

BUSINESS CASE

Plymouth City Council 2025 Non-Commercial Routes Network Tender



EXECUTIVE SUMMARY

This project seeks approval to commence the procurement process for a number of bus services, which on award, will become part of Plymouth's non-commercial routes network.

The key objective of the tender is to ensure that public transport is available to local residents and visitors for access to employment, education, healthcare, leisure and retail opportunities, whilst ensuring best value for the Council.

The outcomes and benefits of this proposal are:

- Provision of local bus services in areas which would otherwise be unserved by the commercial bus network
- Ensuring local residents and visitors have access, by public transport, to employment, education, healthcare, leisure and retail opportunities.

This project supports the Council's Net Zero Action Plan through the reduction of private car use.

The key risk associated with this procurement is that there will be insufficient budget to retain the current non-commercial routes network in its entirety. This risk will be mitigated, where possible, through working with operators to identify services that may now justify commercial operation, and the identification of alternative funding sources such as Section 106 developer funding contributions. However, ultimately it may not be possible to retain the level of service coverage currently enjoyed.

RECOMMENDED DECISION

It is recommended that the Leader of the Council:

1. Approves the Business Case
2. Authorises the commencement of the procurement process
3. Delegates the award of the contract(s) and subsequent management of the contract(s) to the Service Director for Strategic Planning and Infrastructure, in consultation with the Cabinet Member for Strategic Planning and Transport, where they do not already have authority to do so.

SECTION I: PROJECT DETAIL

<p>Project Value (indicate capital or revenue)</p>	<p>This is a revenue project and the estimated value over the entire contract term including all extensions is £5,360,526.</p> <p>The estimated budget for the initial contract period</p>	<p>Contingency (show as £ and % of project value)</p>	<p>N/A</p> <p>Contracts will be let up to the value of the available budget.</p>
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	of April 2025 – March 2028 is £2,395,374.		
Programme	Transport	Directorate	Place - SP&I
Portfolio Holder	Councillor Mark Coker – Cabinet Member for Strategic Planning and Transport	Service Director	Paul Barnard, Service Director for Strategic Planning and Infrastructure
Senior Responsible Officer (client)	Paul Barnard, Service Director for Strategic Planning and Infrastructure	Project Manager	James Quintrell-Harris Public Transport Officer
Address and Post Code	Strategic Planning and Infrastructure Plymouth City Council Ballard House West Hoe Road Plymouth PL1 3BJ	Ward	Citywide

Current Situation: *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

Plymouth City Council currently provides financial support for 18 bus services with operators within our city boundary. Without this support, these services would be deemed commercially unviable and would not operate. These services form the [Council's Tendered Bus Service Network](#).

The contracts for 13 of these services are due to expire on the 31 March 2025 and therefore a tender exercise needs to be completed in 2024 to allow any new contracts to be in place from April 2025. This is because the majority of services are funded, at least in part, by the Department for Transport's (DfT) Bus Service Improvement Plan Phase 2 (BSIP 2) grant and, at present, there is no guarantee that the Bus Service Improvement Plan funding will continue beyond 31 August 2025. Therefore, to ensure best value is achieved from the known funding available to support non-commercial routes, post March 2025, the proposal is to competitively tender the services in order to deliver the most comprehensive network possible, within the available budget, and allow operators to submit innovative proposals for the delivery of the non-commercial routes network.

Table One: Services in scope for this procurement, which are currently part of the Council's non-commercial routes network.

