

Title of meeting: Cabinet Member for Transport Decision Meeting

Date of meeting: 20th March 2024

Subject: Portsmouth Park & Ride contract re-tender

Report by: Felicity Tidbury - Assistant Director for Economy, Planning and Transport

Report author: Paul Walker - National Bus Strategy Delivery Manager

Cabinet Member: Councillor Gerald Vernon-Jackson, Cabinet Member for Transport

Wards affected: Charles Dickens, Nelson and St Thomas

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. This report outlines the procurement strategy for re-tendering the Portsmouth Park & Ride service beyond September 2024.

2. Recommendations

It is recommended that the Cabinet Member for Transport:

- 2.1. **Approves the implementation of the procurement strategy to re-tender the contract by the Transport Service, with support from Procurement, Finance, and Legal Services; and**
- 2.2. **Agrees, in respect of the current service, an interim payment in agreement with the existing contractor for provision of the service from April 2024 until commencement of the new contract.**

3. Background

- 3.1. Portsmouth's Park & Ride service commenced operation on 5 April 2014 and currently has 665 car parking spaces. It provides a frequent, reliable, high-quality bus link between the Portsmouth Park & Ride site adjacent to the M275 at Tipner and the city centre, with stops for Portsmouth International Port; Charles Dickens



birthplace; the city centre; Nelson Gate; and The Hard Interchange for the Historic Dockyard and Gunwharf Quays.

- 3.2. Nearly half of all traffic entering the city passes the Park & Ride on the M275. The provision of park & ride supports mode shift from the private car to sustainable modes of transport, directly supporting the objectives in the adopted Portsmouth Transport Strategy (LTP4), particularly the "deliver cleaner air" objective - through helping to reduce vehicle traffic volumes through the Portsmouth Clean Air Zone in the city centre; and also the objective to "support business and protect our assets" - the Park & Ride plays an important role in enabling sustainable growth and regeneration in the city by intercepting traffic before it reaches the city centre, helping to ensure that growing numbers of visitors can get into the city quickly and conveniently whilst minimising delays and congestion.
- 3.3. Policy D of the Portsmouth Transport Strategy (Expand the Portsmouth Park & Ride to create a transport hub, to reduce congestion and pollution in the city and increase travel choices) outlines the strategic benefits of Park & Ride - the provision of Park & Ride service plays a significant role in addressing the issues of traffic congestion, air quality and carbon emissions in the city. By having a high quality, reliable service at an affordable cost, it encourages drivers to switch to a sustainable mode of transport for the final leg of their journey into the city, minimising emissions in sensitive areas and thereby also directly supporting Policy A of the Transport Strategy (implement a government-directed Clean Air Zone).
- 3.4. The forthcoming parking strategy is expected to reaffirm the importance of, and the long-term strategy for increasing use of and developing Park & Ride.
- 3.5. The service operates with passengers parking for free and paying for the bus journey via paper ticket or smart card. Concessionary passes have not been valid for the service during its period of operation. The current return fare is £4 a day for up to five people in a car. Apart from this, passengers may purchase a smart card online or via the ticketing machine inside the terminal to enjoy a discount as low as £1.70 per day.
- 3.6. The current service (PR1) operates with a daily frequency of every 15 minutes between 7:00 and 19:15 on weekdays, with later starts at the weekends and earlier finish on Sundays.
- 3.7. The service has been operated by First Hampshire & Dorset since 2014 with variations on frequency, stopping arrangements and for local events as requested by the city council to meet passenger demand. This contract has been provided using high quality branded double decker buses. The contract for the park & ride service has run past its maximum term of 5 years plus 3 years extension and is now extended until March 2024 through an approved waiver.
- 3.8. Approval was granted by the Cabinet Member for Traffic & Transportation at the meeting on 16 February 2023 to extend the current supported Portsmouth Park &

