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Governance for Tolling Operations

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TII
Bonneagar Iompair Éireann
Transport Infrastructure Ireland

ARUP
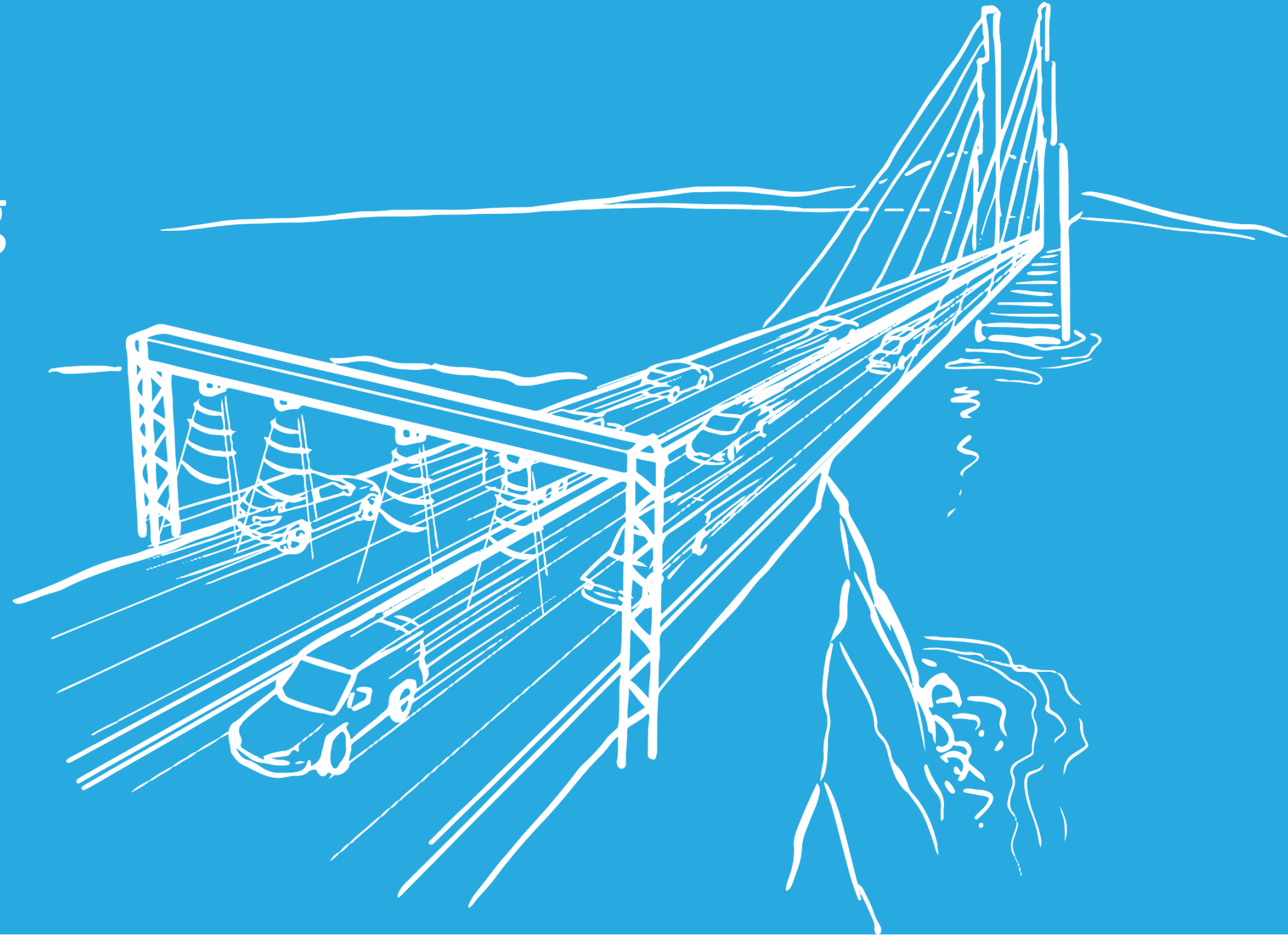
Introduction
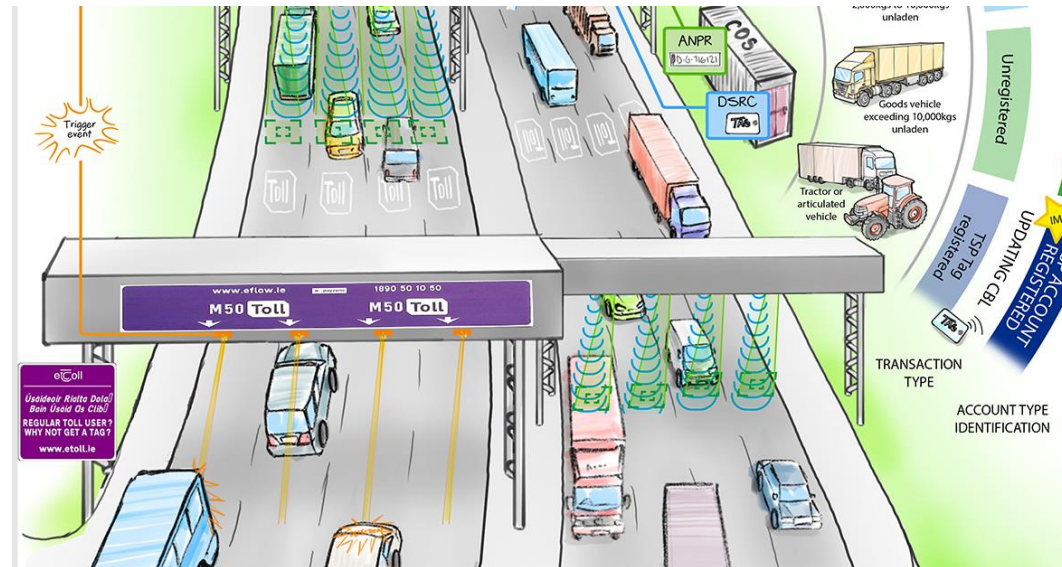
Case study and Lessons

Cathal Masterson, Head of Tolling Operations, TII

Story of the 'M50 Tolling Journey' and what we learned about how to run it and the importance of governance

Paul Lavery, Head of Technology & Innovation, McCann FitzGerald

The legal and regulatory issues that must be addressed through the life-cycle of a tolling operation, from procurement to exit & transition

Padraig Kenny, Head of RUC, Arup

Description of the governance operating model implemented at eFlow and how it works

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As a public infrastructure agency we had transport **objectives for the free-flow operation** – i.e. to relieve congestion;

We also had a **contractual and technical focus** - i.e. technical performance and contractual budgets;

Lack of Experience

"you don't know what you don't know!"