Current Contract	Service number and Operator	Route	Wards affected
21767/N	4, 4A, 4B & 4C – Stagecoach Southwest	4 – City Centre to Plymstock via Saltram Meadow 4A – City Centre to Hooe via Saltram Meadow	Plymstock Radford and Plymstock Dunstone

		4B - City Centre to Elburton via Saltram Meadow 4C - City Centre to Saltram Meadow	
20291/A	13, 13S – Plymouth Citybus	13 – City Centre to Holly Park via Weston Mill and Saltash Passage 13S – St Budeaux to Kings Tamerton via Barne Barton (School days only)	St Budeaux, Ham Budshead
20291/B	14 – Plymouth Citybus	City Centre to Derriford via Devonport, Ham and Keyham	Stoke, Devonport, Ham, Peverell and Moor View
21767/I	27 – Plymouth Citybus	City Centre to Derriford Hospital via Lower Compton, Efford, Eggbuckland and Mainstone.	Compton, Efford and Lipson, Eggbuckland and Moor View
25306/A	30/31 – Stagecoach Southwest	30 – City Centre to City Centre via Mannamead, Hartley Vale and Peverell 31 - City Centre to Coty Centre via Peverell, Hartley Vale and Mannamead	Compton, Peverell and Drake
26263	41 – Plymouth Citybus	City Centre to Southway via Peverell	Peverell and Southway
25306/B	54 – Stagecoach Southwest	City Centre to Bovisand via Plymstock	Plymstock Radford
21767/M	200 – Stagecoach Southwest	City Centre to Coypool Park and Ride	Plympton St Mary

In addition it is proposed that the tender will include an additional service, which is not currently part of the Council's non-commercial routes network. The additional service is similar to the previous service 19, which served Merafield (Plympton) and which was withdrawn in January 2023. Residents of Merafield are currently served by the service 59 which is a Devon County Council contract, operated by Plymouth Citybus. However, this service is infrequent and hence the service is included in this tender in response to passenger requests.

The tender will therefore help to determine the Plymouth non-commercial routes network from April 2025.

Proposal: *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

This proposal seeks approval to commence the procurement of a number of bus services which, on award, would become part of Plymouth's non-commercial routes network.

This procurement will ensure that public transport remains available to as many local residents and visitors as possible, enabling access to employment, education, healthcare, leisure and retail opportunities, supporting the Council's work on reducing carbon emissions, through enabling more trips to be made by public transport, rather than the private car, whilst ensuring best value for the Council.

The proposal is necessary because the current contracts for 13 bus services (Table One) are due to expire on the 31st March 2025 and therefore a tender exercise needs to be completed in 2024 to allow any new contracts to be in place from April 2025.

Of the eight contracts which are expiring options are available to extend five of these contracts. However, the majority are funded, at least in part, by the Department for Transport's (DfT) Bus Service Improvement Plan Phase 2 (BSIP 2) grant¹ and, at present, there is no guarantee that the Bus Service Improvement Plan funding will continue beyond 31 August 2025. Therefore, the continuation of the current non-commercial routes network is unaffordable from the 1st April.

To ensure best value is achieved from the known funding available (the Council's non-commercial routes budget and Section 106 developer funding) to support non-commercial routes, post March 2025, the proposal is to competitively tender the services whose contracts are ending in March 2025, plus an additional service, as set out above, in order to deliver the most comprehensive network possible, within the available budget, and allow operators to submit innovative proposals for the delivery of the non-commercial routes network.

The procurement will utilise the Devon County Council Dynamic Purchasing System (DPS). This system has been used in the past and provides the most cost effective procurement when tendering local bus services.

It is proposed that the contract(s) will be awarded for an initial three year period, until 31st March 2028, with the option to extend in annual increments for up to a further 5 years until 31st March 2033.

Please note that the below dates are indicative and may be subject to change.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
December 2024	1 April 2025	Initial Contract Term to 31 March 2028 Contract Extension Options to 31 March 2033

¹ The Bus Service Improvement Plan Phase 2 funding was previously referred to as Bus Service Improvement Plan Plus (BSIP+) funding.

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).

