

Decision maker: Cabinet Member for Traffic and Transportation on 14 March 2013

Subject: Tendered Bus Routes – New Contracts From 9 June 2013

Report by: Head of Transport & Environment Service

Wards affected: All

Key decision (over £250k): Yes

1. Purpose of report

1.1 This report considers the outcome of the re-tendering of the subsidised bus service contracts in Portsmouth to be awarded for three years from 9 June 2013.

2. Recommendations

2.1 **To approve the award of contracts for supported bus services to operate for 3 years from 9 June 2013 at a net annual cost to the City Council of £504,207 is shown in Table 1 in Appendix A. Contracts to be funded from the existing Transport & Environment Service revenue cash limits.**

2.2 **Not to support the following individual sections of services:**

| Service | |
|---------|---|
| 1 | City circular Sunday and Bank Holiday after 21:00 |
| 2C | Cosham to Cosham via Hillsley Road 5 evening journeys |
| 12 | Between Cosham and Port Solent via Queen Alexandra hospital and Tesco. (Clement Atlee Way) |
| 12 | Highbury to Cosham Monday to Saturday after 21:00 at night |
| 22 | Paulsgrove to Farlington Monday to Saturday not before 08:00. |
| 43 | Between South Parade Pier and DSTL via Cosham |
| 649 | Between King Richard School and Sevenoakes Road via Ludlow Road, Washbrook Road, Harleston Road, Mablethorpe Road and Peterborough Road |

2.3 **The Head of Transport and Environment be given delegated authority to make any necessary adjustments in consultation with the Cabinet Member for Traffic and Transportation for any variations to the contract award within procurement rules and overall approved budget total.**

3. Background

- 3.1 Under the Transport Act 1985, local authorities are empowered to secure the provision of non-commercial local bus services. This is usually arranged by inviting tenders from bus operators.
- 3.2 A full EU Procurement Process was carried out for the provision of supported bus services in Portsmouth and for those services that cross-border into Hampshire County Council areas. Contracts were tendered for 3 or 5 years with a start date of 9 June 2013 and an end date of 4 June 2016 or 2 June 2018.
- 3.3 The tender process was carried out through Intend, the Council's electronic tendering system and conducted as an open procedure.
- 3.4 The tender documents requested annual prices for 3 year and 5 year contracts. Combination bids were encouraged, allowing the tenderer to "bundle up" any number of individual tenders at a combined price (lower than the sum of the individual tender prices).
- 3.5 Tenders returned by the closing date of the 24 December 2012 were from:
- First Hampshire & Dorset Ltd
 - Southdown Motor Company Trading As Stagecoach (South) Ltd
 - Lucketts Travel
- 3.6 Each compliant tender was evaluated in accordance with a set of pre-determined award criteria. The evaluation criteria are shown in the Tender Evaluation Process Appendix B.
- 3.7 Each bidder submitted a response to the 3 year and 5 year options. One bidder submitted a higher cost bid for the 5 year option. Other bids were priced the same for 3 and 5-year options. Although it would be feasible to award some contracts for 3 years and some for 5 years, this would make it more difficult to maintain a co-ordinated network when they are re-tendered. This along with higher costs it would therefore be appropriate to award contracts for 3 years only.
- 3.8 Our colleagues at Hampshire County Council have been informed of their costs for cross boundary services. They have agreed to their continued commitment to financially support these services.
- 3.9 DSTL: (formerly known as Portsdown West) has not yet confirmed whether they are prepared to commit to an annual support of £38,900 towards the full annual cost of the 43 service. This service provides access to work for Portsmouth residents. We are waiting on a final response from DSTL. However if DSTL are unable to provide full financial support it is recommended that this contract is not awarded.

3.10 The following services are unaffordable and therefore it is recommended that they are no longer financially supported. This may cause some concern to members and residents who will be affected.

- Service 1 City circular between The Hard Interchange/Gunwharf Quays via City Centre, Eastney, Southsea to The Hard Interchange/Gunwharf Quays. Sunday and Bank Holiday after 21:00.
- Service 2C circular between Cosham and Paulsgrove via Hillsley Road. Monday to Saturday's five evening journeys.
- Service 12 between Cosham and Port Solent via Queen Alexandra hospital and Tesco. (Clement Atlee Way).
 - Passenger data available between the 18 November 2012 and the 31 January 2013 shows that there were 6,950 trips to Port Solent. However we need to be wary about this number as 61% of the passengers on this service use the English National Concessionary Travel Scheme bus pass. We don't know where they get off and the electronic ticket machine defaults to an assumption that they go to the end of the route which is Port Solent. This is supported by the reverse passenger flows flow, which shows 221 passengers to Cosham and 1206 to Highbury.
- Service 43 between South Parade Pier and DSTL via Cosham. The cost to support this service is £38,900 per year on work days only. There is no alternative bus service.
- Service 649 between King Richard School and Sevenoakes Road via Ludlow Road, Washbrook Road, Harleston Road, Mablethorpe Road and Peterborough Road. This was priced at £47,900 per year for one afternoon journey on 190 schooldays only. Students can use service 3 which a frequency of every 10 minutes.
- Other adjustments have been made to other services with the loss of some evening and early morning journeys to bring the costs within budget and they are:
 - Service 12 Monday to Saturday after 21:00 at night
 - Service 22 Monday to Saturday not before 08:00.

3.11 The tender has been conducted with a background of:

- Fundamental changes to First Hampshire & Dorset Ltd bus network introduced on the 18 November 2012.

