

**CONTRACT AWARD
REPORT – PART I**



**Plymouth City Council 2020
Subsidised Bus Network Tender**

**Procurement Reference No.
20291**

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I. INTRODUCTION

Under the 1985 Transport Act the Council is required to consider the provision of local bus services where operators do not deem them commercially viable, but where the Council considers there to be a social need.

The Council currently provides financial support for thirteen bus services across the city, with contracts for seven of these services due to expire in December 2020.

This report sets out the current situation regarding the re-tendering of these seven services, and the tendering of a summer only service to Bovisand beach, and the procurement process that has been followed.

2. BACKGROUND

In 2018 a retender was undertaken of the Council's complete subsidised service network. The outcome of the tender resulted in the majority of the new contracts being awarded to Stagecoach Southwest due to them offering the lowest price and therefore representing best value for the Council.

In January 2020 Stagecoach approached the Council to advise that most of the contracts awarded in 2018 were no longer financially viable, at current contract rates, and they would therefore either be seeking an increase in the contract rate or would need to give notice to terminate a number of these contracts.

Most of these services were subsequently temporarily suspended from the end of March 2020 as a result of Covid-19 and the significant impact that this had on patronage. Stagecoach were looking to reintroduce the services from mid-June 2020 but given that they had still not given their notice to terminate, requested a price increase to continue the services until the end of the year. The Council did not feel that it was practical to go to tender at that time, due to uncertainty in the market. It was therefore agreed to grant the price increase to take the contracts through to the end of the December 2020, on the understanding that Stagecoach would give notice in early August 2020, to allow sufficient time to retender these routes to meet the end of year deadline.

Stagecoach gave notice to terminate seven contracts on 6 August 2020. The services affected are shown below, with current contracts ending on 31 December 2020.

Table One: Services which Stagecoach have given notice to terminate, with contracts ending 31 December 2020

Contract	Service number	Route	Wards affected
PLA/16026H	13	City Centre - Weston Mill - Saltash Passage	St Budeaux and Ham
PLA/16026I	14	City Centre - Devonport - Keyham - Ham - Derriford Hospital	St Peter & Waterfront, Stoke, Devonport, Ham, Peverell, Egguckland, Budshead and Moor View
PLA/16026G	17	City Centre - Plymstock Broadway – Hooe	Plymstock Radford and Plymstock Dunstone
PLA/16026J	18	City Centre – Plymstock Broadway – Elburton	Plymstock Dunstone and Plymstock Radford

PLA/16026O	32	St Budeaux - Barne Barton - Kings Tamerton Local Service	St Budeaux
PLA/16026M	39	City Centre – Mannamead – Hartley Vale	St Peter & Waterfront, Drake, Compton and Peeverell
PLA/16026N	52	Plympton – Estover – Derriford Hospital	Moor View, Plympton Erle, Plympton Chaddlewood and Plympton St Mary

On 6 August 2020, an Executive Decision was signed by the Leader, recommending the following course of action:

- Approval of the Business Case for retendering the affected routes
- Authorisation of the procurement process to be followed and
- Delegating the award of the contract(s) to Paul Barnard, Service Director for Strategic Planning and Infrastructure

The tender documents were released for prospective tenderers on 27 August 2020.

3. PROCUREMENT PROCESS

During September and October 2019, the Sustainable Transport Team undertook an annual review of the tendered service network. This included detailed on-bus surveys covering every journey, every day for a full week of operation. The survey analysis allowed a better understanding of patronage levels, enabling the findings to be built into the various service options included in this retender.

In August 2020 a total of eight Lots were put out to tender covering the seven services in Table One and the service to Bovisand beach. All routes were tendered on a like for like basis, with a number of options included for most routes based on customer feedback, knowledge developed over the current contract term and potential funding sources that may help support some routes for a longer period of time. Operators were also given the opportunity to submit their own innovative proposals and package prices.

Tenders were dispatched on 27 August 2020 with a return date of 17 September 2020. The contract was tendered through Devon County Council's (DCC) Dynamic Purchasing System (DPS), which is Plymouth City Council's approved process for tendering local bus services.

