

Procurement Evaluation Report

Project name	Local bus service contracts
Project Leads	Andy Strong / Jon King
Procurement support	Michelle Vittozzi
ProContract reference No	DN402512 & DN418408
Date	2 August 2019

1 Document Summary

Bath & North East Somerset Council has undertaken a procurement exercise under the Open European Tender process with the intention of awarding business to one or more service providers of local bus services.

The purpose of this report is to explain how the preferred service providers have been chosen.

It had been intended that the new contracts would start on 1 September 2019, subject to approval of any registration changes by the Traffic Commissioner, but this may not be possible now in all cases and some may start on 10 November 2019 instead. In respect of those, emergency arrangements or extensions will be negotiated to ensure continuity of service until the later date.

2 Background

Bath & North East Somerset Council provides local bus services to meet social needs in areas where commercial bus services do not operate. Services operate under contracts of varying duration, with longer term contracts where operators need to invest in new vehicles.

There is also a very small-scale bus operation by the Council's in-house fleet, which makes efficient use of one vehicle between school start and finish times at a lower cost than would be obtained from the market for similar provision.

A number of supported bus service contracts expire on 31 August 2019 and a competitive tender has been carried out to obtain prices from the market to replace them. Several *de minimis* payments end too and prices have been negotiated to retain the facilities they fund.

In addition, two bus operators advised us of their intention to withdraw two commercial bus services on 31 August 2019. The opportunity was taken to obtain prices from the market to replace those facilities.

The non-commercial bus services under consideration in this report are:

- **11 - Bath City Centre to Bathampton**
Hourly on Mondays to Saturdays

- **12 - Bath City Centre to Haycombe Cemetery**
Hourly on Mondays to Saturdays
- **175 - Bath to Writhlington via Peasedown St John**
Extension of 3 journeys per day on Mondays to Fridays on commercial service (Bath to Peasedown St John) beyond Peasedown to replace part of commercial service withdrawn by First in October 2018
- **177 - Midsomer Norton to Bristol via Clutton and Whitchurch**
One return journey in Monday to Friday peak hours
- **179 - Midsomer Norton (Tesco) to Bath via Paulton and Timsbury**
Two-hourly on Mondays to Fridays and one return journeys on Saturdays from Timsbury to Bath
- **185 - Clutton to Trowbridge via Midsomer Norton and Radstock**
One return journey for shoppers on Thursdays
- **636 - Hengrove to Keynsham via Whitchurch and Stockwood**
One return journey for shoppers on Mondays, Wednesdays and Fridays
- **640 - Bishop Sutton to Keynsham via Chew Magna**
One return journey for shoppers on Fridays
- **663, 664, 665 – Keynsham & Saltford local services**
Two-hourly service on each route on Mondays to Saturdays
- **668 - Peasedown St John to Bristol via Camerton**
One return journey for shoppers on Mondays
- **683 - Keynsham to Wells via Chew Magna**
One return journey for shoppers on Tuesdays
- **752 - Hinton Blewett to Bath via Marksbury**
One return journey for shoppers on Wednesdays
- **754 – Hinton Blewett to Midsomer Norton via Clutton**
One return journey for shoppers from Hinton Blewett to Midsomer Norton on Mondays and from Clutton to Midsomer Norton on Tuesdays, Thursdays and Fridays.
- **757 - Odd Down to Midsomer Norton via Wellow**
One return journey for shoppers on Wednesdays
- **768 - Writhlington to Bath via Camerton and Priston**
One return journey in peak hours on Mondays to Fridays to supplement the basic daytime service.

The commercial bus services of which the Council was notified of impending withdrawal and which have been considered in this report are:

- **42 - Odd Down (Park & Ride Site) to Royal United Hospital via Twerton**
Evert half-hour on Mondays to Fridays
- **228 – Colerne to Bath**
Extension of one return journey on school days to Ralph Allen School via Bear Flat

3 Current costs of expiring contracts

The annual values of the contracts and *de minimis* arrangements that expire on 31 August 2019 are shown in Appendix 1.