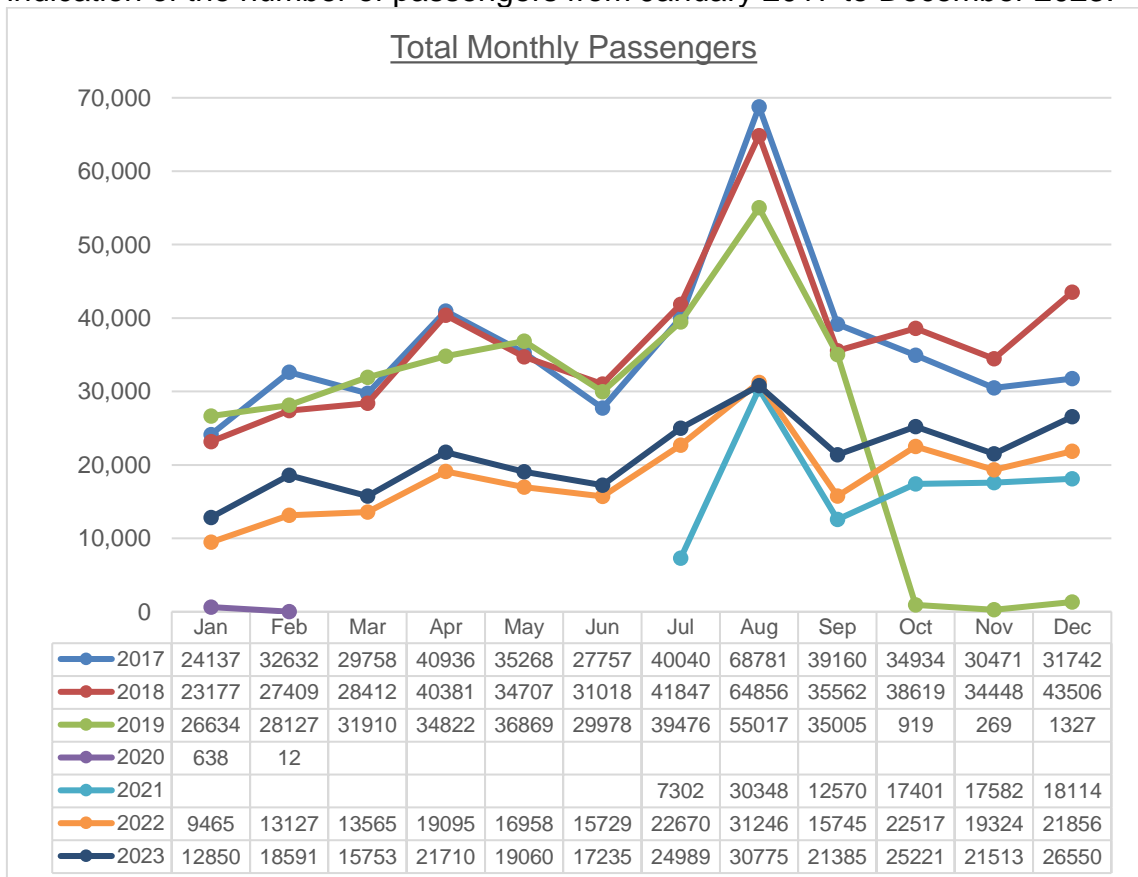
Ride contract up to October 2024 with delegated authority to the Assistant Director - Transport in consultation with the Cabinet Member for Traffic and Transportation and opposition spokespeople to negotiate with the current contractor with regard to increase to the current contract price.

- 3.9. Following the approval by the Cabinet Member for Traffic & Transportation on 16 February 2023, officers have been undertaking a performance review as well as research and engagement with other local authorities to understand their approach to Park & Ride services as well as soft marketing testing with regional bus operators to explore various options to ensure any new contract will be value for money.

4. Procurement Strategy

Performance Review

- 4.1. The demand has changed over the contract period, the graph below provides an indication of the number of passengers from January 2017 to December 2023.



- 4.2. The usage was stable before the pandemic and reached its peak in 2018. However, the pandemic meant the Park & Ride service stopped from 25 March 2020 until 19 July 2021. Therefore, no usage was recorded during the period.



- 4.3. The service has been operated under a deficit since opening, contributed mainly due to the change in working practices since the pandemic in recent years. After its reopening in July 2021, the usage has been increasing though it has not reached pre-pandemic levels. However, the operating cost is rising at a higher rate than the income, resulting in an increase in deficit. Increased costs have been attributed to the rise in rates of pay for the contractor as well as increased insurance, fuel and other operational costs similar to elsewhere in the economy. Further details of the financial performance are provided in **Exempt Appendix A** due to confidentiality of the information.

Best Practice Review

- 4.4. To understand the operation and management details of other Park & Ride services in other cities, the team has engaged with several local authorities. This allowed the team to learn from the best practices and different operation models in other areas as well as understand the opportunities available to improve the Park & Ride service in Portsmouth. The findings also assisted the formulation of Lot and Sub-lot options in the tender. This has included Park & Ride services that “stand-alone” in terms of operation and which link existing bus services to Park & Ride sites which impact on cost, journey time and quality of provision.

Soft Market Testing

- 4.5. A soft market testing process has been undertaken with selected operators which include the incumbent operator and others that are operating within or near to the Solent area.
- 4.6. Key considerations put forward by the operators were:
- An electric vehicle option should allow for launch of the electric fleet within the 1st year of operations rather than from commencement due to acquisition lead times;
 - An electric vehicle option should be on the basis of a longer 7 or 8 year base term to be financially viable;
 - An electric vehicle option will require on-site charging points to be available to operators;
 - Options which incorporate re-directed commercial services may provide some financial benefits but will likely impact upon reliability, capacity, vehicles used and livery, etc.;
 - A reduced 20-minute frequency dedicated service would save on some aspects of operation - fuel for instance - but would still require the same number of vehicles;
 - An increased 10-minute frequency dedicated service would likely require an additional vehicle and would therefore add significantly to costs;
 - Operators indicated that they may require the council to build annual Consumer Price Index (CPI) increases into the contract pricing model as

opposed to any increases being solely at the discretion of the council, this may be a red line for operators;

- Having the Park & Ride as a registered bus service may have financial benefits as Bus Service Operators Grant (BSOG) funding, for instance, may be applied;
- The procurement process and subsequent contract should encourage and allow for partnership working which could help with increasing demand, identifying efficiencies, investigating new frequency options, etc.; and
- Consider altering frequencies for off peak low demand times.