Public agency that primarily built infrastructure with **limited experience of managing an outsourced service operation;**

Outsourcing is a "whole new world"

- **Managing an outsourced service** is about relationships, service delivery processes and effective governance;

- **Free-flow tolling is about serving customers well** – "selling tolls" not "collecting tolls";

- **Good governance** is a necessity not a hurdle to be overcome;

- **In fact, effective project governance** is critical to success;
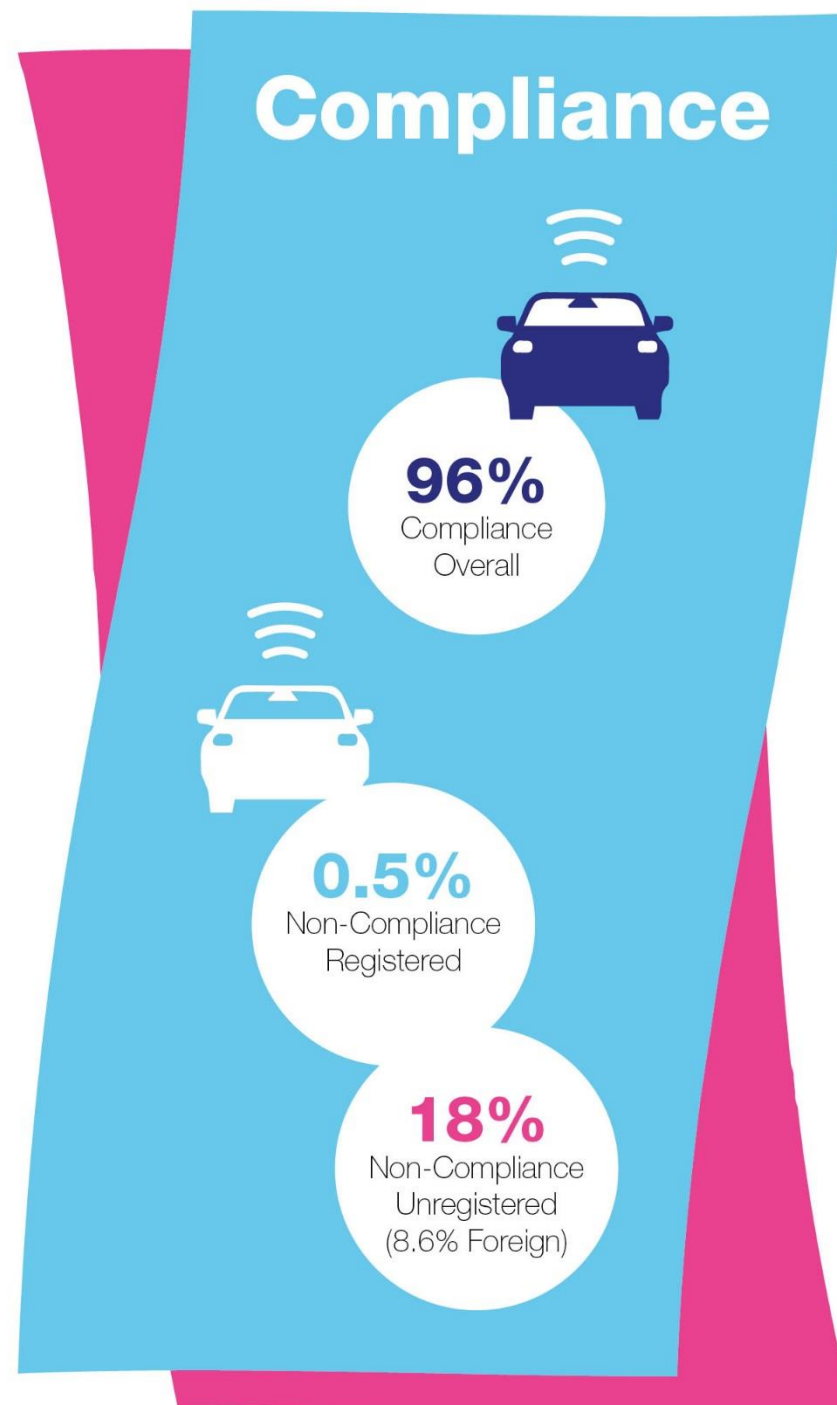

PWC's 2012 Global study on Project Management trends identified that weak governance was the main contributor to project failure.

What we put in place

- **Governance** Risk and Compliance Framework;
- **Relationship** Charter
- **Operational** Management Services
- **Communications** and Reporting

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The value of what we implemented ….

Compliance

96%
Compliance
Overall

0.5%
Non-Compliance
Registered

18%
Non-Compliance
Unregistered
(8.6% Foreign)

Collections
€119m Total (including VAT)
€67m Net Profit (excluding VAT)

