

**ANGUS COUNCIL**

**COMMUNITIES COMMITTEE – 16 AUGUST 2016**

**LOCAL BUS SERVICE CONTRACTS – PROCUREMENT AUTHORITY REQUEST**

**REPORT BY HEAD OF TECHNICAL AND PROPERTY SERVICES**

**ABSTRACT**

This report seeks authority for the procurement of local bus service contracts which are due for renewal and where the maximum value of the contract is above the Chief Officer's delegated authority limit.

**1. RECOMMENDATIONS**

It is recommended that the Committee:

- (i) notes the local bus service contracts due for renewal in May 2017, at an indicative estimated value of £1,600,000 for a full five year period of operation from May 2017 to May 2022, the contracts being awarded initially for three years with an option to extend on an annual basis up to two further years; and
- (ii) agrees that these services are reviewed and that a contract renewal exercise is undertaken as appropriate to secure replacement service provision on the basis outlined in this report and in accordance with the process stated in Section 16.8 of the Financial Regulations.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/CORPORATE PLAN**

This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Angus is a good place to live in, work in and visit
- Our communities are safe, secure and vibrant
- We have improved the health and wellbeing of our people and inequalities are reduced
- Our communities are developed in a sustainable manner
- Our carbon footprint is reduced

**3. BACKGROUND**

- 3.1 Local bus service contracts are renewed throughout Angus generally on a 3-yearly basis; a number of these contracts are due for renewal in May 2017. In previous years the re-tendering exercises have resulted in significant budgetary implications for the Council, it is therefore proposed that these contracts should be tendered in September 2016 in order for the results, if there are budget issues, to be taken into account in the 2017-18 budget-setting process.
- 3.2 On-bus surveys on these contracted services are currently on-going and consultation is being undertaken with local Members, Community Councils and the public in order to identify any changes required to the current service provision.
- 3.3 The outcomes of the consultation exercise, together with the on-bus survey results, will be taken into account in the review of current service provision. This information will be used to draw up, where feasible, a range of tender options including Demand Responsive Transport

(DRT) provision. These options will subsequently be evaluated to determine which represents 'best value' to the Council.

#### **4. PROCUREMENT AUTHORITY**

##### **Objectives**

4.1 The Head of Technical and Property Services considers that the provision of replacement contracted local bus services is an essential requirement to ensure public transport provision to meet the needs of communities where the public transport requirements are not met on a commercial basis. No alternative delivery to procurement of the required supply is appropriate here because the services are not profitable and will not be taken forward by the bus companies on a commercial basis.

4.2 The following Angus Council policies support and/or are relevant to this procurement: Angus Council's Public Transport Policy Statement approved by the Infrastructure Services Committee on 20 April 2010 (Report 306/10 refers), sets the strategic aims and objectives of the Council, namely:

- To seek to halt the decline and accentuate the role of public transport services, particularly as a means of stemming rural depopulation and supporting the provision of other services and employment opportunities.
- To maximise the economic, environmental and social benefits from expenditure on public transport within the limits of the available resources.
- To develop the role of public transport within the community, providing mobility for those without access to cars, as an attractive alternative to those with access to cars and contributing to addressing issues of sustainability.
- To seek the provision of socially necessary public transport services not provided commercially, commensurate with the demand for such services and the cost of provision.
- To have particular regard to the needs of the elderly and disabled in the provision of transport services.
- To ensure that the public are kept informed of the public transport services available.
- To ensure the best value for money from the total expenditure on passenger transport, taking into account the full range of the Council's responsibilities.
- To work in partnership with public passenger transport service providers and other relevant bodies to ensure, within the resources available, the delivery of high quality, reliable and efficient public passenger transport services.

4.3 Angus Council's Public Transport Policy Statement sets out how the Council will procure local bus services. The main clauses relevant to this are:

- Clause 4.6: Where the Council considers that public transport strategic aims and objectives justify service provision over and above what is provided commercially then such services will be secured on a contracted basis.
- Clause 4.7: In securing the provision of tendered public passenger transport services the Council shall enter into contractual arrangements with suitably qualified operators. These contracted arrangements will normally be secured as conventional local bus services, however taxi bus, demand responsive transport or other type of service may be utilised in order to meet specific service requirements.
- Clause 4.8: Contracted services will normally be procured through open competitive tendering arrangements. Such contracts will be advertised on the Public Contracts

Scotland website. The Council may also enter into 'Best Value' contracts with operators in line with the provisions outlined in Angus Council's Financial Regulations. Such contracts may be entered into to:

(a) Modify an existing commercial service (e.g. enhancing frequencies, diverting to serve a community/area rather than providing a separate contracted service, providing off-peak journeys on a route that otherwise operates commercially - this can avoid ticketing issues for passengers).

(b) To procure small amounts of work where it may not be cost effective to go through the procurement process.

(c) To procure emergency replacements for withdrawn services.

(d) To protect overall service provision within the corridor and maintain /improve links with other corridors.

4.4 The supply has been analysed and it is considered that the market for this supply is reasonably competitive as has been established in recent tendering exercises. It is considered that there are eleven potential key bus service suppliers for these contracts. A competitive tender approach to the procurement is therefore considered to be likely to deliver best value to the council for this requirement.