4 Process overview

An Open OJEU process (reference DN402512 & DN418408) was undertaken and bidders were required to submit tenders by 10 May 2019 (DN402512) and 12 July 2019 (DN418408).

5 Contract term

The maximum permissible contract length for supported bus services is 8 years. Owing to the uncertainties over funding in the longer term, contracts offered in this tender were of either 1-year or 2-year duration with provision for extension of up to 13 months.

Contracts may be terminated by either party with 3 months' notice.

6 Tender Evaluation Panel

The Tender Evaluation Panel consisted of the following people:

- Jon King, Public Transport Officer
- Andy Strong, Public Transport Manager
- Chris Major, Group Manager (Transport & Parking)
- Cllr Joanna Wright, Cabinet Member for Transport (jobshare)

7 Tender specification

The specifications for each service were based primarily on the current services. Typically, journey data from ticket machines and punctuality data from the real-time information system are used to verify the specifications. Patronage and revenue data, where available, was made available to tenderers.

In addition, tenderers were made aware of physical constraints on vehicle types and of the requirements of the Clean Air Zone in Bath from 2021.

Contrary to previous practice, a general public consultation was not held owing to constraints on staff resources. However, a limited consultation was carried out in respect of bus service 179 with the assistance of parish councils along the route. This showed strong support for retention of the service within those communities.

In virtually every case, services were tendered on their existing timetables and frequencies. Options were developed, however, that would potentially offer a reduction in cost to the Council, either through a reduction in resource requirement or through

adjustments in routing to qualify services for Section 106 contributions from new developments.

Some minor changes to the routes of the weekly rural services to withdraw short sections of route that are not now used at all, and to their timetables to improve the punctuality and efficiency of the operations.

8 Lots

Tenders were invited for individual services (except in cases where services are intrinsically interlinked) to give bidders the ability to limit the scope of their bids. Bidders were invited to submit group prices too. In total, 26 service options were published to potential bidders.

9 Issue of Invitation to Tender documents

The Invitation to Tender was issued on the Pro-Contract e-tendering system under reference numbers DN402512 & DN418408. The deadline for completed tenders via Pro-Contract was 1200 on Friday 10 May 2019 (DN402512) & 1200 on Friday 12 July 2019 (DN418408).

10 Distortion of competition

The Council published all available recent data on patronage and revenue. This ensured that bidders had access to realistic patronage and revenue data on which to base a bid.

11 Returned tender documents and tender opening

The returned tenders were formally opened on the Pro-Contract system on 10 May 2019. (DN402512) and on Friday 12 July 2019 (DN418408).

12 Tender evaluation

The returned tenders were evaluated against the criteria set out in the Invitation to Tender. This stipulated that the Council would determine whether to accept a tender, or which if any of several tenders to accept, solely by reference to what in its view is the most effective and economic application of the funds at its disposal for the payment of service subsidies

Details of the bids submitted are in Appendix 3. This information is commercially confidential and exempt from publication.

Bids were invited on a net subsidy basis (where the contractor retains the revenue from fares and concessionary travel reimbursement) and also on a gross cost basis (where the revenue is paid to the Council). Gross cost bids were evaluated using the Council's

own estimate of projected revenue for the contract. Generally, net subsidy bids are more advantageous for the Council because the contractor bears the revenue risk and is incentivised to grow the service.

Bids for one or more contracts were submitted by 9 operators, who were a mix of local operators and local subsidiaries of national groups. The average number of bids per contract was 4.1, which compares favourably to the national average of 3.4 bids per contract for similar tenders.

13 Costs and potential savings

Individual analysis of all expiring contracts follows below. Current prices and passenger numbers are detailed in Appendix 1.