Costs
€19m

Costs
€14m

Unregistered
€22.5m

Registered
€95m
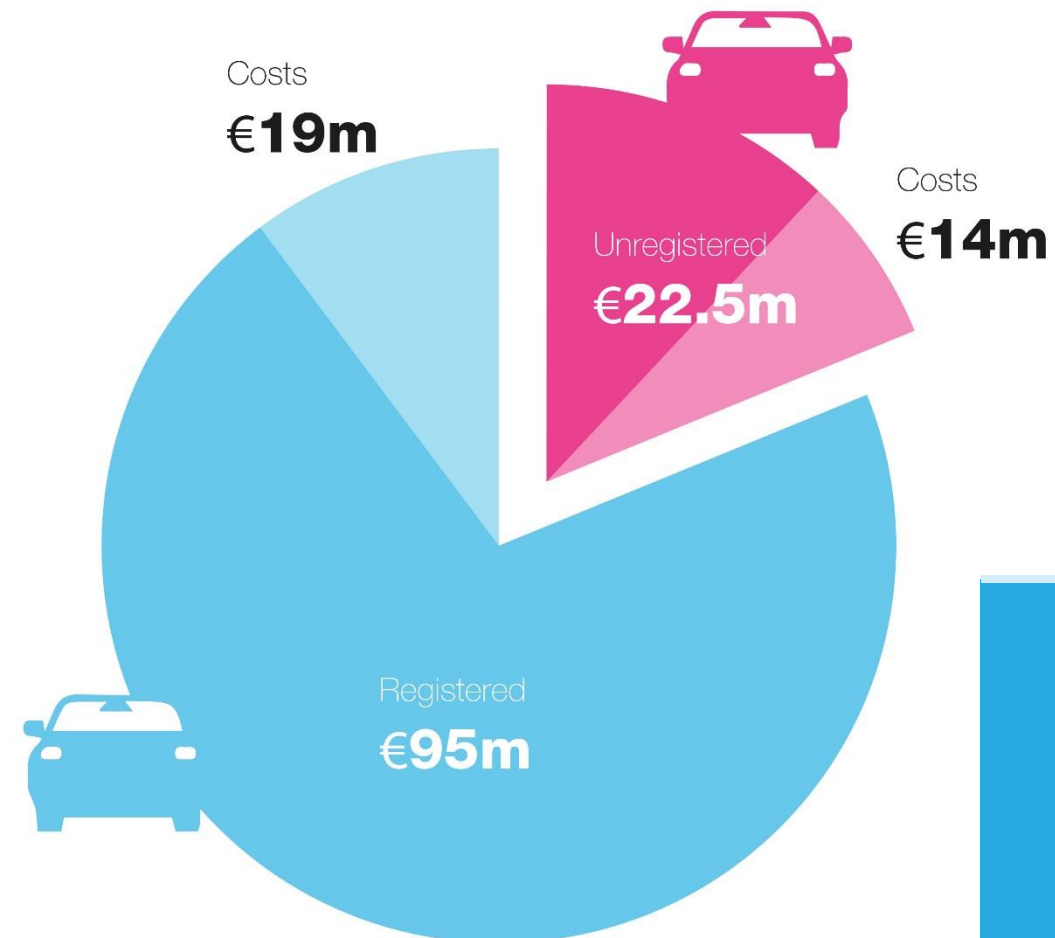
€100m Net Revenue

- **Strong commercial performance**
- **Continuous improvement and innovation**
- **Secure and stable operation**
- **Better prepared to deal with inevitable disruptions**

Going forward
- Improved contractual framework with governance 'baked-in';
- Sharing expertise and lessons beneficial for the whole RUC sector;

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M50 free flow tolling

- **Right strategy**

- **Good governance**

- **Essential legal and regulatory requirements**

- **Develop a good contractual framework**

Tolling Operation Lifecycle

Procurement Strategy

Exit Strategy

1. Outsourcing Strategy

2. Procurement

Governance

3. Mobilisation &Transition

4. Operation

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Outsourcing Strategy – Tolling as a Service

|			
Governance and Delivery	Mobilisation and Transition	Service Requirements	Performance
Payment	System	Change Control	BCDR
Exit Management	Design and Construction	Health and Safety	Insurance
Trade Marks and Branding	Escrow Agreement	Parent Company Guarantee	Property Licence

Contract Overview

- Outsourced Service Agreement Model

- Long term Agreement

- Encompass all stages of project, including:
  - Mobile and transition phase
  - Operational services
  - Exit management phase

- Inbuilt Flexibility – Change Management/Control provisions

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M50 Toll – Free Flow
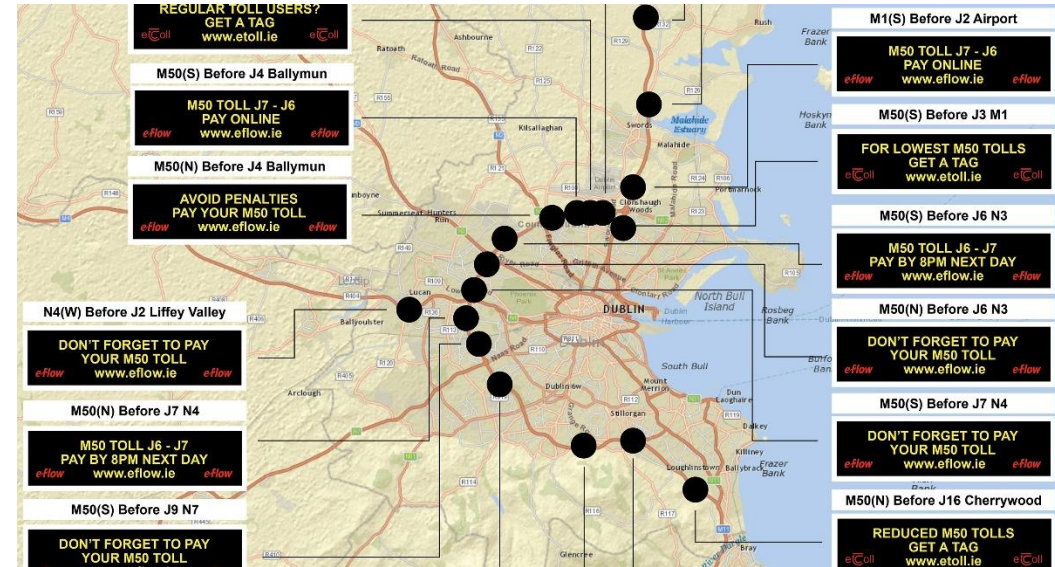
Contract Framework

- Designed to be fair to Operator and Authority

- Standard warranties;

- Standard indemnities;

- Service obligations, including service levels and KPIs

- Reasonable limitations and exclusions on liability

- Intellectual Property Rights – acknowledgment that Authority not in the business of owning IP (ownership remains with Operator)

