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Award

Extension of Revenue Collection Contract ("RCC") with Cubic

Transport for London

F15: Voluntary ex ante transparency notice

Notice identifier: 2022/S 000-017243

Procurement identifier (OCID): ocds-h6vhtk-034a00

Published 23 June 2022, 5:02pm

Section I: Contracting authority/entity

I.1) Name and addresses

Transport for London

5 ENDEAVOUR SQUARE

LONDON

E201JN

Contact

Andrew Anderson

Email

AndrewAnderson@tfl.gov.uk

Country

United Kingdom

NUTS code

UKI - London

Internet address(es)

Main address

<http://www.tfl.gov.uk>

I.6) Main activity

Other activity

General Public Services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Extension of Revenue Collection Contract ("RCC") with Cubic

II.1.2) Main CPV code

- 72000000 - IT services: consulting, software development, Internet and support

II.1.3) Type of contract

Services

II.1.4) Short description

In 2014, after a competitive tender, TfL entered into the RCC with Cubic Transportation Systems Ltd ("Cubic") for an initial term of 7 years, starting 17 August 2015, with an option to extend for a further 3 years. TfL exercised that option in 2017 and the RCC is now due to expire on 16 August 2025.

TfL is in the pre-tender stages of retendering the RCC services. Given the complexity and importance of these services and the time required to complete the competitive tender and handover, and the numerous contingent factors which could delay this process, including anticipated delays in completing the replacement card reader roll-out programme, TfL considers that the RCC needs to be extended by one year, until 16 August 2026 ("Extension") in order to give sufficient flexibility and certainty that these contingent programme risks can be managed appropriately. As explained at IV.1.1 below,

TfL considers that the Extension benefits from the exemption in Reg. 88(1)(b) UCR.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Lowest offer: £60,000,000 / Highest offer: £120,000,000 taken into consideration

II.2) Description

II.2.2) Additional CPV code(s)

- 30144400 - Automatic fare collection
- 30200000 - Computer equipment and supplies
- 48217000 - Transaction-processing software package
- 48480000 - Sales, marketing and business intelligence software package
- 48600000 - Database and operating software package
- 48810000 - Information systems
- 48900000 - Miscellaneous software package and computer systems
- 50316000 - Maintenance and repair of ticket-issuing machinery
- 72000000 - IT services: consulting, software development, Internet and support

II.2.3) Place of performance

NUTS codes

- UKI - London

II.2.4) Description of the procurement

As noted at II.1.4) above, in August 2015, pursuant to a competitive tender process, TfL entered into the RCC with Cubic. Cubic was awarded the RCC for an initial term of seven years, commencing 17 August 2015, with an option to extend for a further three years. TfL exercised that option in 2017 and the RCC is now due to expire on 16 August 2025.

TfL is in the pre-tender stages of its project to retender (via a competitive dialogue) the RCC revenue collection services following expiry of the RCC ("Project Proteus"). Given the complexity and importance to TfL and the travelling public of the revenue collection

services and the time required to structure, launch and complete the competitive tender and handover for Project Proteus, and taking into account the numerous contingent factors which could delay Project Proteus, including anticipated delays in completing the replacement card reader roll-out programme (discussed further below), TfL considers that the Extension is needed in order to give sufficient flexibility and certainty that these contingent programme risks can be managed appropriately.

The current card readers (which were installed around 2010) are now reaching their end of design life, which creates asset management and revenue risk which would otherwise be unpalatable to TfL and potentially unacceptable to newcomer bidders. It is important for the competitiveness of the Proteus tender to ensure that there is a demonstrably working card reader which the successful bidder can inherit and operate (at least for the bus element of the Proteus procurement, with options available for the installation of the less time-critical rail element). By giving TfL enough time to work with Cubic under the RCC to design, manufacture and complete bus (but not rail) rollout of the new reader, TfL can demonstrate to newcomer bidders that these risks are appropriately mitigated.

As explained at sections IV.1.1 [and VI.3] below, TfL considers that the Extension benefits from the exemption for "additional services" in Regulation 88(1)(b) of the UCR. This exemption allows for the non-competitive procurement of additional services that have become necessary, where a change of contractor cannot be made for economic or technical reasons and where such a change would cause significant inconvenience or duplication of costs.

