

Report to the Cabinet**Wards:** See list in 3.123rd May 2016**Report to Seek Authority to undertake a Tender Exercise for the
Provision of Supported Bus Services (x5)****Report of the City Streetscene Manager**

This item is not exempt
Therefore exempt reasons are not applicable

This is a Key Decision

The matter is in the Forward Plan ref 0025/16

1 Purpose of the Report and Summary

- 1.1 This report seeks approval to commence a tender process for the provision of 5 Supported Bus Services.
- 1.2 That an open tender process is carried out, which will be advertised on the Council's YORtender tendering portal, and also in Europe on OJEU; for the provision of 5 Supported Bus Services.
- 1.3 This is a key decision as the current annual expenditure is approximately £300k.

2 Recommendations

- 2.1 That approval is given to tender for the provision of 5 Supported Bus Services for 3 years, commencing 30th October 2016 until 31^s October 2019 (with the option to extend by up to 12 months).
- 2.2 That tenders are to be evaluated on 80% price and 20% quality (including Social Value).
- 2.3 That the City Streetscene Manager in consultation with the Town Clerk be authorised to approve the award of the contracts to the most economically advantageous tenderer/s.

3 Reason for Recommendations

- 3.1 The results of the surveys undertaken of the subsidised routes indicated that there was a passenger demand for each of the subsidised routes currently provided, and that maintenance of the routes was socially desirable, however, the evidence also demonstrated that they are not commercially viable and the level of passenger usage does not justify a commercial service to be provided by a bus operator without a subsidy.
- 3.2 The structure and evaluation criteria for the procurement is believed likely to ensure achievement of the £50k saving which was identified in the 2016/17 Medium Term Financial Plan.

4 Impact on other Executive Committees (including Area Committees)

- 4.1 This may impact on the wards listed below. Consultations are currently underway with councillors representing affected wards.

Ward
<u>Bransholme East</u>
<u>Bransholme West</u>
<u>Holderness</u>
<u>Drypool</u>
<u>Ings</u>
<u>Southcoates East</u>
<u>Beverly</u>
<u>Myton</u>
<u>Newland</u>
<u>Pickering</u>
<u>Newington</u>
<u>St Andrews</u>
<u>Southcoates West</u>

- 4.2 A copy of the city's bus network is shown at Appendix 1. The five services affected by this procurement exercise are:
 - Service 1e/d - Sibelius Road - Anlaby Park – Hessle Road – HRI - City Centre – Bridlington Avenue – Beverley Road - Mizzen Road
 - Service 16 - City Centre – Hull Marina – Victoria Dock - Elis Street – Southcoates Lane – Bilsdale Grove- Marfleet Village
 - Service – 9 – Grammar School Road - Hartoft Road – City Centre

- Service 9 – Dorchester Road – Kestral Avenue – Northpoint Shopping Centre.
- Service 50 – City Centre – Holderness Road – Laburnum Avenue – Lambwath Road – Marfleet Lane – Broadway Drive – Morrisons.

5 Background information

- 5.1 The council has agreed that a £50k saving on supported services will be achieved within the 2016/2017 financial year.
- 5.2 The Council currently provides a number of local bus services that are subsidised because the routes are deemed to be socially necessary, but they are not commercially viable to the market. Compared to our neighbouring authorities, we have a strong network with 97% of the bus services being provided commercially.
- 5.3 On-bus passenger surveys were completed between 27th July 2015 and 10th August 2015 to assess the viability of each contracted service. Surveys were completed to assess the number of passengers using each service, the purpose and time of travel.
- 5.4 As part of the review of the contracted services, consideration has also been given to the change in passenger demand due to regeneration and how this has affected the overall commercial network, which has led to changes over time altering where bus routes serve.
- 5.5 The results of the surveys show that there was a passenger demand for each of the subsidised routes currently provided, however, the surveys also showed that although the routes were socially desirable they are not commercially viable and the level of passenger usage does not justify a commercial service to be provided by a bus operator.
- 5.6 The current contracts commenced on 1st September 2013, and will expire on 31st August 2016. A dispensation will be sought to extend the existing contracts until 30th October 2016, to allow time to tender.

6. Issues for Consideration

- 6.1 Environmental – The use of public transport helps to promote sustainable travel and reduces emission levels, a typical bus journey produces 10 times less emissions than the same journey by car. Although some of the proposed contracted services will not necessarily have high volumes of passenger usage, the use of public transport would still contribute towards the reduction of emission levels compared to travel by car.

- 6.2 Customers – Residents accessing the service may be affected by any changes to the network, which are submitted as part of the procurement process.
- 6.3 Tender evaluation - The tender will be evaluated on an 80% price and 20% quality basis. Minimum quality thresholds must be met such as the emission standards and the size of the vehicle.
- 6.4 Specification – an output based specification will be used. This offers Service Providers flexibility when putting their solutions together, enabling the Council to potentially obtain a greater range of competitive offers. The proposed approach for each existing route is to require Service Providers to put forward proposals based on a specification which broadly reflects the existing bus route and frequency of service. The specification will be informed by the consultation with Ward Members. Draft copies of the specifications for all services are included at Appendix 2 to illustrate the approach and for indicative purposes only as the final version is subject to change following consultation.
- 6.5 Following receipt of tenders the procurement will follow a negotiated process with a view to minimising the impact on service provision whilst ensuring the required saving is achieved. A copy of the proposed procurement timetable is attached at Appendix 3.