- Details of services set out in schedules

- Designed to be fair allocation of risk

M50 Toll – Free Flow

Contract Overview
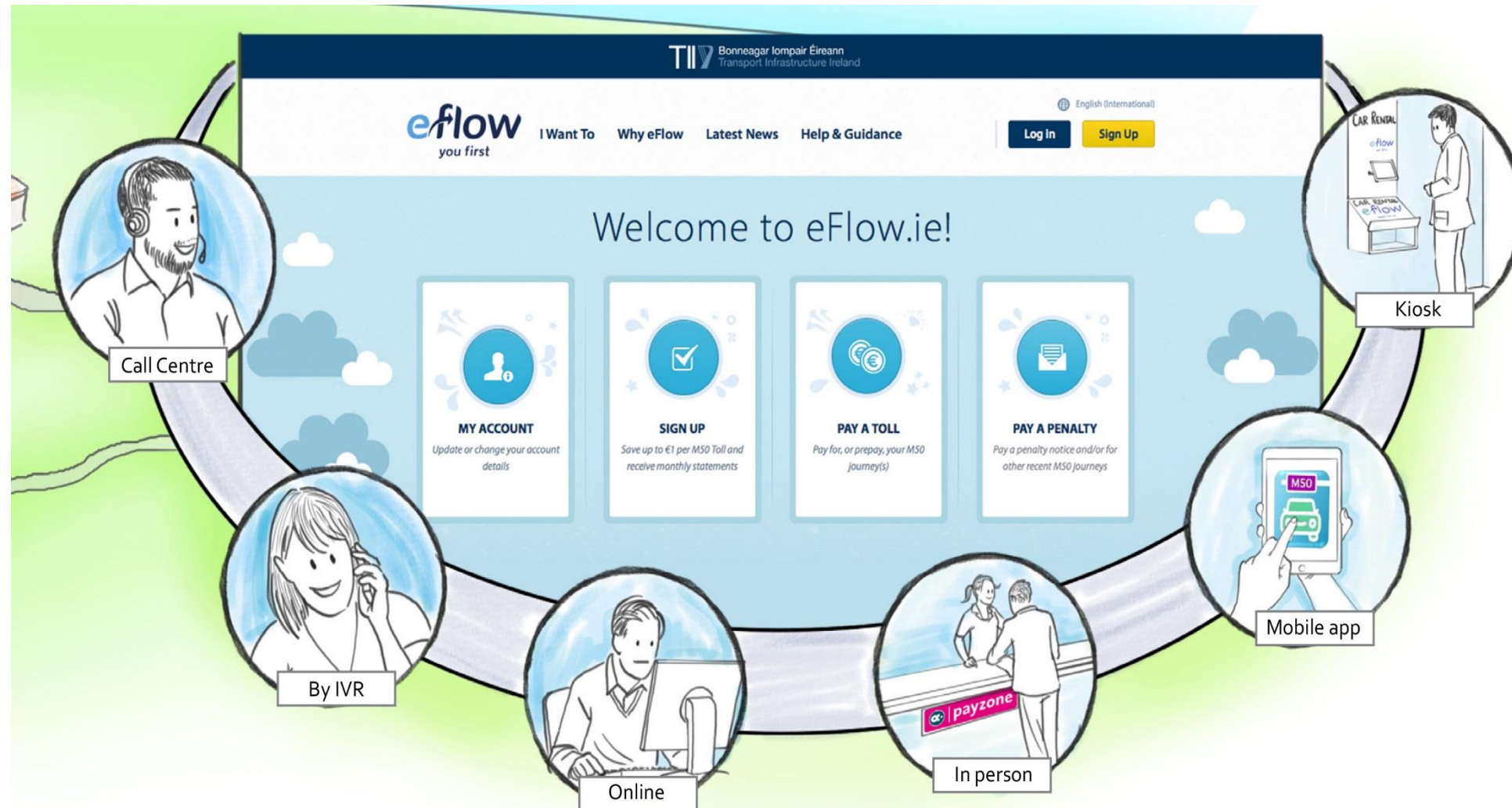
Regulatory Compliance – national and EU