Procurement

- 4.7. To ensure the Park & Ride service is value for money, various lots and sub-lot options have been developed where tenderers will be invited to submit bids for one, all or any combination of Lot and Sub-Lot options. These options vary in terms of service level (existing, reduced or enhanced timetable), vehicle type (Euro VI diesel buses or electric buses) and service type (dedicated or non-dedicated re-directed existing service).
- 4.8. Each Lot and Sub-Lot will be evaluated separately. The Council will then review the options and award the contract to the highest-ranking tenderer for the Lot and associated Sub-Lot selected.
- 4.9. The contract will commence from 1 September 2024 for a base term of 5 years and will have an option to extend by a further 3 years in increments to be agreed, subject to agreement and performance of both parties, up to a maximum total term of 8 years, as permitted under the Transport Act (1985).

Timescale

- 4.10. The procurement process will be undertaken in accordance with the Open Procedure as set out within the Public Contract Regulations (2015) in line with the following indicative programme:

Action	Target date
Procurement documents available	22 April 2024
Deadline for requests for clarification	10 May 2024
Tender return deadline	24 May 2024
Award decision notified to tenderers	7 July 2024
Standstill period starts	8 - 18 July 2024
Contract award	19 July 2024
Mobilisation	20 July - 31 August 2024
Contract Start Date	1 September 2024

Tender Assessment Criteria

- 4.11. The tender award criteria will be price focused with significant variances in scheduling, dedicated service and vehicle specification addressed via the use of Lotting options stated in the preceding paragraphs.
- 4.12. Qualitative evaluation aspects will cover elements such as resourcing, mobilisation, contingency, social value, work force management, vehicles, partnership working, continuous improvement, etc. For options which involve re-direction of existing services a higher focus may need to be placed on qualitative assessment as there will be higher levels of variance and less specification constraints.

5. Reasons for recommendations

- 5.1. Seeking to renew this contract will strongly support a number of the objectives set out in the Portsmouth Transport Strategy and aligns closely with the approaches set out in Policies D and A. Most notably, this will support the objective to deliver cleaner air for the city, and support efforts to improve air quality in the Portsmouth Clean Air Zone. The impending contract expiration necessitates timely procurement to maintain service continuity.
- 5.2. Contract renewal presents an opportunity to enhance the service with newer and greener buses, improving the passenger experience and financial viability.
- 5.3. This report provides a comprehensive overview of the procurement strategy for re-tendering the Portsmouth Park & Ride contract, ensuring transparency and efficiency in the process while retaining essential details for informed decision-making.

6. Integrated impact assessment

- 6.1. An integrated impact assessment has been undertaken as found in **Appendix B**.

7. Legal implications

The Transport Act 2000

- 7.1. The Council has powers under the Transport Act 2000 to specify bus services in a particular area and let contracts for their provision to bus operators, including making voluntary arrangements as a transport authority.

The Council's Contract Procedure Rules (CPRs)

- 7.2. Pursuant to Rule 18 of the CPRs, the Council has to advertise on FTS any contract which is above the threshold for services (i.e. £213,477).

The Public Contracts Regulations 2015 (PCR)

- 7.3. Under the Public Contracts Regulations 2015 the Council will follow the open procedure under which any interested party may submit a tender as outlined under Regulation 27.
- 7.4. There existing contract commenced on 19 March 2014. Agreement was given to extend the service to March 2024 at the Cabinet Member for Traffic & Transportation meeting on 16 February 2023 and arrangements are being made with the existing operator to extend operation until the new contract commences in the Autumn.
- 7.5. It is anticipated that the Park & Ride will be subject to the registration requirements of the Transport Acts.
- 7.6. Once the new specification has been completed and retendering exercise commenced, Legal Services will draft a contract for services in compliance with Rule 25 of the CPRs.

Risks for the Council

- 7.7. **Unfair treatment of economic operators during the SMT and Open Procedure** – The Council will need to ensure that all bidders are treated in an equal manner and the participants in the SMT will not be given unfair advantage because of their prior involvement with the Council.

8. Director of Finance's comments

- 8.1. The Park & Ride Service runs at a deficit which is subsidised from the Parking Reserve. The ridership numbers remain low and have not recovered since the pandemic. Consequently, the income from users of the service does not cover the operating costs and the site running costs.
- 8.2. To ensure the Park & Ride service is value for money, various lots and sub-lot options have been developed. The bids will be financially appraised to assess the likely cost to Portsmouth City Council over the next 5 years in order to ensure provision is made within the Parking Reserve.

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Signed by:

Appendices:

EXEMPT Appendix A - Financial Performance

Appendix B - Integrated Impact Assessment

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
Portsmouth Park & Ride Contract Extension	Report to the Cabinet Member for Traffic and Transportation (16 February 2023)
Portsmouth Transport Strategy (LTP4)	Portsmouth Transport Strategy 2021-2038

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

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Signed by: