

Agenda item:

Title of Meeting: Cabinet Member for Traffic and Transportation Decision Meeting

Date of meeting 21 January 2016

Subject: Tendered Bus Routes – New Contracts from 27 March 2016

Report by: Director of Transport, Environment and Business Support

Wards affected: All

Key decision: Yes

Full council decision: No

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 Sunday 27 March 2016.

2. Recommendations

That the Cabinet Member for Traffic & Transportation

- 2.1** Notes the current financial pressure as a result of the concessionary reimbursement;
- 2.2** Gives approval for the award of contracts for supported bus services to operate for 3 years from Sunday 27 March 2016 in accordance with Appendix A.
- 2.3** Acknowledges that the bus services outlined in Appendix B contain a list of tendered services and that some of those services will be run commercially (at no cost to the council) and the remainder are the tendered bus routes that are the least value for money. Therefore it is recommended that they are no longer financially supported;
- 2.4** The Director of Transport, Environment and Business Support is given delegated authority to remove bus stop infrastructure from redundant routes as appropriate;
- 2.5** The Director of Transport, Environment and Business Support is 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 for the Traffic and Transportation Portfolio.

3. Background

- 3.1 Under section 63 of the Transport Act 1985 English local authorities outside London have an implied duty to provide subsidised bus services where there are no commercial services and where they think it appropriate. This is usually arranged by inviting tenders from bus operators. The Act does not set out the level of support required.
- 3.2 The current tendered bus contracts were due to expire on Saturday 4 June 2016. However due to the publication of the councils indicative budget savings on the 18 November 2015 it was necessary to terminate the current contracts to end on the 26 March 2016. Section 10 clause 39.2 of the contract allowed for either party to give notice.
- 3.3 Currently 87% of the bus network in Portsmouth is commercially operated and the Council aims to fulfil its implied duty within the Transport Act 1985 by funding a number of routes within the available budget through the regulated market, ensuring residents can access health facilities, shops and the primary, commercial bus network.
- 3.4 A full EU Procurement Process has been carried out for the provision of supported bus services in Portsmouth. Contracts were tendered for 3 years extendable from the end of year 1 in increments of no less than 1 year with a start date of Sunday 27 March 2016 and an end date of Saturday 30 March 2019.
- 3.5 The tender process was carried out through Intend, the Council's electronic tendering system and conducted as an open procedure.
- 3.6 Tenders returned by the closing date of the 6 January 2016 were from:
- First Hampshire & Dorset Ltd
 - Southdown Motor Company Trading As Stagecoach (South) Ltd
- 3.7 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 F.

4. Reasons for recommendations

- 4.1 Like all local authorities, the council is facing further reductions in the revenue support grant. The approval of the council's indicative budget savings on the 9th December 2015 includes a saving to be made on tendered bus services.
- 4.2 During 2015 / 2016 the council experienced a significant increase in reimbursement payments to bus operators to take them over the allocated budget. This has placed additional financial pressures on the Traffic & Transportation cash limits.

- 4.3 These significant increases in reimbursement to bus operators will continue in future years along with further increases in the underlying cost of the scheme in line with increasing pass numbers and rising bus fares.
- 4.4 In accordance with DfT guidelines the council uses the DfT calculator, to calculate reimbursement to bus operators.
- 4.5 The recent bus operator claims for additional reimbursement will have a significant impact on the tendered and concessionary fare bus budgets. The reimbursement to bus operators for revenue forgone as a result of The English National Concessionary Travel Scheme (ENCTS) is outside the control of the council as the reimbursement is demand led, based on fares, concessionary trips and network characteristics.
- 4.6 The termination of the current contracts to end on the 26 March 2016 to enable full year savings in 2016 / 2017.
- 4.7 These recommendations fulfil the council's implied duty under the Transport Act 1985 by funding a number of routes to promote access to health facilities, shops and the primary, commercial bus network. The routes to be retained are shown in a map in Appendix C. To help in the understanding of the total daytime loss of services Appendix D and E identifies the roads that will no longer have a bus service.
- 4.8 It should be noted that the administration of Bus Services Operators Grant (BSOG) for tendered bus service contracts was made the responsibility of the Council as the local transport authority in January 2014. This BSOG payment to the council amounts to £85,000 per year. This sum is fixed and is not reduced or increased as a result of changes to the number of bus services tendered. The Department for Transport has ring fenced the BSOG payment to the council for public transport expenditure until the 31 March 2017.
- 4.9 The BSOG payment for 2016 / 2017 will be used to net off the contract costs.
- 4.10 With any reduction in bus routes there will need to be a review of the existing bus stop infrastructure. Therefore it is requested that delegated authority is given to the Director of Transport, Environment and Business Support so that infrastructure requirements can be considered on a location by location basis. Any removal may also have an impact of reducing the revenue the Council receives through the Bus Shelter contract, which will need to be considered further.