- Data Protection (GDPR)
- Cybersecurity (NIS Directive)
- Procurement
- Employment (Transfer of Undertakings Regs)
- Financial/Payment
- Health & Safety
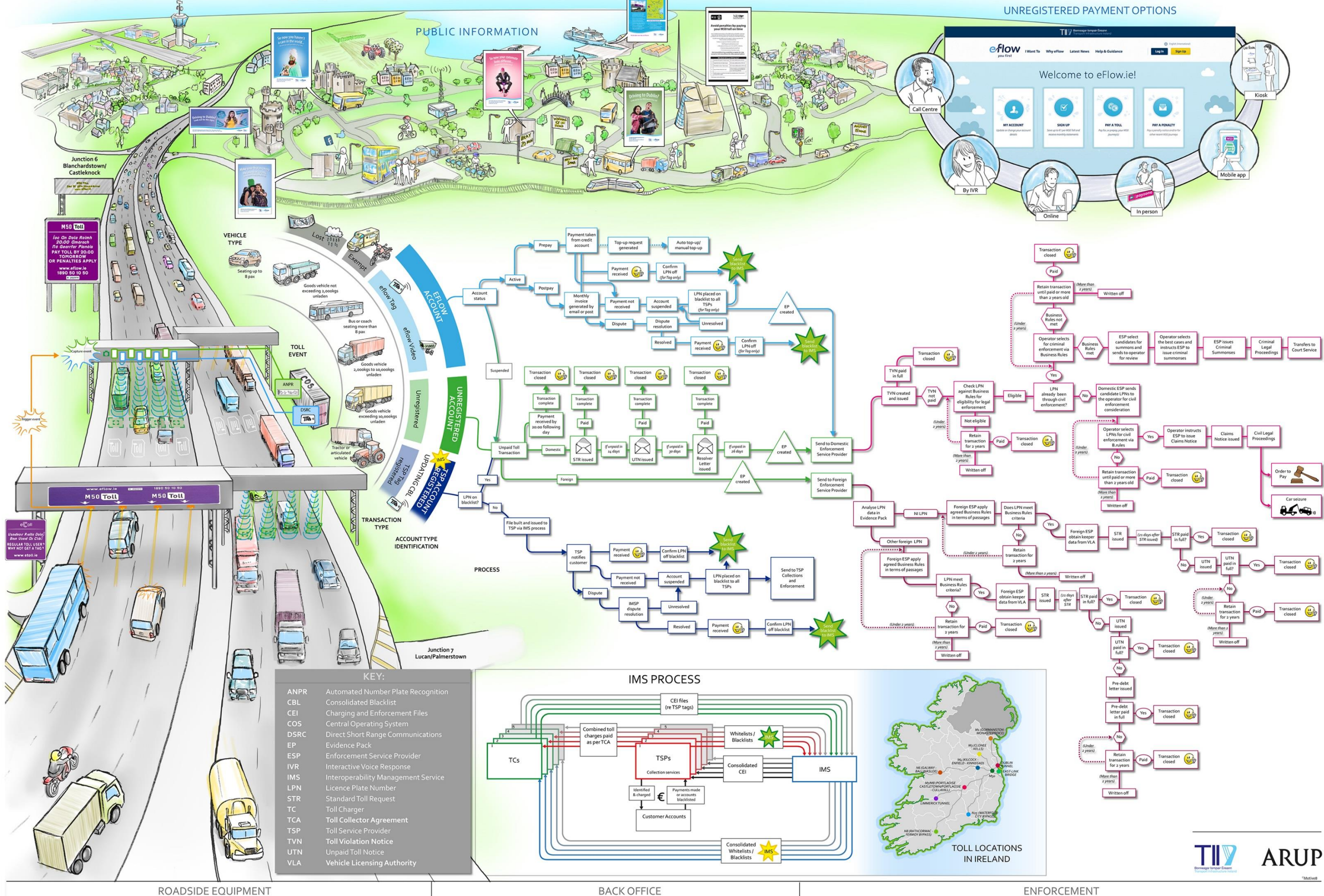- Flexibility to deal with future regulatory developments/obligations

Governance

- Good governance and escalation process
- Audits – Necessary oversight

M50 free flow tolling

eFlow M50 Open Road Tolling Operations Process Model

PUBLIC INFORMATION

UNREGISTERED PAYMENT OPTIONS

Welcome to eFlow.ie!

MY ACCOUNT · SIGN UP · PAY A TOLL · PAY A PENALTY

Call Centre · By IVR · Online · In person · Mobile app · Kiosk

KEY:

ANPR	Automated Number Plate Recognition
CBL	Consolidated Blacklist
CEI	Charging and Enforcement Files
COS	Central Operating System
DSRC	Direct Short Range Communications
EP	Evidence Pack
ESP	Enforcement Service Provider
IVR	Interactive Voice Response
IMS	Interoperability Management Service
LPN	Licence Plate Number
STR	Standard Toll Request
TC	Toll Charger
TCA	Toll Collector Agreement
TSP	Toll Service Provider
TVN	Toll Violation Notice
UTN	Unpaid Toll Notice
VLA	Vehicle Licensing Authority

IMS PROCESS

TCs · TSPs Collection services · Consolidated CEI · IMS · Whitelists / Blacklists · Combined toll charges paid as per TCA · CEI files (re TSP tags) · Customer Accounts · Consolidated Whitelists / Blacklists

TOLL LOCATIONS IN IRELAND

ROADSIDE EQUIPMENT · BACK OFFICE · ENFORCEMENT

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M50 Toll · 1890 50 10 50
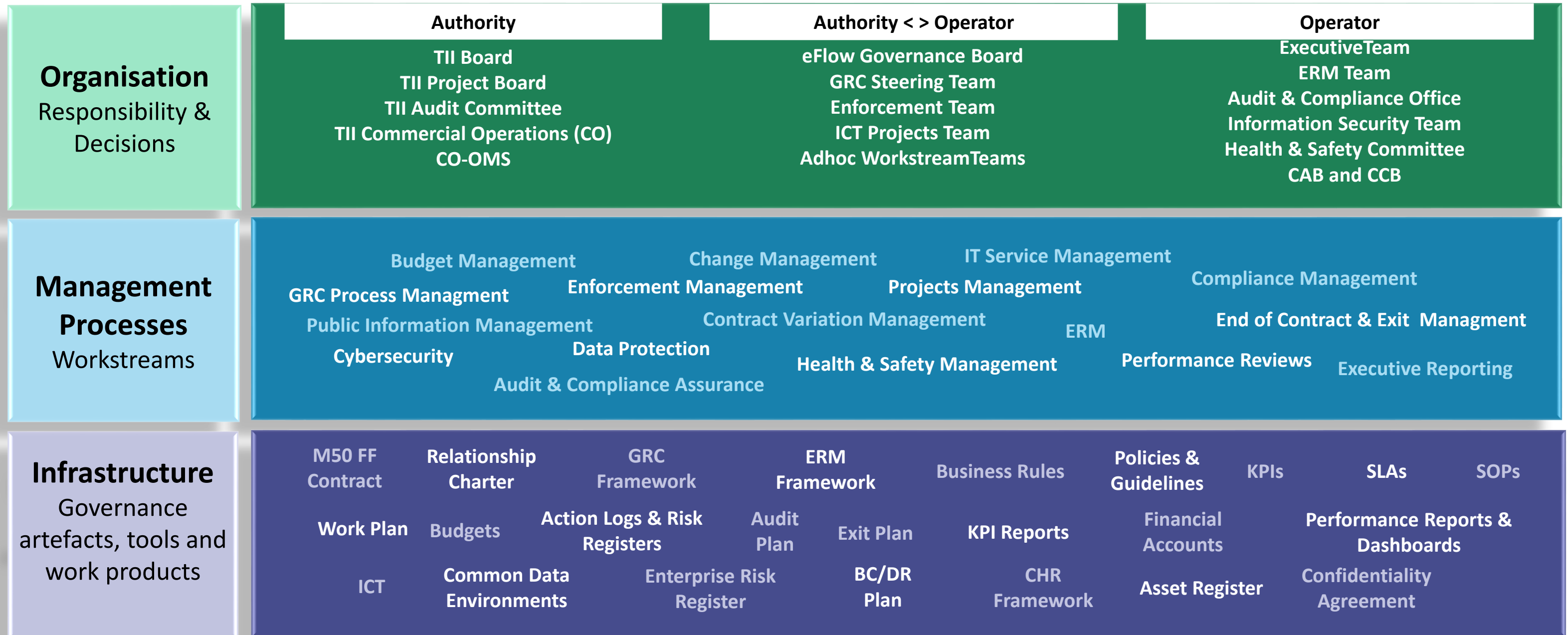
Governance, Risk and Compliance (GRC)