The main benefits of using the Devon DPS are:

- We do not need to undertake a full OJEU procurement and PQQ process as this has already been done by Devon County Council in setting up the DPS
- The tender opportunity is open to a wider network of bus operators, than if Plymouth City Council ran a tender outside the DPS
- The use of the DPS has potential to allow longer contracts (up to eight years) and hence encourage a wider base of tenderers and investment in better vehicles
- The process has already been trialled for Plymouth bus service contracts in previous tenders including the major retendering exercise in 2018
- Cost savings to Plymouth City Council if compared with undertaking our own OJEU procurements
- Our own approval processes at the point of contract award still apply

It is proposed that the new contracts will commence on 1 January 2021 and end on 22 October 2022 with the option to extend, in annual increments, for up to a further four years until October 2026. This date ties in with when the two remaining Stagecoach Southwest contracts will expire.

4. TENDER EVALUATION CRITERIA

Within the specification there were a number of options within each Lot. Operators were required to bid for the services as set out in the specification but were also encouraged to submit package prices where they were bidding on more than one Lot. Packages needed to offer better value than prices for individual Lots. All options under each Lot and operator packages were therefore assessed on the basis of price, quality and social value. Operators were also given the opportunity to submit their own innovative proposals where this would offer better value to the Council.

The methodology used to evaluate the submissions received is set out below.

Initially operators were asked the following 'pass/fail' questions:

- Please confirm that you will meet the Core Requirements for all Lots (Clause B3.1 as stated in the Pre-Qualification Questionnaire document) throughout the duration of this contract
- Please confirm that you will meet the specific core requirements for Lot 5: Public Transport (Clause B3.6 as stated in the Pre-Qualification Questionnaire document) throughout the duration of this contract
- Please confirm that all vehicles will be fitted with ITS0 compliant electronic ticket machines throughout the duration of this contract
- Please confirm that all vehicles will be fitted with electronic destination displays capable of displaying the destinations stated in the specification for each Lot bid for.

The PQQ required operators to provide information on insurance, vehicle maintenance procedures, driver licensing, driver CPC and customer care training, Traffic Commissioner hearings, and previous contract performance. In addition they were required to state their policies and procedures in respect of Health and Safety and Equality and Environmental requirements. No further evaluation of these items was therefore required.

Tenderers passing all the pass/fail criteria had their remaining responses evaluated to determine the most economically advantageous quotation based on the pricing, quality and social value criteria that are linked to the subject matter of the contract.

Award Criteria and Methodology

Award Criteria

The evaluation was carried out in accordance with the following criteria, weightings and methodology.

PRICE – 70% weighting

Evaluation made against comparison of pricing schedules.

Tenderers were asked to provide a gross and net cost for each option.

The gross cost price is the total cost of operating the service with no allowance for revenue. If tenderers are successful, Plymouth City Council will pay the gross cost price, minus the actual

revenue taken, which the operator will be required to declare. Concessionary fares reimbursement is not be paid.

The net subsidy price is the cost of providing the service minus revenue. If tenderers are successful, Plymouth City Council will pay their net subsidy price regardless of the actual level of revenue, which the operator will retain. They will also receive concessionary fares reimbursement.

In terms of deciding whether gross or net cost offered best value, we took the current level of revenue for each Lot, and extrapolated it across the contract term to determine whether this provided a more cost effective option.

All price options were evaluated. However, to minimise the revenue risk to the council it was felt that awarding all contracts on a net cost basis offered the best value, given the uncertainty around future patronage levels and potential on bus revenue as a result of Covid-19.

PRICE: Total Quoted Sum - 70% weighting

The Tenderer’s Total Price Per Annum was evaluated using the scoring system below:

$$\left(\frac{\text{Lowest Total Price Per Annum}}{\text{Tenderer's Total Price Per Annum}} \right) \times \text{Weighting} = \text{Weighted score}$$

QUALITY – 20% weighting

Strength of proposals in compliance with the Council’s specification.

An evaluation was undertaken on the contract delivery proposals submitted in response to the requirements set out in specification, taking into consideration the Council’s aims for the service.

Scored Questions – Each Method Statement was evaluated in accordance with the following sub-criteria and weightings

MS1: Emission Standards	Weighting 10 %
MS2: Breakdown Response Times	Weighting 10 %
TOTAL	Weighting 20 %

Method Statements were evaluated using the scoring system below:

Response	Score	Definition
Excellent	5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous, and demonstrates a thorough understanding of the requirement/outcomes and provides details of how the requirement/outcomes will be met in full.
Very Good	4	Response is particularly relevant. The response is precisely detailed to demonstrate a very good understanding of the requirements and provides details on how these will be fulfilled.
Good	3	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements/outcomes will be fulfilled.