4.5 The impact on the locally-based supply chain of going to tender for this requirement has also been considered and is considered to be minimal. While two of the companies are national companies, all operators have depots in Angus or Dundee. None of the incumbent suppliers' turnovers are so dependent on these contracts that their viability is at risk from the loss of that business.

4.6 The contracts required will operate from May 2017 for three years with an option thereafter to extend on an annual basis for up to five years in total. The tendering exercise will be divided into lots and will replace the current contracts detailed below:

<u>Contract</u>	<u>Service</u>	<u>Route</u>
A330	81 & 139	Carnoustie – Monifieth – Forfar (Mondays to Fridays) Inveraldie - Murroes – Dundee (Mondays to Fridays)
A348 & A349	35, 140 & 141	Arbroath - Auchmithie (Daily) Arbroath – Friockheim – Brechin - Stracathro (Daily)
A351/A353	137, 137A, 138 & 139	Dundee City Centre – Bridgefoot (Monday to Saturday) Dundee City Centre – Bridgefoot - Auchterhouse (Monday to Saturday) Tealing – Kirkton of Auchterhouse – Bridgefoot – Strathmartine Hospital – Downfield - Dundee City Centre (Monday to Saturday)

4.7 These contracts cover a wide geographic area, different time requirements and various vehicle requirements. To tender the individual contracts as lots will support flexibility of supply and achievement of most competitive pricing by allowing suppliers with a focus on only part of the requirement to bid for that supply alone.

4.8 The contract contains an annual price review mechanism which enables revision to the tendered rates based on market conditions primarily in respect of labour, fuel, vehicle tax and insurance, purchase of motor vehicles and maintenance of motor vehicles.

**Sourcing Route/Collaborative Opportunities**

4.9 No national Procurement Scotland or Scotland Excel contracts currently exist to meet this requirement.

4.10 Consultation has been undertaken previously with our Tayside Procurement Consortium (TPC) partners, Dundee City Council and Perth & Kinross Council's Transport Teams. From

that consultation, it is evident that these contracts are meeting the requirements of Angus residents not those of the other Councils. None of the contracts enter Perth & Kinross and those that do enter Dundee mirror commercial services along the arterial routes and therefore there is no current potential for collaborative procurement at present under the umbrella of the Tayside Procurement Consortium. It may be possible to collaborate with the TPC partners for provision of the local bus services in the future where there is also a requirement along the route in the other Councils' areas.

- 4.11 The procurement is not considered to be a "major procurement" in terms of Financial Regulation 16.8.4. Approval of this Report would mean that the contracts can be accepted without the need for further approval by the relevant committee. In accordance with the financial regulations the contract award will be reported to the Communities Committee for noting only and will be available on the Council's 'Information Hub'.
- 4.12 The contracts shall be advertised in Public Contracts Scotland in September 2016. As the estimated value of the contracts is above the EU services threshold of £106,047 the relevant EU procurement procedures will apply. Any capable local bus/taxi/private hire car operator will be identified and steps taken to alert them to the bidding prior to the advertisement of the tender opportunity.

#### **Sustainable Procurement Considerations**

- 4.13 The Scottish Government's Sustainability Test will be utilised to identify any additional sustainable procurement measures which could be incorporated within the contract requirements or conditions of contract.
- 4.14 Due to the employing nature of the contracting operators organisational status it is not thought to be feasible for operators to offer community benefits. This however does not prohibit operators from voluntarily offering such benefits but these would be outwith the requirements of this contract

#### **Procurement Procedure and Contract Award Criteria**

- 4.15 The procurement of the required local bus services will be via a single stage 'open' procedure. The first stage will be an assessment based on the newly introduced European Single Procurement Document (ESPD) which will address:
- Pass/fail assessment against minimum requirements for must hold a PSV Operator Licence issued by the Traffic Commissioner or a Taxi /Private Hire Car Operator's Licence issued by a Local Authority.
  - Pass/fail assessment against minimum requirements that the operator must have or can commit to obtain, prior to the commencement of the contract, the levels of insurance cover indicated in the relevant Contract Notice.
- 4.16 Bids satisfying these criteria will then be evaluated on the basis of the most economically advantageous tender (MEAT) having regard to the following criteria which are weighted according to importance. Price is to be given a weighting of 90%, with the other quality criteria listed below given a total weighting of 10%. Once the tenders have been evaluated, as noted below, then an acceptance will be issued to the tenderer providing the highest MEAT score within each Lot.

#### **Quality Criterion**

- Maximisation of Passenger Benefit – 5%: Tenderers to indicate additional quality provision in respect of the vehicles to be used over and above the minimum requirements of the contract e.g. through the provision of wi-fi, real time information, CCTV etc.
- Environmental Management – 3%: Tenderers to identify what steps they intend to take over the life of the contract to reduce fuel use, lower carbon emissions and reduce pollution
- Fair Work Practices – 2%: Tenderers to indicate how they commit to fair work practices for workers engaged in the delivery of the contract.

#### Price Criterion

- The weighted price of 90% will be evaluated on the basis of the lowest total price received in each Lot.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The estimated total cost for the provision of local bus service contracts as detailed in this report is in the region of £1,600,000. The costs for these contracts will be contained within the Technical and Property Services revenue budget for 2017/18 and beyond.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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