- **11 - Bath City Centre to Bathampton**
- **12 - Bath City Centre to Haycombe Cemetery**

These services provide peak and daytime buses to parts of Bath unserved by commercial bus services. The unique sections of route are all within half a mile of commercial services but involving an uphill walk in several cases. The infrastructure on the routes was upgraded as part of the Bath Transport Package scheme. The two services used to operate as one through service across Bath, running every 40 minutes, but the former contractor Wessex Bus gave notice of early termination in 2018. On re-tendering last year, the lowest price obtained from the market to maintain the *status quo* was £184,000 pa for a Euro V vehicle. This was unaffordable because it was substantially higher than the terminated contract. An alternative lower offer from First Bus to operate two separate hourly services was accepted. There is a developer contribution from the Warminster Road MoD site for a three-year period and this part-funds service 11.

Roughly half the passengers on both services are holders of concessionary travel passes.

First Bus operates services 11 and 12 as part of a combined timetable with other city services. This efficient method of vehicle deployment would not be available to any other current operator in Bath. Also, First Bus operates this group of services with new Euro VI vehicles which are already fully compliant with the Clean Air Zone provisions.

For these reasons, it was considered highly unlikely that a competitive tender would secure better value for money than the expiring contract, so it was not included in the recent tender.

First Bus has confirmed that it is willing to continue these services at the current price - plus an adjustment to reflect inflation, making it £101,933 pa until 31 August 2020.

It is recommended that this be accepted and implemented on 1 September 2019.

- **175 - Bath to Writhlington via Peasedown St John**

A small *de minimis* payment of £20 per operating day is made to Arleen Coaches who extend three journeys per day on their commercial service between Peasedown St John and Bath on Mondays to Fridays to operate to and from the Manor Park area of Writhlington. This provided a limited replacement after First withdrew their commercial service 179 in October 2018. It maintains a basic bus link between Radstock Town Centre and the area of social housing in Writhlington at a far lower cost than a free-standing bus service. The alternative is an uphill walk of about a mile or an infrequent indirect bus service. Service 175 also provides a direct bus service for those schoolchildren living in Peasedown St John and attending Writhlington School who are not eligible for home-to-school transport.

Most of the timetabled journeys on service 175 operate on a commercial basis between Bath and Peasedown St John, so the vehicles will have to be compliant with Clean Air Zone provisions.

This *de minimis* arrangement did not form part of the recent tender. Arleen Coaches have confirmed that they are willing to continue it at the current price (adjusted as necessary for inflation) until 31 August 2020.

It is recommended that this be accepted and implemented on 1 September 2019

- **177 - Midsomer Norton to Bristol via Clutton and Whitchurch**

This Monday to Friday service consists of one journey from Midsomer Norton at 0700 to Bristol via Paulton, Clutton and Whitchurch and a return journey at 1650 from Bristol to Midsomer Norton. It is a remnant of a regular hourly service that was operated by First Bus between 2012 and 2016 – funded by developer contributions. When the developer contributions were exhausted, First Bus decided that the service was not viable and withdrew it. Users in Paulton campaigned for a peak hour bus to be restored and a further source of developer funding was identified to help support it. That funding runs out on 31 August 2019 and First Bus has notified us that the service is still not viable so they intend to withdraw it once again if no continued revenue support is available.

The current price was negotiated with First Bus and is very good value for money compared to other peak hour services. It was considered highly unlikely that a competitive tender would secure better value for money than the expiring contract, so it was not included in the recent tender.

First Bus have confirmed that they are willing to continue this service at the current price of £30,000 pa until 31 August 2020.

It is recommended that this be accepted and implemented on 1 September 2019.

- **179 - Midsomer Norton (Tesco) to Bath via Paulton and Timsbury (M-F)**

Following the sudden decision of First bus to withdraw commercial service 179 in October 2018, the Council took steps to rescue as much of the service as it could with the funding that was available. That involved negotiating with First Bus to transfer the

funding earmarked for the supported Sunday service to provide a limited service on Mondays to Fridays instead.

As the prevailing prices were negotiated as a stopgap rather than obtained through a full procurement exercise (and First Bus agreed a low price that did not fully cover their costs), it was anticipated that bids for a substantive contract would be much higher – and so it has proved. Also, the requirement for the contractor's vehicles to meet the Bath Clean Air Zone standards from 2021 has been reflected in the prices tendered.

Bidders were invited to include proposals to brand their bus and market the service to build a sense of "ownership" in the rural communities it serves but no such proposals were submitted.