II.2.11) Information about options

Options: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

TfL considers that the Extension benefits from the exemption in Reg. 88(1)(b) UCR, for the following reasons.

The Extension has become necessary in order for TfL to:

- (i) demonstrate to newcomer bidders that there is a working card reader which the successful bidder can inherit and operate;
- (ii) deliver an appropriately structured and planned Project Proteus re-procurement programme based on a level playing-field where newcomer bidders are given the necessary information, reading-in time and opportunities to discuss the replacement services with TfL; and
- (iii) ensure a smooth and risk-mitigated transition from Cubic to any new contractor.

It would be very difficult to bring in a different contractor on a short-term basis in a way that safeguarded the continued operation of TfL's revenue collection system and achieved value for money for TfL.

Running a competitive tender for a short-term extension ahead of the larger Project Proteus tender process would also involve substantial duplication of costs for TfL and could delay completion of the Proteus tender process.

The 12-month duration of the Extension is reasonable and necessary, given the following factors:

- due to various factors (including the component supply difficulties arising from the war in Ukraine) TfL has concluded that targeting July 2025 for completing the deployment of the new bus readers is not achievable, and, after taking into account recent input from Cubic, TfL is now working with a revised programme targeting June 2026;

- the complexity of the services and the need for newcomer bidders to immerse themselves in information so that they can submit compliant and competitive proposals;
- the inherent advantage held by Cubic, which may only be mitigated via the provision of adequate time and information to newcomer bidders during the procurement process;
- the complexity of transitioning from Cubic to a new supplier, where the new supplier is likely to require significant handover and early life support from Cubic, and recent market feedback about the likely timeline required for that transition; and
- the need to allow for potential delays arising from contingencies such as (i) possible force majeure events resulting from a resurgence of the pandemic, (ii) bidders needing more time during the procurement process due to the factors described above; (iii) transition or handback issues or delays; and (iv) the potential for further delays to the replacement card reader roll-out.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: No

IV.2) Administrative information

IV.2.1) Previous publication concerning this procedure

Notice number: [2014/S 152-273607](#)

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

23 June 2022

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Lowest offer: £60,000,000 / Highest offer: £120,000,000 taken into consideration

Section VI. Complementary information

VI.3) Additional information

TfL considers that the Extension benefits from the exemption in Reg. 88(1)(b) UCR, for the following reasons.

The Extension has become necessary in order for TfL to:

- (i) demonstrate to newcomer bidders that there is a working card reader which the successful bidder can inherit and operate;
- (ii) deliver an appropriately structured and planned Project Proteus re-procurement programme based on a level playing-field where newcomer bidders are given the necessary information, reading-in time and opportunities to discuss the replacement services with TfL; and
- (iii) ensure a smooth and risk-mitigated transition from Cubic to any new contractor.

It would be very difficult to bring in a different contractor on a short-term basis in a way that safeguarded the continued operation of TfL's revenue collection system and achieved value for money for TfL.

Running a competitive tender for a short-term extension ahead of the larger Project Proteus tender process would also involve substantial duplication of costs for TfL and could delay completion of the Proteus tender process.

The 12-month duration of the Extension is reasonable and necessary, given the following factors:

- due to various factors (including the component supply difficulties arising from the war in Ukraine) TfL has concluded that targeting July 2025 for completing the deployment of the new bus readers is not achievable, and, after taking into account recent input from Cubic, TfL is now working with a revised programme targeting June 2026;
- the complexity of the services and the need for newcomer bidders to immerse themselves in information so that they can submit compliant and competitive proposals;
- the inherent advantage held by Cubic, which may only be mitigated via the provision of adequate time and information to newcomer bidders during the procurement process;
- the complexity of transitioning from Cubic to a new supplier, where the new supplier is likely to require significant handover and early life support from Cubic, and recent market

feedback about the likely timeline required for that transition; and

- the need to allow for potential delays arising from contingencies such as (i) possible force majeure events resulting from a resurgence of the pandemic, (ii) bidders needing more time during the procurement process due to the factors described above; (iii) transition or handback issues or delays; and (iv) the potential for further delays to the replacement card reader roll-out.

VI.4) Procedures for review

VI.4.1) Review body

High Court (England, Wales and Northern Ireland)

London

Country

United Kingdom

Internet address

<https://judiciary.gov.uk>