- Having reviewed the feedback from customers in relation to the new Portsmouth, Gosport and Fareham bus network, First Hampshire & Dorset has registered some changes to a number of its services that will take effect from Sunday 17 March
- In the budget report of the 11 December 2012 the members proposed a reduction of £221,000 per annum in financial support for bus services. The available budget has therefore been reduced to £516,000 per annum
- The subsequent consultation period
- The proposal was confirmed in the budget report dated the 12 February 2013.

4. Reasons for recommendations

- 4.1 Best Value for the bus network in Portsmouth has been achieved. The network is affordable and comes within the available budget.
- 4.2 Meets the objectives of the specification and represents the best offer.
- 4.3 The outcome of the tender has helped in terms of maintaining bus services in areas that would have certainly seen services lost. The outcome is financially positive.
- 4.4 Bus passengers do not generally like changes to bus services they use. Major service changes are not recommended in this report and the current supported network would continue without interruption to services. The supported bus network would remain fundamentally unchanged other than the changes highlighted in 3.10 above. Failure to deliver will have an impact on people's perception of bus services and their ability to access socially necessary bus services.
- 4.5 The outcome has not had to discontinue bus services on the basis of cost-based criteria which can lead to:
- Generate opposition from the public
 - Leave an unbalanced and illogical network
 - Risk a 'spiral of decline' that needs further cuts.
- 4.6 Bus passengers do not particularly like having to change buses on their journey. Highbury residents will have the promise of a 30 minute frequency bus to Cosham but will have to change for onward journeys. There are good interchange facilities at Cosham with adequate shelters and seating together with comprehensive information on the linking services at Cosham Health Centre.

5. Equality impact assessment (EIA)

- 5.1 A preliminary EIA and full EIA has been undertaken due to the proposed reductions in financial support for bus services. Each EIA has been approved by the Equality & Diversity unit.

6. Head of legal services' comments

The Cabinet Member has the power to adopt the recommendation. There are no other legal issues which have not been reflected in the body of the report.

7. Head of finance's comments

- 7.1 In December 2012, the Full Cabinet agreed to reduce the subsidy for tendered bus routes, by £221,000 per annum from the financial year 2013/14 onwards.
- 7.2 2012/13 Budget Limit for Tendered Bus fares was £695,333. After savings of £221,000 together with reduced income of £30,691, the 2013/14 Budget Limit for Tendered Bus Fares will be £505,024. Note that the predicted net expenditure in Appendix 1 is £504, 207. This falls within the budget limit.
- 7.3 In order to meet these required savings, Finance supports the recommendations in this report; to award the contracts for 3 years, to remove some individual sections of the service and to give delegated authority to Head of Transport and Environment for variations to the contract award within the budget limit.
- 7.4 If these recommendations are not agreed by Cabinet, then an additional source of annual funds will be required to meet the agreed savings budget.

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Signed by:

Appendices: Appendix A & B

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|--------------------------------|---|
| Gateway Process | Transport Planning and on Intend |
| Tender Documents | Transport Planning and on Intend |
| Tender Returns | Transport Planning and on Intend |
| Tender Evaluation | Transport Planning and on Intend |
| Budget Report 11 December 2012 | PCC website, Transport Planning and Democratic Services |
| Budget Report 12 February 2013 | PCC website, Transport Planning and Democratic Services |
| EIA and consultation | Transport Planning and Equalities Unit |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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 Signed by:

Appendix A

| Total contract costs | Table 1 | | |
|-----------------------------------|----------------|-----------|-----------|
| | 2013/2014 | 2014/2015 | 2016/2017 |
| Expenditure | | | |
| Bus contracts | £512,262 | £512,262 | £512,262 |
| Hampshire County Council Contract | £25,000 | £25,750 | £26,522 |
| Gross Expenditure | £537,262 | £538,012 | £538,784 |
| | | | |
| Gross (Income) | | | |
| Hampshire County Council | (£33,055) | (£33,055) | (£33,055) |
| | | | |
| Net Expenditure | £504,207 | £504,957 | £505,729 |

Appendix B

Tender evaluation

- A full EU Procurement Process was carried out.
- The tender documents requested annual prices for three-year and five-year contracts. Combination bids were encouraged, allowing the tenderer to “bundle up” any number of individual tenders at a combined price (lower than the sum of the individual tender prices).
- Bids were evaluated on individual routes where bids had been provided by more than one bidder. Where there was only one bid evaluation was not carried out.
- Compliant bidders satisfactorily passed the quality standards
- Only one bidder provided combination bids.
- There are extensive evaluation spreadsheets, which will be held in document storage on Intend.
- The project was carried out under the Gateway Process (Gateway 4 was approved by the Gateway Board on the 22 February 2013) and through Intend, using pre-determined evaluation criteria in assessing the relative merits of the various bids as follows:
 - Tender award criteria:
 - Quality 30%
 - Cost 70%
 -
 - Minimum standards that applied

| Criteria reference | Score |
|---|------------------|
| Organisation details | Information only |
| Financial details based on ITT open procedure document | Pass / Fail |
| Insurance details based on ITT open procedure document | Pass / Fail |
| Licence details. Minimum of Standard PSV licence | Pass / Fail |
| Vehicle (bus) capacity greater than 22 seats | Pass / Fail |
| Fares confirmation within 5% of existing fares | Pass / Fail |
| Health & Safety policy provided | Pass / Fail |
| Experience & References in accordance with ITT open procedure doc | Pass / Fail |
| On line declarations in accordance with ITT open procedure document | Pass / Fail |

- Quality Evaluation sub criteria

| Criteria | Sub weight | Sub-criteria | |
|---------------------|------------|--------------|----------------------|
| Quality | 17% | 30 | Frequency |
| | | 15 | Hours |
| | | 10 | Days |
| Vehicle information | 12% | 1 | Vehicle age |
| Environmental | 1% | 1 | Euro 3 Eng or better |