The lowest price to maintain the current route and timetable on Mondays to Fridays is £107,100 pa – a very substantial increase on the current cost of £11,501 pa.

Prices were also invited for a second option was included involving curtailment of the service at Odd Down Park & Ride site (from where good connections are available for Bath city centre and the RUH), to enable the extension of the service at the western end back to Midsomer Norton and on to the housing development at Beecham Place. That would allow us to access developer contributions from that site and to meet a number of requests to restore the direct link to Midsomer Norton town centre. The lowest price tendered for the second option is £95,450 pa.

Data shows that, on average, there are 12 passengers per journey but the peak journeys carry up to 22 users. 90% of them are travelling to or from Bath City Centre and would be adversely affected if they had to change buses. Curtailment at Odd Down may have the undesired consequence of encouraging bus users to drive to Odd Down instead, so it is not recommended.

We also invited prices for a further third option – namely, continuing to operate through to Bath City Centre but extending the service at the other end to Midsomer Norton town centre and the Beecham Place development by widening the headway from every 2 hours to every 2½ hours. Amendments proposed to service 768 (see below) would create further journey opportunities for Timsbury, the largest community on this route. The lowest price tendered for the third option is £124,230 pa (gross) and £117,900 pa (net). However analysis of data obtained from First and concessionary fares lead us to conclude that this service should yield approximately £30,000 pa of passenger revenue and £10,000 of concessionary fare reimbursement which could be used to offset the payment made to the operator. Therefore a gross cost contract would present better value for money. Also, provision of the bus service to the Beecham Place development enables us to make use of the developer contribution of £45,000 pa.

An extension to the current contract until 9 November 2019 has been negotiated with First Bus at a price of £67,745 pa to give time to complete the tender for the other option.

It is recommended that a new contract be awarded to CT Coaches on a gross cost basis at £124,230 pa to start on 10 November 2019.

- **179 - Timsbury to Bath (Saturday)**

In October 2018, a procurement exercise for a replacement Saturday service yielded only one tender of £48k pa and this was not accepted because it would have been exceptionally poor value for money. So we negotiated a *de minimis* arrangement with CT Coaches to provide one Saturday morning journey from Timsbury to Bath and back in the afternoon at £5,460 pa.

Prices were invited in the current tender for a restored all-day Saturday service. The lowest price tendered was £55,554 pa and this would be very poor value for money.

54% of journeys on the two existing journeys are by passengers who have season tickets issued by First and all revenue from the sale of those goes to First. There have been requests from the communities along the route to restore an all-day Saturday service but it is considered that the best offer we have been given by the market is unaffordable at present. However, the current service provides a basic facility for residents of Timsbury and Tunley to get to and from work in Bath on Saturdays, and the cost is low. CT Coaches are willing to continue the current service at the same price as at present.

It is recommended that the current arrangement be continued until 31 August 2020.

- **185 - Clutton to Trowbridge via Midsomer Norton and Radstock**
- **636 - Hengrove to Keynsham via Whitchurch and Stockwood**
- **640 - Bishop Sutton to Keynsham via Chew Magna**
- **668 - Peasedown St John to Bristol via Camerton**
- **683 - Keynsham to Wells via Chew Magna**
- **757 - Odd Down to Midsomer Norton via Wellow**

These infrequent – mostly once a week - bus services link rural communities to larger towns and supermarkets. They are well-established and have a regular – mainly elderly - clientele. They are the only buses that serve the villages of Chewton Keynsham, Combe Hay, Compton Dando, Publow, Shoscombe, Wellow and Woollard.

The proposed timetables have been adjusted to improve punctuality and operational efficiency – based on feedback from the current contractor - and to withdraw minor sections of route that currently carry no passengers, specifically: Clutton to Hallatrow on 185, Pinewood on 185, and Odd Down to Combe Hay on 757. Bidders were invited to submit tenders for each day's operation and also for a whole week's operation. The lowest price tendered for the whole week's operation is £39,896 pa compared to the current price of £32,826 pa (an increase of 22%). The prices tendered for the whole week's operation grouped together offered far better value for money than the sum of the individual prices per day.