- Ensure TII policy is implemented

- Implemented collaboratively with the operator

- Essential to deliver:
  - **Good Performance**
  - **Secure Operation**
  - **Continuous Improvement**

Governance

Strategy

Operation governed, managed and supported by GRC Framework

Processes

People

Planning

Technology

Culture

Performance

Good Performance
Secure Operation
Improved Effectiveness
Improved Efficiency

Risk Management

Innovation

Compliance Assurance

Aligns with ISO 37500 Guidance on Outsourcing

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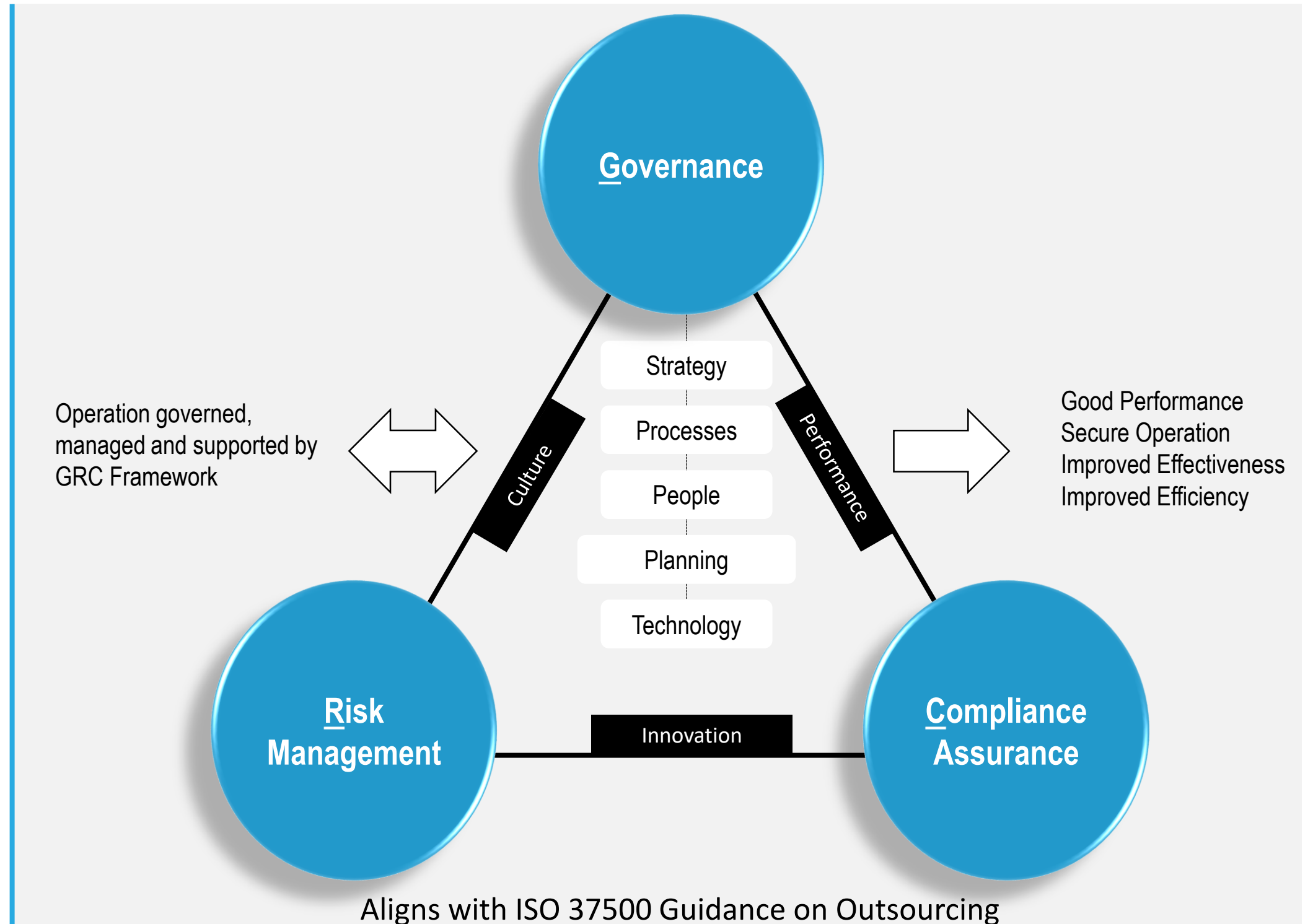
eFlow - Governance Operating Model

Focus on Performance, Risk management, Compliance assurance and Continuous Improvement

| Organisation Responsibility & Decisions	Authority	Authority < > Operator	Operator
	TII Board TII Project Board TII Audit Committee TII Commercial Operations (CO) CO-OMS	eFlow Governance Board GRC Steering Team Enforcement Team ICT Projects Team Adhoc WorkstreamTeams	ExecutiveTeam ERM Team Audit & Compliance Office Information Security Team Health & Safety Committee CAB and CCB

Management Processes
Workstreams

Budget Management • Change Management • IT Service Management
GRC Process Managment • Enforcement Management • Projects Management • Compliance Management
Public Information Management • Contract Variation Management • ERM • End of Contract & Exit Managment
Cybersecurity • Data Protection • Health & Safety Management • Performance Reviews • Executive Reporting
Audit & Compliance Assurance