5. Equality impact assessment (EIA)

- 5.1 A Preliminary Equality Impact Assessment has been carried out that has demonstrated that the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010. People will be engaged to ensure that they are aware of the changes using various methods including the local media.

- 5.2 This report has been made available on Portsmouth City Council's website as a consultation document to provide an avenue for engagement with residents. Engagement through various social media and local press is also being carried out by the Corporate Communications Team.

6. Legal Services Comments

- 6.1 Under section 63 of the Transport Act 1985 the Council has power to secure the provision of such public passenger transport services as it thinks appropriate to secure to meet any public transport requirements within its area which would not in the Council's view be met apart from any action taken by it for that purpose. This includes a power to provide service subsidies through commissioning tendered bus services.
- 6.2 In exercising these powers the Council has a specific duty to have regard to the transport needs of members of the public who are elderly or disabled.
- 6.3 In determining whether to accept a tender for subsidised services the Council must have regard in particular to (1) a combination of economy, efficiency and effectiveness and (2) the reduction or limitation of traffic congestion, noise or air pollution.
- 6.4 In performing its functions in relation to service subsidies the Council has a general duty to have regard to the interests of the public and of persons providing public passenger transport services in its area.

7. Director of Finance Comments

- 7.1 The savings proposal approved at the December Council meeting was; to make a saving of £150k against the annual cost of Tendered Bus Routes. This means a reduction in the subsidy provided to the bus operators to support their non-commercial routes.
- 7.2 Currently the cost of providing the Nationwide Travel Concession Scheme and providing subsidies for Tendered bus routes equates to an amount of just under £5m per annum. The majority of this budget is to fund the Nationwide Travel Concession Scheme. Any increased claims from the Bus Operators needs to be funded from this annual budget net of the approved budget saving of £150k.
- 7.3 The cost of the Nationwide Travel Concession scheme is a demand led cost influenced by usage and also average fare prices, both of which are not under the direct control of Portsmouth City Council. Therefore the Council is very sensitive to any increases in either patronage or increased average fare value and only have this budget to fund resultant increased costs from without impacting other areas within the T&T portfolio.

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Signed by: Alan Cufley, Director of Transport, Environment and Business Support

Appendices: Appendix A, B, C, D, E and F

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
Indicative budget savings 18 November 2015	PCC website, Transport Planning and Democratic Services
Portsmouth City Council Revenue Budget 2016/17 - Savings Proposals Date of decision: 3rd December 2015 (Cabinet) 8th December 2015 (City Council)	PCC website, Transport Planning and Democratic Services
Preliminary Equality Impact Assessment and consultation	Transport Planning, Corporate Communications Team and Equalities Unit.

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

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Signed by:

Councillor Ken Ellcome, Cabinet Member for Traffic & Transportation

Appendix A

To support the following services:

Service	Comments	Contract costs per year
16	Sunday & Bank Holiday (Whole route) - Hard Interchange – Old Portsmouth Point - Clarence Pier - SPP Pier - Bransbury Park - Ferry Road	£8,600
22	Monday to Sunday (Whole route) Sainsbury's Farlington – Lower Drayton – Cosham – Medina Road / Parr Road (alternate journeys) - Highbury	£42,650

Appendix B

Service	Operational information	Further information & Impacts	Cost Lowest to highest
1	Monday to Saturday after 21:00 - Hard Interchange - Southsea - Eastney - City Centre - Hard Interchange (Circular Route) Commercially operated at other times.	Current operator will run this service after 21:00 commercially.	No cost
3	Monday to Saturday after 21:00. Gunwharf Quays-City Centre-Cosham-QA Hospital-Portchester-Fareham	Current operator will run this service after 21:00 commercially.	No cost
7	Monday to Saturday after 21:00 Southsea-City Centre-Cosham-Waterlooville-Wecock Farm	Current operator will run this service after 21:00 commercially.	No cost
8	Monday to Saturday after 21:00	Current operator will run this service after 21:00 commercially.	No cost
12 daytime 12 Evenings 12 Sundays & Public Holidays	Monday to Sunday Lower Wymering - Cosham – Highbury	Service fully supported financially. Replaced by the new 22 service, which will maintain a service in Medina Road Lower Farlington and Highbury.	Daytime £41,000 - £56,000 Evenings £6,000 - £9,900 Sundays £8,500 - £9,700
13 / 14	Monday to Saturday 13 City Centre - Fratton – Milton 14 Hard Interchange - City Centre - Fratton - Copnor - Baffins	One trip only supported after 20:00.	£9,580