The current contractor is not able to extend the expiring contract beyond its end date of 31 August 2019 so short-term arrangements have been made to ensure continuity of service until a new longer-term contact starts.

It is recommended that a new contract be awarded to CT Coaches at £39,896 pa to start on 10 November 2019.

- **663, 664, 665 – Keynsham & Saltford local services**

These are peak and daytime local services in Keynsham and Saltford on Mondays to Saturdays. They link the parts of those communities away from the core commercial bus routes – including the Somerdale development - with Keynsham town centre, Keynsham rail station, Waitrose, Tesco and Saltford village centre. The services are currently operated by Bristol Community Transport – a social enterprise company - on a short term one-year contract following early termination of the previous contract by another operator. The cost is fully covered by developer contributions from the Somerdale site and we plan to enhance the Keynsham Town Services in the future by using contributions from the development at The Meadows in Keynsham.

The lowest price tendered to maintain the current timetable is £87,085 pa (a 15% increase) but that bidder notified us that they could only take on two new contracts. Their bids for two other contracts are the lowest and we get best value for money by awarding those two and awarding this contract to the second lowest bidder at a price of £98,963 pa (a 31% increase). This price was tendered by the incumbent contractor and they forewarned us of the likelihood of an increase because they had underestimated the potential fares revenue in their successful bid last year. As such it is considered to be realistic.

It is recommended that a new contract be awarded to the second lowest bidder, Bristol Community Transport, at £98,963 pa to start on 1 September 2019.

- **752 - Hinton Blewett to Bath via Marksbury**
- **754 - Hinton Blewett to Midsomer Norton via Clutton**

These services consist of one return off-peak journey on Wednesday (752) and Monday, Tuesday, Thursday and Friday (754) linking rural communities with the shops and other facilities in Bath, Midsomer Norton and Radstock. They are operated by our in-house fleet, making efficient use of a vehicle in between its home-to-school transport work in the mornings and afternoons. The gross cost is £20,526 pa annum and this compares favourably to similar contracts. The number of passengers is low but they have no alternatives. The West of England Bus Strategy will consider how best to provide transport to rural areas.

The in-house fleet is willing to extend the current arrangement for a further year to 31 August 2020 and this is recommended.

- **768 - Writhlington to Bath via Camerton and Englishcombe**

These are peak hour addition to the basic contract for the daytime service that runs until 31 August 2020. One journey runs to Bath in the morning peak and one runs back in the afternoon.

There is scope to integrate this service to a greater extent with service 179 in future, thus making better use of the available resources, by making some minor changes to the route and timetable.

It is recommended that the current contract with CT Coaches be extended to 31 August 2020 and that opportunities be explored to co-ordinate it with service 179.

14 Implications of forthcoming changes to commercial bus services

- **42 - Odd Down P&R Site to Royal United Hospital**

Half-hourly on Mondays to Fridays

This Park & Ride service was launched with Urban Bus Challenge funding in 2003 and sustained for the following 13 years jointly by B&NES and the RUH. In 2016, Wessex Bus decided to take it on as a commercial service but withdrew it when they closed their operations in September 2018. First Bus agreed to operate it on a commercial basis but advised us that they would no longer do so after 31 August 2019.

There are 158,888 passenger journeys per annum on service 42, mainly comprising staff, outpatients and visitors to the RUH. 47% of passengers are holders of concessionary travel passes.

Tenders were invited for a replacement service and the Council has asked the RUH to make a significant contribution towards the cost. The lowest price to maintain the current timetable is £86,782 pa. A saving of £10,489 pa could be achieved by withdrawing the last journey (2010 ex RUH) which was trialled at the request of the RUH from September 2018 and carries an average of only 2.8 passengers per day. The RUH has confirmed that it is unable to make any contribution towards support for service 42.

In negotiations with the RUH, they have requested changes to the timetable to make arrival and departure times more convenient for staff shift times. We have negotiated these changes with the lowest bidder and can incorporate them into the new contract at no additional cost.