Infrastructure
Governance artefacts, tools and work products

M50 FF Contract • Relationship Charter • GRC Framework • ERM Framework • Business Rules • Policies & Guidelines • KPIs • SLAs • SOPs
Work Plan • Budgets • Action Logs & Risk Registers • Audit Plan • Exit Plan • KPI Reports • Financial Accounts • Performance Reports & Dashboards
ICT • Common Data Environments • Enterprise Risk Register • BC/DR Plan • CHR Framework • Asset Register • Confidentiality Agreement

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Public Information (PI)
essential to high toll compliance

- PI Strategy
- Eflow Brand Values **-** Integrity, Convenience, Innovation, Helpfulness
- Public Information and Social Media Guidelines
- Annual PI plan – agreed and approved
- PI Campaigns – planned and approved
- Monthly KPI reporting
  - % Compliance
  - Registrations
  - Foreign Compliance
- PI Operations Review (2 x year)
  - Review strategy
  - Review plans
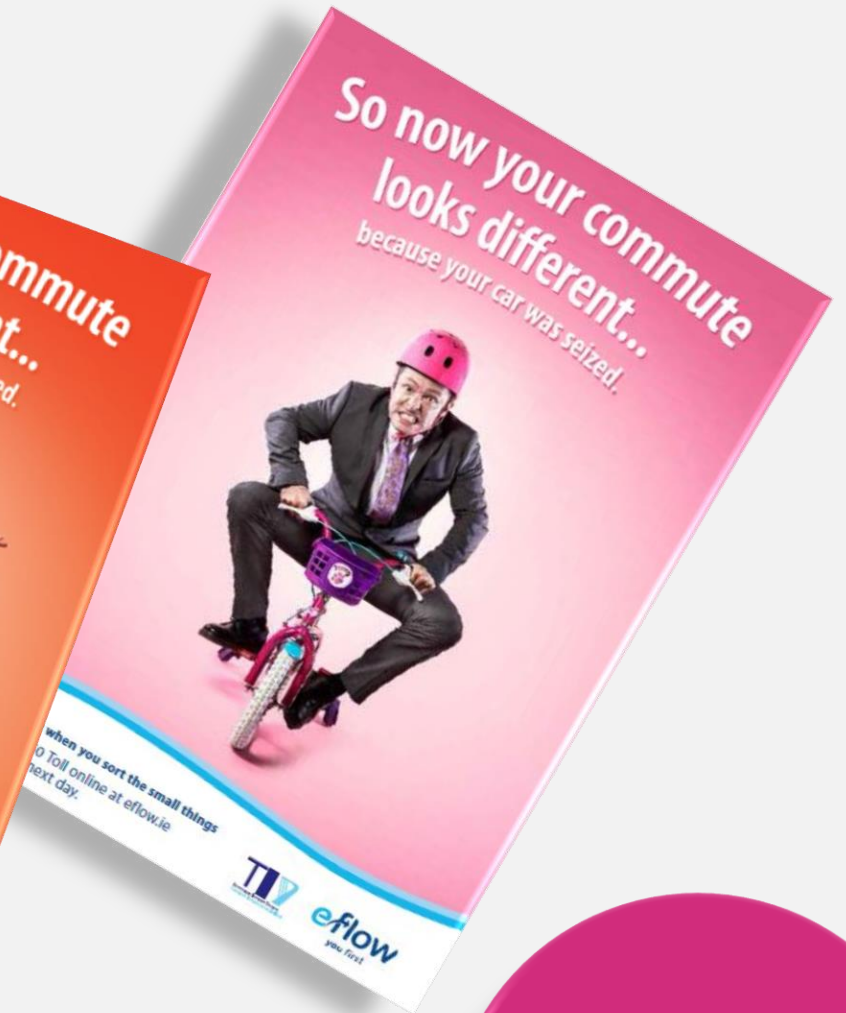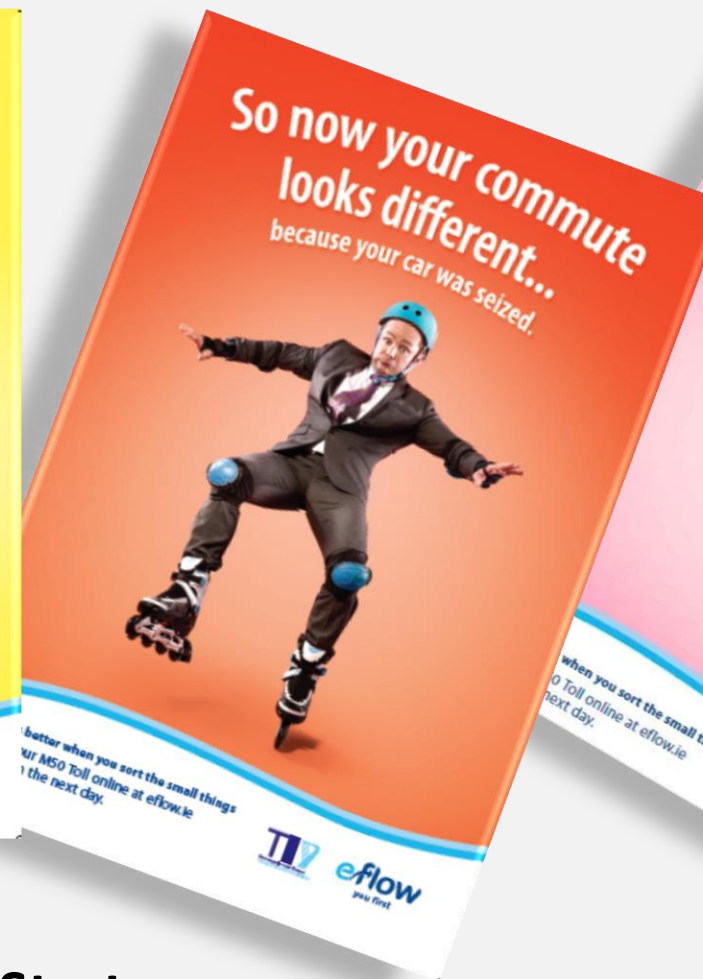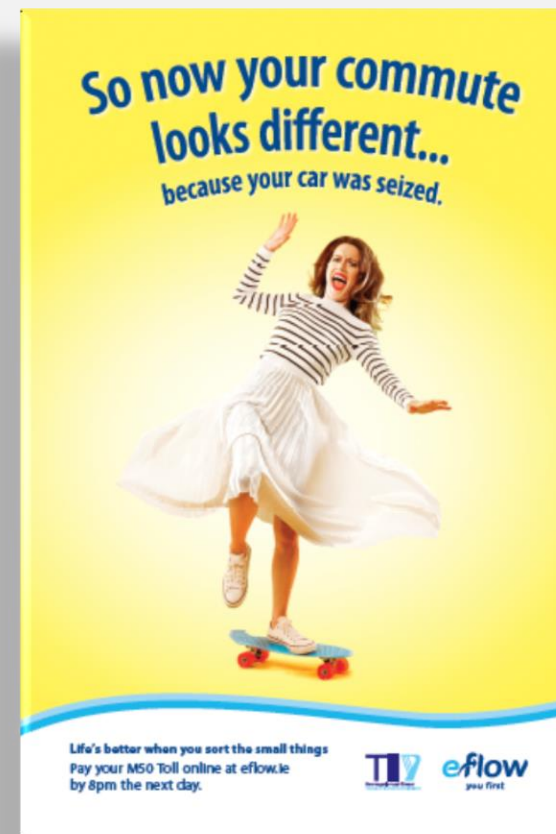
Public Information Strategy