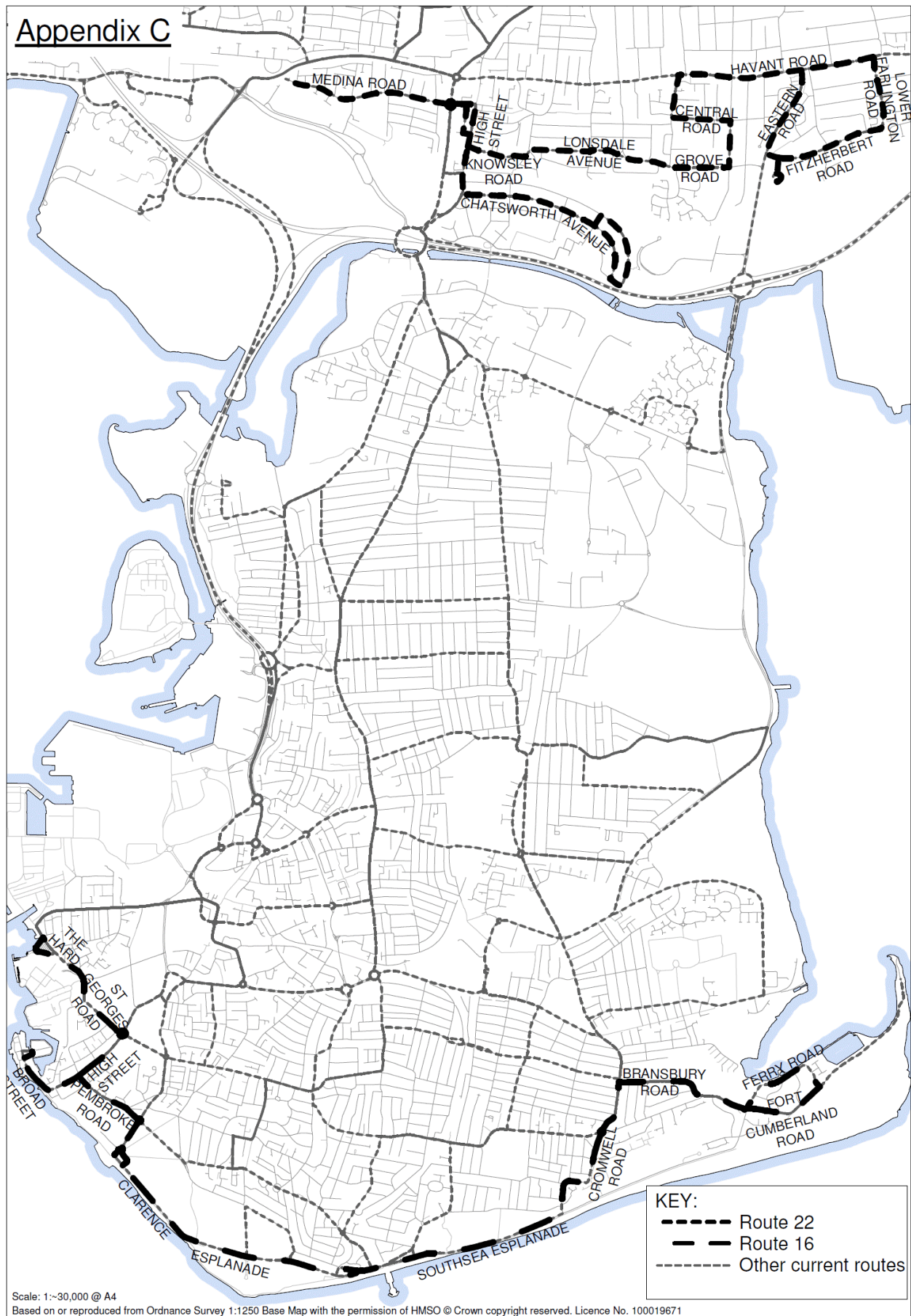


15 daytime	Monday to Saturday daytime Hard Interchange -City Centre - Elm Grove - Devonshire Avenue - Bransbury Park - Ferry Road	Current operator will run the daytime service commercially. This service will complete a one way loop around Ferry Road omitting Ferry Road to Eastney Lifeboat Station Terminus.	No cost
15 evenings	Monday to Saturday Hard Interchange -City Centre - Elm Grove - Devonshire Avenue - Bransbury Park, Ferry Road as the daytime commercial service.	Two journeys after 18:00 Daytime service maintained commercially. Sunday service provided by the 16 service.	£12,600 - £26,500
17/18	Monday to Saturday after 2100 - 17 -Tipner - North End - Copnor - Southsea SPP ----18 - Southsea SPP - Fratton - North End - Cosham - Paulsgrove (Hillsley Road) These services interwork with each other.	Supported after 21:00 only.	£11,950 - £30,145 The cost range is supporting 1, 2 or 3 journeys after 21:00.
19/19A	Monday to Saturday 2 hourly frequency (whole route) - City Centre - Old Portsmouth Point - Central Southsea - Fratton Way - Baffins - Portsmouth College - Copnor Road -Stubbington Avenue -North End junction. -	This service is fully supported on a 2 hourly frequency Some roads will lose their bus service. (See attached appendices)	£84,500 - £92,000
21	Monday to Saturday after 21:00 Farlington - Copnor - Commercial Road - The Hard Interchange	The current operator will undertake a commercial evaluation before making a decision on the level of service offered.	£9,300 - £15,000 The cost range is supporting 1 or 2 journeys after 21:00.
24	Monday to Saturday (whole route) - Farlington - Drayton - Cosham - Clement Attlee Way - Port Solent	This service is fully supported. Replaced by the new 22 service to maintain a service in Lower Drayton. There will no longer be a service into Clement Attlee Way or Port Solent	£64,750 - £79,850

24	Sunday (whole route) - Farlington - Drayton - Cosham - Clement Attlee Way - Port Solent	The service is fully supported. Replaced by the new 22 service to maintain a service in Lower Drayton. There will no longer be a service into Clement Attlee Way or Port Solent.	£12,500 - £13,900
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Appendix C



