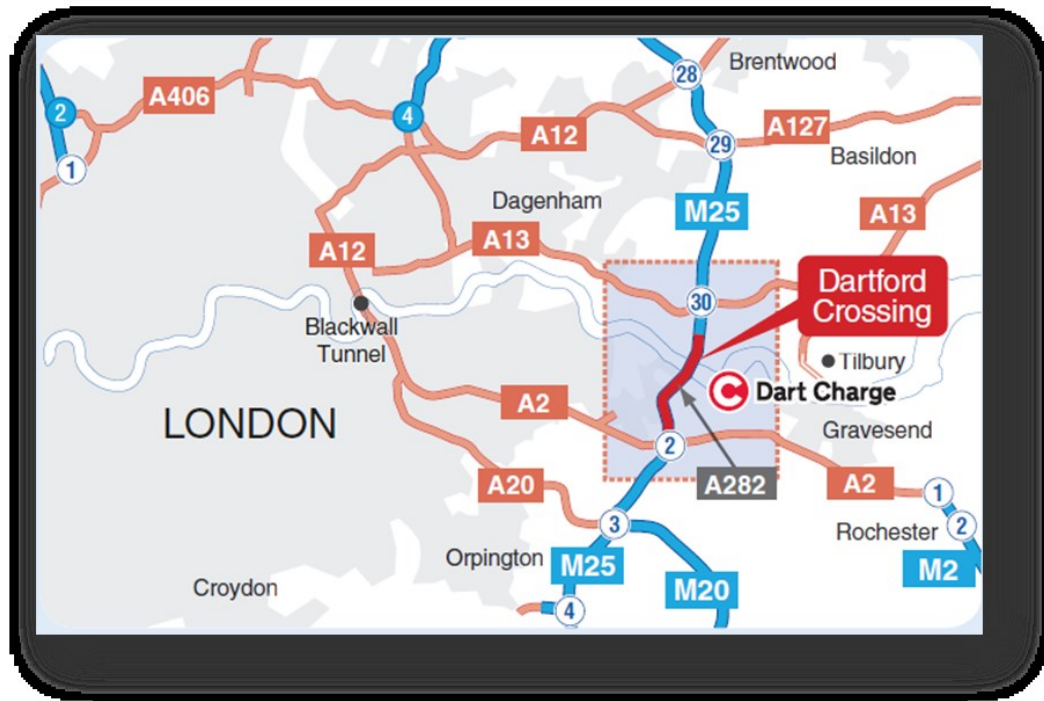
# Dart Charge, future services, and required capabilities

Sarah Green



# Significance of Dartford Crossing and Dart Charge

- Dartford Crossing links orbital motorway around England's capital
- Major artery to economic growth
- England's first ever free-flow charging on the Strategic Road Network (SRN)





# Future services



- New and improved services for our millions of customers.
- Opportunity to take advantage of newer technology (phone app, intuitive digital access).
- Providing services tailored to the needs of particular groups (business, fleet, vulnerable users).
- Learning from experience of Dart Charge and other schemes e.g. London Congestion Charge.
- Considering the required capabilities, potential packaging and service provision approach is fit-for-purpose for the future and aligned to longer term aspirations.



# Required capabilities

The five main capabilities required are:

- **Vehicle detection and identification** – to detect vehicles and create vehicle passage records (VPRs).
- **Back Office** – to match VPRs against payments / exempt lists.
- **Customer Service** – to process road user charge payments and manage accounts.
- **UK Enforcement** – to manage enforcement activities for vehicles registered in the UK.
- **Non-UK Enforcement** – to manage enforcement activities for vehicles registered outside of the UK.

# Required capabilities (cont'd)

Additional capabilities required are:

- MIS Database and 'One View' Reporting
- Website
- Security audits
- Merchant Acquirer
- Enforcement Agents
- Minor civil engineering works

# Dart Charge

## Dartford Crossing Road User Charging Scheme

### ▪ Characteristics:

- **50 million** crossings per year.
- Around **£161.6 million** charges collected per annum (FY 2015/16) on behalf of SoS using the powers in the Transport Act 2000.
- Main objective of road user charging is to manage high demand at the Crossing.
- Current road user charge levels are as determined under the Dartford-Thurrock River Crossing Charging Scheme Order (CSO).
- Road user charge applies only at busy times **6am – 10pm** (not overnight).
- Current contract initial term seven years to November 2021 with options to extend up to November 2024.

### ▪ Current service provider for the Dart Charge solution:

- emovis (previously known as Sanef).