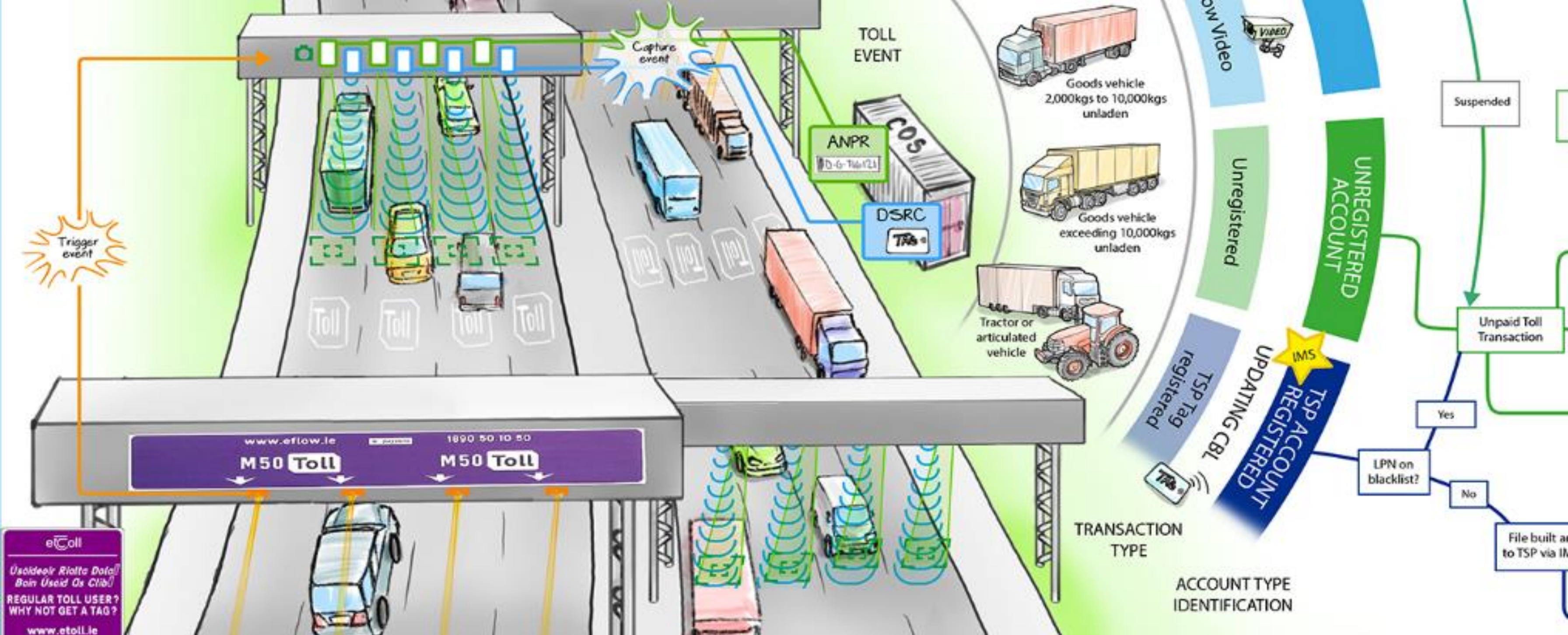– Awareness

– Compliance

– Enforcement

Annual PI Plan

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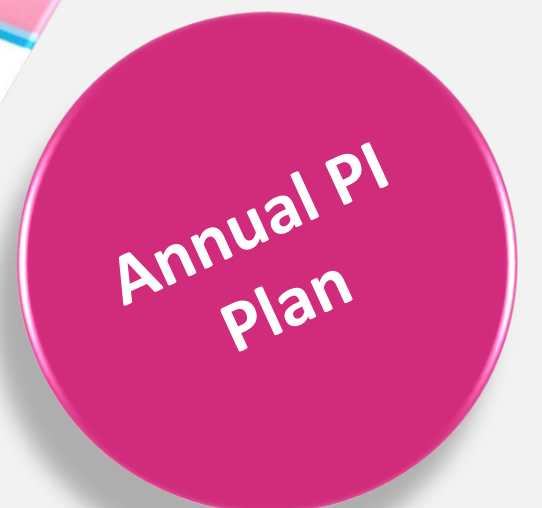
Summary

- **Free flow tolling** is about serving customers well

- **Managing an outsourced service** is about good relationships and good process

- **Procuring and operating a technically complex essential public service** requires a strong legal framework and regulatory compliance

- **GRC Framework** essential to driving the business forward and ensuring it is secure and stable

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Thank you