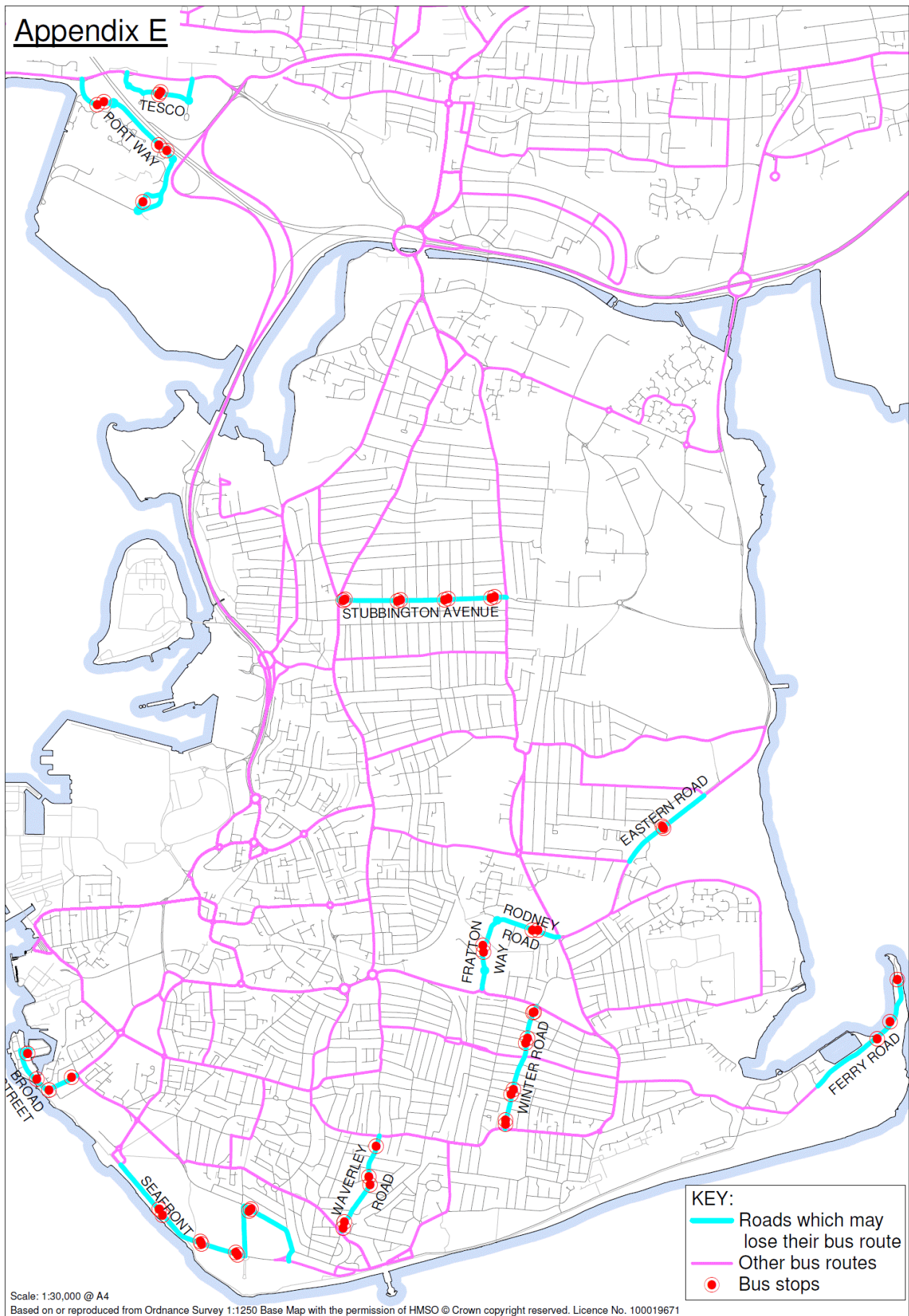
Appendix D

The following list identifies roads that will not be served if the recommendations are accepted.

Road	Service
Port Way (Port Solent)	24
Clement Attlee Way	24
Binnacle Way	24
Compass Way	24
Stubbington Avenue	19
Eastern Road (Between Hayling Avenue and Langstone Road)	19
Rodney Road	19
Fratton Way	19
Winter Road	19
Waverley Road	19
South Parade (Sundays maintained by the 16 service)	19
Clarence Parade	19
Avenue De Caen	19
Clarence Esplanade (Sundays maintained by the 16 service)	19
Broad Street (Sundays maintained by the 16 service)	19
Ferry Road (Eastney Lifeboat Station section)	15/16



Appendix E



Appendix F

Tender evaluation

- A full EU Procurement Process was carried out.
- The tender documents requested annual prices for three-year contracts.
- 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
- There are extensive evaluation spreadsheets, which will be held in document storage on Intend.
- The project was carried out under the Gateway Process 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%
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- Minimum standards that applied

Criteria Ref	Score
Supplier Information - Supplier Status Questionnaire Section 1	For information only
