

Bath & North East Somerset Council

DECISION MAKER:	Cllr Charles Gerrish Cabinet Member for Customer Services	
DECISION DATE:	On or after 1st June 2010	PAPER NUMBER 1
TITLE:	Award of new contracts following tender for supported bus services	EXECUTIVE FORWARD PLAN REFERENCE: E 2122
WARD:	All	
AN OPEN PUBLIC ITEM CONTAINING EXEMPT APPENDICES		
List of attachments to this report: Appendix A – Schedule of tenders received and recommended awards (exempt) Appendix B – Schedule of consultation responses received Appendix C – Public Interest Test relating to Appendix A		

1. THE ISSUE

- 1.1. To agree the award of contracts for supported public transport services, including Bath Circular services, Keynsham and Saltford local services, and services between Clutton, Writhlington, Timsbury and Bath

2. RECOMMENDATION

The Cabinet member is asked:

- 2.1. To agree that Appendix A is an exempt item and is not for publication, by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.
- 2.2. To agree that notice is given on the existing contract (768 IN11) for Tuesday & Thursday services between Bath and Clutton.
- 2.3. To agree that the 768 service shall no longer serve Hinton Blewett, but that amendments to other services shall be introduced to allow journeys from Hinton Blewett to Bath and Radstock.
- 2.4. To note the tender prices received as set out in Appendix A, and to agree the award of contracts as recommended in 5.10 below.

3. FINANCIAL IMPLICATIONS

- 3.1. The current annual costs of the tendered contracts at 2010/11 prices are £280,581. These services are included in the overall supported services 2010/11 budget of £957,000.
- 3.2. The award of contracts as recommended in 5.10 below results in an annual cost at 2010/11 prices of £265,830, although the full reduction in costs will only be achieved over a longer period as the new contracts commence mid year.
- 3.3. The 2010/11 budget does not include any contingency to respond to service changes. In 2009/10 the demands on contingency funds from unforeseen service changes were circa £14,000 and there is a continuing risk of significant network changes in 2010/11 as operators react to the effect of the recession. It is therefore proposed to retain the savings achieved as a contingency against further network changes in 2010/11.
- 3.4. The recommended awards are based on the most economic and effective application of Council funds, including compliance with quality criteria.

4. CORPORATE PRIORITIES

Corporate priorities include:

- Improving transport and the public realm
- Promoting the independence of older people
- Addressing the causes and effects of climate change

The proposals secure public transport services that would not otherwise be available on a commercial basis. These services retain crucial links between rural areas and their nearest major city, and provide important local services in Bath and Keynsham that ensure access to essential services, facilities, and employment opportunities. This is particularly important for older people, who may have less access to private transport.

By providing these services car journeys are reduced, traffic congestion is improved, and air quality enhanced. These proposals help make Bath & North East Somerset an even better place to live, work, and visit.

5. THE REPORT

- 5.1. The contracts expiring in August and September 2010 have a current value of £280,581, representing nearly 30% of the total spend on supported services in Bath and North East Somerset.
- 5.2. The contract for the 20A/C was initially let on a gross cost basis with Wessex Connect from May 2009 when there was very limited revenue data available to the Council following the withdrawal of First from this service. The contract was subsequently renegotiated to a net subsidy agreement.
- 5.3. The Council has granted planning permission for the development of a site at Odd Down, subject to finalising a S106 agreement with the developer. This agreement will include capital contributions to the 20A/C service to fund new low floor vehicles, and further running cost support for a period of three years.

- 5.4. The contract for the 768 service was let on a short term basis to CT Coaches from March 2010 after the previous contractor had given notice on their contract. Another existing contract (768 IN11) with CT Coaches provides supplementary journeys on this service on Tuesdays and Thursdays. To allow for the full range of options to be considered these services were included in the tender specifications.
- 5.5. A consultation exercise was carried out (see section 10 below), and surveys undertaken of passenger journeys and numbers on the routes. The specifications for services were drawn up in the light of the consultation responses, survey data, and other information available to the Public Transport Team.
- 5.6. The contract specifications developed as a result of this exercise included a number of options that Operators were requested to price. These included:
 - 5.6.1. The award of contracts of up to eight years duration for the 20A/C to maximise the benefit of the proposed S106 contributions.
 - 5.6.2. Increases in evening journeys on the 20A/C.
 - 5.6.3. Additional journeys on the 20A/C service between Combe Down and Twerton for a period of three years, funded by the S106 contributions.
 - 5.6.4. Options for enhancing services on the 768 route.
 - 5.6.5. An option to introduce a low floor bus on the 665 service
- 5.7. Analysis of contract revenues and patronage was undertaken to forecast future revenues and enable evaluation of gross cost bids.
- 5.8. Tender documents were sent out on 26th March 2010, and responses required by 23rd April 2010. A total of 10 operators tendered for one or more contracts each. The average number of bids per contract was 4.2, significantly above the number of bids received in the last two main tender rounds, and above the average number of bids reported in the ATCO survey of 4.0 bids per contract in 2009.
- 5.9. The tenders received are summarised at Appendix A. In all cases bidders were required to tender on a gross cost (revenue paid to the authority) and net subsidy basis (revenue retained by the operator) for each contract bid.
- 5.10. It is proposed that tenders be awarded as follows:
 - 5.10.1. Contracts for the 20A/C Monday – Saturday services shall be awarded to Wessex Connect on a net subsidy basis.
 - 5.10.2. The current 16:44 20C term time only service from Bath University to Twerton will cease. An additional 20C journey will operate from Bath Bus Station at 19:00 (Mon-Fri) via Bath University, Combe Down, Twerton, Weston and the RUH.
 - 5.10.3. Contracts for the existing timetable on the 768 service shall be awarded to CT Coaches on a net subsidy basis.