Satisfactory	2	Response is relevant and acceptable. The response addresses a broad understanding of the requirements/outcomes but lacks details on how the requirement/outcomes will be fulfilled in certain areas.
Poor	1	Response is partially relevant and poor. The response addresses some elements of the requirements/outcomes but contains insufficient/limited detail and explanation to demonstrate how the requirements/outcomes will be fulfilled.
Unacceptable	0	No or inadequate response. Fails to demonstrate an ability to meet the requirement/deliver the required outcomes.

Where there was more than one evaluator, the average of the individual evaluators' scores were taken and the associated weighting applied.

Tenderers needed to achieve a score of 2 or more for each scored item. Any scored criteria item receiving less than 2 would result in the Quotation being rejected and Tenderers being disqualified from the process.

Moderation was only undertaken where there was a difference in evaluator scoring of more than one point. This is to ensure no omissions have occurred in the evaluation process.

An example has been provided below:

Scores received of 3, 3 and 4= No moderation undertaken

Scores received of 2, 3 and 4= moderation undertaken

SOCIAL VALUE – 10% weighting

Social value bids were assessed against the criteria laid out and evaluated using the social value evaluation tool (TOMs National Calculator) which the tenderers used to submit their bids, this was based on a combination of a quantitative and qualitative assessment.

Total Social Value (National TOMS Calculator) Evaluation Score 10%

Social Value Quantitative	Sub-weighting 1	5%
Social Value Qualitative	Sub-weighting 2	5%
TOTAL		10%

Total Social Value Evaluation Score

The total Social Value score was calculated by adding the scores of the quantitative and qualitative Social Value Assessments.

Social Value Quantitative Assessment

The quantitative assessment is based on the total £SV submitted by the bidder through using the TOMs Procurement Calculator with the bidder submitting the highest social value offer being scored 100% for this section.

All other bidders were scored in relation to the highest social value offer, as shown below.

$$\left(\frac{\text{Tenderers Social Value Committed}}{\text{Highest Total Social Value Committed}} \right) \times \text{Weighting} = \text{Weighted score}$$

Social Value Qualitative Assessment

The qualitative assessment was based on the method statements set out in the TOMs Procurement Calculator. Commitments were evaluated in a similar way to other quality elements following the scoring matrix below.

Response	Score	Definition
Excellent	5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous, and demonstrates a thorough understanding of the requirement/outcomes and provides details of how the requirement/outcomes will be met in full.
Very Good	4	Response is particularly relevant. The response is precisely detailed to demonstrate a very good understanding of the requirements and provides details on how these will be fulfilled.
Good	3	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements/outcomes will be fulfilled.
Satisfactory	2	Response is relevant and acceptable. The response addresses a broad understanding of the requirements/outcomes but lacks details on how the requirement/outcomes will be fulfilled in certain areas.
Poor	1	Response is partially relevant and poor. The response addresses some elements of the requirements/outcomes but contains insufficient/limited detail and explanation to demonstrate how the requirements/outcomes will be fulfilled.
Unacceptable	0	No or inadequate response. Fails to demonstrate an ability to meet the requirement/deliver the required outcomes.

Again, scores were moderated to ensure that the evaluation outcome is fair, valid and reliable, that evaluation criteria have been applied consistently, and that any differences in scoring between individual evaluators can be acknowledged and addressed, or where there is more than one evaluator the average of the individual evaluators' scores was taken and the associated weighting applied.

Total Evaluation Methodology (100% of weighting)

To determine the overall total score and corresponding ranking for each Tenderer, it was necessary to add the total weighted price score with the total weighted quality score and the total weighted social value score.

Information only questions

In addition to the above, Tenderers were also asked the following questions which were required for information only:

- Please confirm the renewal date for your PSV Operator's Licence
- Please confirm that timetables and route descriptions are attached for any variations submitted (where appropriate)