# Planned market engagement

Neil Widdop

# Potential packaging approach used for market engagement

**Key considerations** - lessons learnt from similar schemes, attractiveness to the market, proven delivery models, consideration of internal capabilities

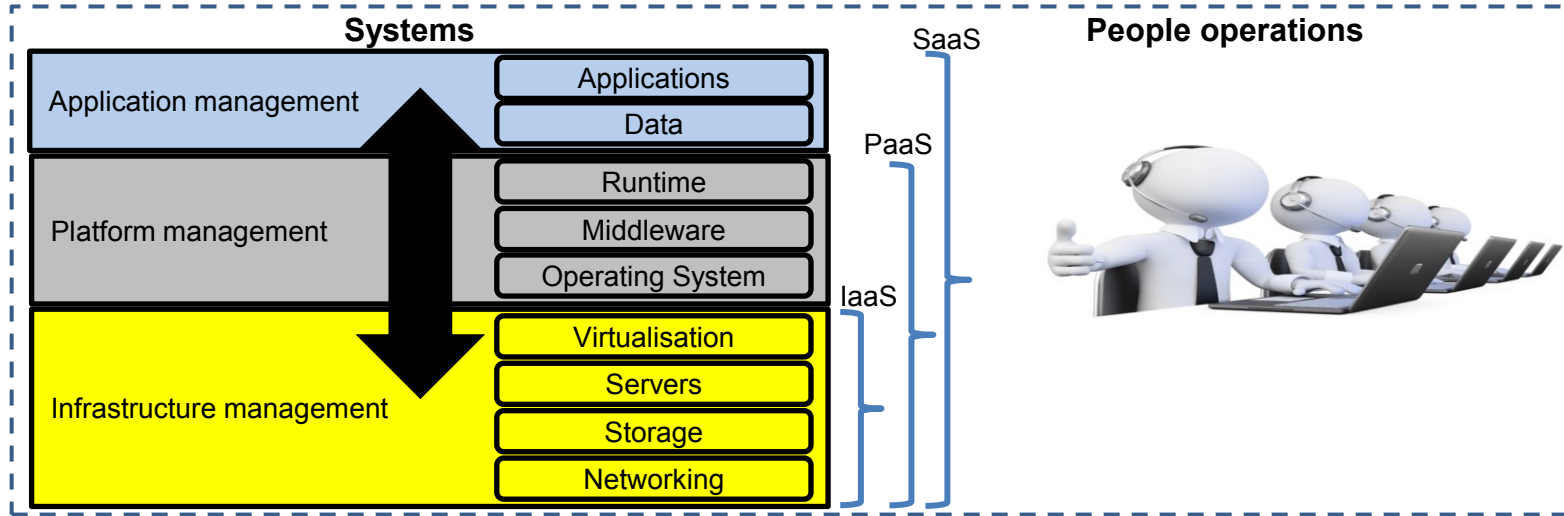
Package	Description
1	Vehicle detection and identification
2	Customer Service and Back Office (including Website and Merchant Acquirer)
3	UK Enforcement (including Merchant Acquirer)
4	Non-UK Enforcement (including Merchant Acquirer)

Additional capabilities are currently considered standalone and may be procured separately from the packages above:

- MIS Database and 'One View' Reporting
- Security audits
- Enforcement Agents
- Minor civil engineering works

# Potential service provision approach

Current proposal for each package to be procured as a full service (system, maintenance (Software as a Service) and operations all together)