7. Option and Risk Assessment

- 7.1 Option 1 - Re-tender the contract for the provision of 5 Supported Bus Services as the current contract will expire on 31st August 2016. This will ensure that competitive rates are obtained within a structured contract.
- 7.2 Option 2 - Do nothing and continue the services – This would leave the Authority with no contract from 1st September 2016, which will breach the Contract Procedure Rules, if the service is to continue.
- 7.3 Option 3 – Decommission the services – This could leave residents that rely on subsidised services having to use commercial public transport, but unable to access the services as they are unable to walk to the next nearest bus route. This could lead to residents being isolated and/or having to bear the cost of taxis or Community Transport.

8. Risk Assessment

- 8.1 There is a risk that we will receive no bids for some services. Using an outcome based specification will reduce this risk, as we are offering providers more flexibility when putting their bids together.

8.2 A reduction in service or decommissioning of any service is highly likely to result in significant public opposition.

9. Consultation

9.1 Members of the Procurement Team have been consulted on the compilation of this report and the proposed procurement process.

9.2 Passenger surveys were undertaken during the summer of 2015 to assess the popularity of services, purpose of travel and use by concessionary pass holders. The outcome of the surveys showed a mix of passenger demand and purpose of travel over all the subsidised routes, with the majority of the routes having pockets of areas where the demand is based on concessionary travel pass holders; who rely on the service to travel and access local amenities

9.3 Discussions have taken place with the provider of Community Transport and also the local bus operators to ascertain any possible solutions that would not require subsidised services, however due to the passenger usage and demand there were no suitable options identified.

9.4 Consultation with Ward Councillors is ongoing. This consultation will inform the tender specifications.

9.5 Initial discussion with the Authority's Access Officer have taken place to discuss the Equalities Impact Assessment relating to any possible changes to the subsidised services and will continue once the tender submissions and possible options for successful bids have been received.

10. Comments of the Town Clerk (Monitoring Officer)

10.1 The Council are subject to the Best Value Duty under which there exists a Duty to Consult representatives of a wide range of local persons, including tax payers, those who use or are likely to use services provided by the authority and those appearing to the authority to have an interest in the area in which the authority carries out functions when re-designing services (in particular local voluntary and community organisations). In undertaking consultation the guidance makes explicit that it is not necessary for authorities to undertake lifestyle or diversity questionnaires of suppliers or residents.

Under the Public Services (Social Value) Act 2012 the wider parameters of that duty in terms of Social Value are made explicit requiring the Council to consider:

- How what is procured may improve the economic, social and environmental well-being of the area
- How in conducting the process of procurement the Council might act with a view to securing that improvement

The inclusion of Social Value in the evaluation criteria meets this obligation.

11. Comments of the Section 151 Officer

11.1 The proposal to tender the five supported bus services through YORtender is noted. The cost of the new arrangements as determined through the tender process must be contained within the approved budget available to Streetscene for this purpose.

12. Comments of HR City Manager and compliance with the Equality Duty

12.1 There are no staffing implications arising from the tender of the service. There are likely to be equality issues and the Access Officer is engaged to give advice as appropriate.

13. Comments of Overview and Scrutiny

13.1 The Forward Plan sheet relating to this report will be considered at a meeting of the Overview and Scrutiny Management Committee. The Committee will decide if the report should be subject to pre-decision scrutiny, and if so, which Overview and Scrutiny Commission it should be considered by. Updated scrutiny comments will need to be sourced before the report is submitted to Cabinet in May 2016. (Ref. Sc4733)

14. Comments of the Portfolio Holder (for Energy City)

14.1 I support the proposal to commence the tendering process. However, it will be important to ensure that any amendments to the specification necessitated by any shortfall in the available budget, compared to the tendered prices should seek to minimise the impact on services wherever possible.

15. Comments of the Portfolio Holder (for Procurement)

15.1 I support the report but we need to ensure that the £50k savings as set against this contract are achieved and the contract falls within budgetary limits.

City Streetscene Manager Andy Burton

Contact Officer: Kerry Ryan, Senior Public Transport
Telephone No. : 01482 614852

Officer Interests: None

Background Documents: -

Appendix 1 - City Bus Network Map
Appendix 2 - Draft Specification Template
Appendix 3 – Procurement Timescales

Implications Matrix

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, Area Committee etc prior to submitting this report for official comments	Yes – including the comments process of the report
Is this report proposing an amendment to the budget or policy framework?	No
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Corporate Director	Submitted for approval to retender the contract
I have included any procurement/commercial issues/implications within the report	Yes
I have liaised with Communications and Marketing on any communications issues	N/A
I have completed an Equalities Impact Assessment and the outcomes are included within the report	No - it is not possible to complete the assessment until the tender submissions are received as the impact is dependant on the offer.
I have included any equalities and diversity implications within the report	Yes
Any Health and Safety implications are included within the report	N/A
Any human rights implications are included within the report	N/A
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	N/A
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	No
I have included information about how this report contributes to City/Council/ Area priorities within the report	Yes