- Please confirm that your proposed fare chart is attached
- Which type of ticket issuing system will you use?
- Please give the name of your insurance company, your policy number and insurance expiry dates, confirming insurance cover as required by the Public Passenger Vehicles Act 1981 and the Road Traffic Acts 1972 and 1974.
- Please describe your proposed vehicles, (principal and back-up 1 and 2 etc. as appropriate)
- Will you be in possession of the above vehicles at the time of the commencement of the contract? If no, please state when you will obtain the stated vehicles and please attach details of your interim vehicles.
- Do or will all of the vehicles specified belong to you? If not, please give details of ownership. If you nominate a vehicle belonging to another operator, you must ensure that there is a suitable agreement with that operator and that access to the vehicle is no less than if it were under your ownership. Please attach a copy of this agreement.
- How many drivers do you intend to allocate to the roster for this contract (including sickness and holiday cover)?
- Please describe the uniform which your drivers will wear.
- Please confirm whether your drivers have undergone customer care training incorporating disability awareness training. Please give details.
- Please confirm that all drivers allocated to this contract hold a current valid Driver CPC?
- With what type of destination display are the proposed vehicles equipped (e.g. electronic)?
- Where will your vehicles be maintained?
- Please indicate from which operating depots you would respond to breakdowns or service failures and, if applicable, indicate any arrangements you have with depots of other operators or agents.
- Please give the telephone number which members of the public may call in order to obtain information from you and the days and hours when this is staffed. Please indicate if and when an answerphone is in operation.
- Please give any additional telephone number(s), including mobiles, which the Council may call and the days and hours when these are staffed. Please indicate if and when an answerphone is in operation.
- Apart from vehicles, will any aspect of your service not be in place in time for the start of the contract? If so, please indicate any delays and when the service feature would be introduced and please give details of your interim arrangements.
- Can you confirm how you adhere to the routine maintenance guidelines issued by DVSA and where this has been and will be taking place throughout the duration of the contract?
- What special features and/or benefits does your submission contain for the benefit of your passengers?

5. SUMMARY OF EVALUATION

The tender package was submitted electronically via the DPS on 27 August 2020 with a submission response date of 12 noon on 17 September 2020.

Devon County Council advised us that there were forty-nine suppliers registered on the DPS for this opportunity who were eligible to bid, and that five of these suppliers belong to a PL postcode. Out of the forty-nine suppliers eligible to bid on this opportunity, fourteen looked at it, with only two submitting prices.

The Tender submissions were evaluated in accordance with the overall evaluation strategy set out above, and were independently evaluated by Council Officers. The resulting scores are contained in the confidential Part II paper.

During the evaluation, it was evident that the suppliers providing a response to the tender did not fully understand the TOMs calculator which was used to determine their Social Value score, resulting in submissions being returned either incorrect or incomplete. Professional advice was sought from the Procurement Team who advised the evaluators to submit post tender clarifications directly to the suppliers asking them to resubmit their TOMs Calculator. Both suppliers did this and their submissions were subsequently passed on to the Procurement Team to input their scores.

The evaluation commenced on 25 September 2020 and was completed on 2 October 2020.

The resulting scores are contained in the confidential Part II paper.

6. FINANCIAL IMPLICATIONS

The recommended contract award can be fully funded from within existing budgets. As well as making full use of the Council non-commercial routes budget, additional grant funding and S106 developer contributions are available to spend on these contracts, as set out below.

In 2020-2021 the Council was successful in its bid for the “Better Deal for Buses” fund, securing an additional £137,345 which can be used for restoring lost bus services, supporting new bus services and / or extending current bus services. This funding will be used towards retaining the existing network, in compliance with the Fund¹. Each year the Government also award the Council a grant of £85,008 (Bus Subsidy Ring Fenced (Revenue) Grant), which is provided to support the tendered bus service network.

In addition the Council will draw down S106 funding to support a number of these routes totalling £460,844. These funds will be used to support the services for as long as possible or until such time as they become commercially viable.

7. RECOMMENDATIONS

It is recommended that contracts be awarded to the highest scoring tenderer for the selected option.

Details of the successful Tenderer(s) can be found in the confidential Part II paper, together with the preferred service options.

This award will be provisional and subject to the outcome of any challenge made during the mandatory standstill period and subject to the receipt of the satisfactory documentation such as insurance and fare charts.

¹ The Council have committed to spending the grant funding by January 2022

8. APPROVAL

In accordance with the Leader's Executive Decision, approval is sought for the award of the tendered service contracts as set out in the confidential Part II paper.

AUTHOR:

Signature:



Print Name: James Quintrell-Harris

Date: 6 November 2020

AUTHORISED SIGNATORY:

Signature:

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Print Name: Paul Barnard

Position: Service Director for Strategic Planning and Infrastructure

Date: 10 November 2020