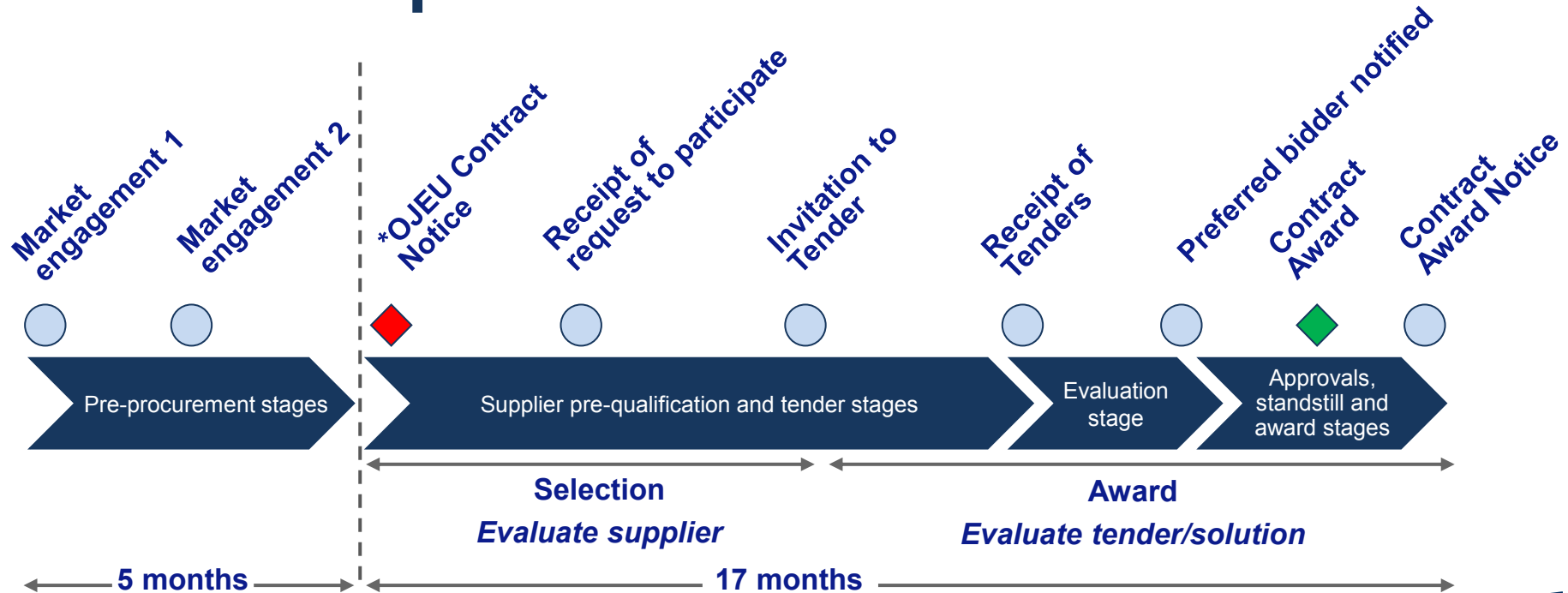


# Indicative contract values

Package	Description	Indicative 7 year contract values
1	Vehicle detection and identification	£5 - £10m
2	Customer Service and Back Office (including Website and Merchant Acquirer)	£75 - £95m
3	UK Enforcement (including Merchant Acquirer)	£40 - £60m
4	Non-UK Enforcement (including Merchant Acquirer)	£5 - £10m



# Indicative procurement timeline



\* Current indicative date for publication is Summer 2018 but this may change.

The procurement timeline assumes a single procurement but this may change depending on the final packaging approach.

# Questionnaire

- Contact TechnologyProcurement@highwaysengland.co.uk should you have any queries.
- The deadline for responses is 23<sup>rd</sup> February 2018 17:00 GMT.
- Each free text answer is limited to 1,500 characters.
- A read only PDF version is available on the Contracts Finder site but the questionnaire must be completed using Google Forms located at <https://goo.gl/forms/f7H7jbRCMHoC5kF43>.
- This questionnaire should be read in conjunction with the pre-procurement briefing document and reference should also be made to discussions and material presented at the supplier day.

# Questionnaire

This questionnaire seeks your feedback on the following areas:

- The feasibility, risks and challenges of delivering the proposed contract packaging approach.
- The risks and opportunities of further separating the proposed contract packages into software and people operations.
- The capabilities of the market, including the latest software available and the software roadmap.
- Risks, challenges and approaches to transition from a single package delivery model to the proposed multipackage delivery model.

# Questionnaire

- Any responses will be confidential between Highways England and the responding organisation. These will be used to challenge, improve and finalise our packaging approach to procuring the services.
- A second market sounding will be completed on the detail of each of the packages, including payment and performance, in the coming months.
- Suppliers are not obliged to make a formal proposal at Invitation to Tender (ITT) stage as a result of completing this questionnaire.

# Questionnaire outcomes

- Details of your organisation, representative, contact details, and areas of interest.
- Details of your software and services capability, product roadmap, SaaS details, and major free-flow charging customers.
- Your views on key opportunities and challenges associated with our proposed packaging approach, and any alternative proposals for delivery of the packages (including further disaggregation).
- Your views on integration of the packages.
- Your views on optimum contract lengths.
- Your preferred software.

# Questionnaire outcomes

- Your views on the preferred procurement routes.
- Your views on the key cost drivers.
- Your views on sourcing each of the standalone items.
- Your capability in API development.
- Your views on opportunity and risk management.
- Your views on the transitional challenges.
- Your views on the scalability challenges.

# One-to-one meetings

- We may invite suppliers who respond to the questionnaire to one-to-one meetings to discuss specific topics in a greater level of detail.
- We reserve the right to target the subject areas we wish to speak about.
- Details of these meetings will be confirmed once we have received and reviewed the questionnaire responses, but are expected to last for ~2 hours and cover:
  - Questions on software maturity and product roadmap (for systems suppliers).
  - Drill down into specific points of supplier questionnaire responses (for systems and people operations suppliers).
  - Demonstration of supplier software (for systems suppliers).



# Second market engagement event

A second market engagement event is currently planned to take place in May 2018\*

- This will be an event to sound out market views about the **emerging requirements** and **commercial principles**.
- Information shared at this event may include:
  - Potential procurement routes, process and timetable e.g. OJEU contract notice publication date.
  - An outline evaluation approach for price and quality.
- It may be split into separate sessions to reflect the different requirements areas.
- Participants will be asked to complete a supplier questionnaire, but no one-to-one meetings are planned.

\*Highways England reserves the right to change this date, cancel or postpone the event.

# Use of market engagement feedback

The findings from the first and second market engagement will be used to:

- Refine the proposed packaging and service provision approaches.
- Inform the procurement strategy of sourcing the required capabilities.
- Refine the requirements, taking into account market feedback e.g. on interfaces, transition.
- Update contract documents to reflect commercial terms and risk transfer mechanisms that the market will accept.

Highways England welcomes the supply market's inputs which will help contribute towards shaping the procurement of the required capabilities.

# Question and Answer session

**Chair: Neil Widdop**

# Wrap-up and Close

**Gary Bacon**

# Lunch and Networking