- 5.10.4. The 768 service will no longer extend to Hinton Blewett, but de minimis arrangements will be entered into to provide a weekly service between Hinton Blewett and Bath, and Hinton Blewett and Radstock. De minimis regulations allow the Council to let contracts without going through a competitive tendering process.
- 5.10.5. De minimis contracts for operation of the current timetable on the 665 service will be awarded to B&NES Environmental Services (Mon-Fri) and CT Coaches (Saturdays) on a gross cost basis.
- 5.11. In consequence of these awards the current 768 IN11 contract will be terminated after due notice as this contract is replaced by the new 768 IN14 contract.

6. RISK MANAGEMENT

- 6.1. The report author and Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.
- 6.2. Although the number of bids per contract was relatively high, the Council remains vulnerable to bidders giving three months notice on contracts and rebidding at higher prices.
- 6.3. There is a small increase in the degree of revenue risk which the Council is exposed to on gross cost contracts. Monitoring of gross cost contract revenues will be undertaken regularly throughout the year, so that any risk to the overall budget provision is recognised at an early stage.
- 6.4. The award of a contract to a new operator introduces potential operational and customer service risks.

7. EQUALITIES

- 7.1. A proportionate equalities impact assessment has been completed and the report will be published on the Council website.
- 7.2. The introduction of low floor vehicles on the 20A/C service will enable greater access to the bus network for elderly and disabled passengers.

8. RATIONALE

- 8.1. The award of contracts as specified in Appendix A and 5.10 above improves the current pattern of Monday-Saturday services whilst generating worthwhile savings for the Council. The new contracts will offer significant improvements in vehicle quality and accessibility. The contracts specified offer good value and the tender process has delivered very competitive bids and worthwhile cost savings.
- 8.2. The additional 20C service in the evening provides a worthwhile service at Bath University where lectures continue into the early evening. The cessation of the 16:44 service from the University is based on repeated observations of low patronage numbers, and passengers can be accommodated on the normal hourly service.

- 8.3. The withdrawal of the Hinton Blewett extension to the 768 service is based on records of minimal patronage levels, and alternative journey options can be provided at low cost by extending other services.
- 8.4. The retention of the 768 services maintains links for rural communities, even though it is not viable to increase service levels at this time.
- 8.5. The 665 service will benefit from the introduction of a new accessible vehicle from the start of the contract. Although a number of competitive bids were received for Service 665, the recommended award recognises that better value for money is obtained by separating the Saturday operation from the Monday to Friday operation and setting up de minimis arrangements for the two component parts. The service will also benefit from the further investment during the contract period.

9. OTHER OPTIONS CONSIDERED

- 9.1. A reduced subsidy cost for the 20A/C could be achieved by sharing contracts between two operators. This was considered to create a potential disbenefit for passengers who would be travelling at peak times, particularly students at Bath University, Ralph Allen School and Culverhay School. Although a multi-operator ticket (BathRider) exists for children, there is no comparable product for post-16 and University students who would be much more limited in choice of services. It was therefore considered beneficial to award contracts for all the 20A/C services to a single operator.
- 9.2. A lower cost net subsidy group bid for the 20A/C was received from an operator who does not currently operate services for B&NES Council. The operational proposals were examined and a number of significant operational risks were identified, as well as a degree of uncertainty over costs. It was considered that these factors could lead to operational problems in the short and medium term, and the recommendation of 5.10.1 above is therefore preferred.
- 9.3. Bidders were invited to submit timetable variations and service adjustments where this offered the Council better value. The only variations proposed resulted in cost reductions, but also a significant loss of service in comparison to the preferred bids noted above. No variations have therefore been recommended. Bidders also had the option of submitting bids for a group of services where this offers better value to the Council. Group bids were received for a range of contract combinations, and these were evaluated against the individual contract and other group bids. The recommended awards in 5.10 include the benefits of group bids received.

10. CONSULTATION

- 10.1. Consultees included Ward Councillors; Parish Councils; Other B&NES Services; Community Interest Groups; Stakeholders/Partners; Other Public Sector Bodies; the Section 151 Finance Officer; and the Monitoring Officer.
- 10.2. Local operators were consulted on the issues affecting the timetables and cost structures of the services in January 2010.

10.3. Details of the background to the tender, patronage levels, and subsidy costs were sent to all Ward councillors and Parish Councils that covered the areas through which the services operated on 22nd January 2009. This outlined the issues that the Council would have to take into account in letting contracts.

The Council also consulted:

- Bath University and Bath Spa University
- Ralph Allen and Culverhay schools
- The RUH and St Martins Hospital
- Major businesses on the routes concerned
- Bath and Norton Radstock Chambers of Commerce
- Travelwatch SW, Campaign for Better Transport, South West Transport Network, and the Radstock Action Group
- Residents Associations on the routes.

10.4. The responses to the consultation process are summarised at Appendix B, together with a commentary on the responses.

11. ISSUES TO CONSIDER IN REACHING THE DECISION

11.1. Sustainability; Customer Focus; Social Inclusion; Young People

12. ADVICE SOUGHT

12.1. The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Strategic Director - Support Services) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Richard Smith, Senior Public Transport Officer: 01225 477604
Background papers	
Please contact the report author if you need to access this report in an alternative format	