Incorporation of service 42 into the contract for the main Bath Park & Ride service will be considered when the latter is re-tendered in 2020.

It is recommended that a contract (Version 2 of the options put out to tender but with an amended timetable) be awarded to First Bus at a price of £76,293 pa from 1 September 2019.

- **228 – Bath City Centre to Ralph Allen School via Bear Flat**

One journey in each direction on school days, additional to the basic irregular service between Colerne and Bath operated by Faresaver (which is part-supported by Wiltshire Council)

Faresaver has decided that the extension to Ralph Allen School via Bear Flat is no longer viable as a commercial service. This carries an average of 15 schoolchildren not entitled to free home-to-school transport and so would hitherto have fallen outside Council policy for financial support. However, reduction of the school bus network would reduce the

sustainable transport options for young people at a time when the introduction of the Clean Air Zone is on the horizon. It would also pre-empt any policy on school transport that make come out of the West of England Bus Strategy.

Faresaver has indicated that they would be willing to continue to operate it for academic year 2019-20 for a subsidy of £100 per day (i.e. £19,000 per annum). This is better value for money than would be obtained by going out to the market.

It is recommended that a *de minimis* payment be made to retain this service until the end of the 2019-20 academic year, to give time for the West of England Bus Strategy to be completed.

15 Terms & Conditions

All bidders accepted the Terms & Conditions of Contract as published. This includes the option for the Council to extend contracts for a period of up to thirteen months.

16 Social Value

The Council has considered its obligations under the Public Service (Social Value) Act 2012 to consider how the services might improve the economic, social, and environmental wellbeing of the area.

17 Sub-contractors

No subcontracting is envisaged from these awards, although this is permissible under the terms of the contract, subject to agreement of the Council.

18 Risks

All operators selected already operate services for Bath & North East Somerset. Only one service involves a change of operator so the risks associated with the awards proposed are regarded as relatively low.

19 Recommendations

(i) The Panel recommends the following contract awards:

- Services 11 & 12 to First Bus at a net subsidy price of **£101,933** pa from 1 September 2019 to 31 August 2020
- Continuation of *de minimis* payment to Arleen Coaches for extension of service 175 extension to Writhlington at a net subsidy price of **£5,060** pa from 1 September 2019 to 31 August 2020
- Service 177 to First Bus at a net subsidy price of **£30,000** pa from 1 September 2019 to 31 August 2020.

- Continuation of *de minimis* payment to CT Coaches for Saturday peak journeys on service 179 at a gross cost price of **£5,460** pa from 1 September 2019 to 31 August 2020
- Services 185, 636, 640, 668, 683 and 757 to CT Coaches at a net subsidy price of **£39,896** pa from 10 November 2019 to 31 August 2021
- Services 663, 664 & 665 to Bristol Community Transport at a net subsidy price of **£98,963** pa from 1 September 2019 to 31 August 2021
- Services 752 & 754 to the B&NES in-house fleet at a gross cost price of **£20,526** pa from 1 September 2019 to 31 August 2020
- Continuation of *de minimis* payment to CT Coaches for peak journeys on service 768 at a net subsidy price of **£9,569** pa from 1 September 2019 to 31 August 2020

(ii) The Panel recommends the following additional actions:

- Award of a gross cost contract to CT Coaches for service 179 Mondays to Fridays from 10 November 2019 to 31 August 2020 at a cost of **£124,230** pa.
- Award of a contract for service 42 to First Bus at a price of **£76,293** pa from 1 September 2019 to 31 August 2020.
- A *de minimis* payment to Faresaver of **£19,000** pa to retain the school journeys on service 228 until 31 August 2020.

Signed on behalf of the Tender Evaluation Panel

Name	Andy Strong
Job Title	Public Transport Manager
Date	2 August 2019
Signature	

AUTHORISATION TO AWARD CONTRACTS

I agree to the award of the contracts as detailed above

Name	Martin Shields
Job Title	Corporate Director

Date	5 August 2019
Signature	<i>M. Shittas</i>