Grounds for Mandatory Exclusion - Supplier Status Questionnaire Section 2	Pass/Fail
Grounds for Discretionary Exclusion - Supplier Status Questionnaire Section 3	Pass/Fail
Economic & Financial Standing - Supplier Status Questionnaire Section 4	Pass/Fail
Technical & Professional Ability - Supplier Status Questionnaire Section 5	Pass/Fail
Additional Minimum Requirements - Supplier Status Questionnaire Section 6	Pass/Fail
Insurance - Supplier Status Questionnaire Section 6B	Pass/Fail
Compliance with equality legislation - Supplier Status Questionnaire Section 6C	Pass/Fail
Environmental management - Supplier Status Questionnaire Section 6D	Pass/Fail
Health & Safety - Supplier Status Questionnaire Section 6E	Pass/Fail
Declaration - Supplier Status Questionnaire	Pass/Fail

The following table outlines the sub-criteria that were used to assess the quality aspects of the Tender including the weighting of each element.

Points were awarded on a route-by-route basis.

Tender Evaluation Breakdown		
Section		Weighting
1	QUALITY	23%
1.1	Number of operating days	1
1.2	Number of operating hours	1
1.3	Frequency of service	1
2.	Vehicle information	5%
2.1	Vehicle age	1
3.	Environmental	2%
3.1	Euro 4 engine type or better	1
4	COST	70%
4.1	Cost	1