Potential Risk 1 Identified

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Insufficient budget to enable all routes included in the procurement to be awarded; supported bus service mileage reduced, along with access to services	High	High	High
Mitigation	In evaluating the tenders the council will review the cost per passenger for each route procured and identify routes which offer best value for money. We will also work with operators on commercial opportunities.	High	High	High
Calculated risk value in £ (Extent of financial risk)	N/A (we would only award contracts within our budget)			

Potential Risk 2 Identified

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Competitive prices received, however operator requests a price increase part way through the contract term.	Medium	High	High
Mitigation	Review the usage of the network and, if required, withdraw services with least demand. Alternative funding sources would be sought prior to any service reduction.	Medium	Medium	Medium
Calculated risk value in £ (Extent of financial risk)	N/A: Contracts will reflect available budgets			

Potential Risk 3 Identified

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Due to increased cost that operators are facing, especially in regards to driver wages etc there may limited interest in this tender affecting value for money	Medium	High	High
Mitigation	Using the DPS allows a wider pool of possible operators to bid on these contracts	Medium	Medium	Medium
Calculated risk value in £ (Extent of financial risk)	N/A			

Potential Risk 4 Identified

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	The non-commercial routes budget is reduced during the contract term.	Medium	High	High
Mitigation	Review the usage of the network and withdraw services with least demand. Alternative funding sources would be sought prior to any service withdrawal.	Medium	Medium	Medium
Calculated risk value in £ (Extent of financial risk)	Dependent on service withdrawals.			

Potential Risk 5 Identified

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Supported bus service mileage reduced, along with access to services	High	High	High
Mitigation	Much like risk 1 in evaluating the tenders the council will review the cost per passenger for each route procured and identify routes which offer best value for money. We will also work with operators on commercial opportunities.	High	High	High
Calculated risk value in £ (Extent of financial risk)	N/A (we would only award contracts within our budget)			

Outcomes and Benefits	
<p>List the outcomes and benefits expected from this project. <i>(An outcome is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)</i> <i>(A benefit is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)</i></p>	
Financial outcomes and benefits:	Non-financial outcomes and benefits:
Maximising value for money from Plymouth's non-commercial routes budget.	<p>Maintenance of a comprehensive citywide bus network.</p> <p>Plymouth is a bus based city. The maintenance of a comprehensive network is therefore essential in order for Plymouth to fulfil its role as a regional centre through the provision of sustainable transport links to locations such as Derriford Hospital, major employment sites including the Dockyard, Plymouth Science Park and cultural assets including the UK's first National Marine Park.</p> <p>Support the vital role Plymouth's buses have, both as tools of inclusion and the transport of choice.</p>

Low Carbon	
What is the anticipated impact of the proposal on carbon emissions	If the current services are not replaced and supported by the Council, passengers in areas no longer served by buses will either lose access to services, for trips beyond walking and cycling distance, or rely on private cars. An increase in car trips will increase congestion and carbon emissions.
How does it contribute to the Council becoming Carbon neutral by 2030	<p>On 8 March 2019 the Council declared a Climate Emergency and produced a number of key actions to achieve net zero carbon by 2030.</p> <p>Plymouth City Council's non-commercial routes network supports the Council's efforts to reduce carbon emissions by providing an alternative sustainable transport option to the private car, hence enabling behavioural change.</p>

	Furthermore, through the contracts let by this tender, the Council will be able to stipulate the maximum age of vehicles operating on non-commercial routes thereby reducing the environmental impact of the services, compared with an unregulated environment
Have you engaged with Procurement Service?	Yes
Procurement route options considered for goods, services or works	<p>The Procurement Service has allocated a Category Lead to this project.</p> <p>Contracts will be procured through the Devon County Council (DCC) Dynamic Purchasing System (DPS), which is an approved process for tendering local bus services.</p> <p>The DCC DPS (CPI 185-15) for Provision of Passenger Transport commenced on 2 April 2016, and will end on 1 April 2027, with all options to extend taken.</p> <p>The main benefits of using the DPS are as follows;</p> <ul style="list-style-type: none"> • The Council do not need to undertake a full public procurement process that is subject to the Public Contract Regulations 2015 (PCR 2015) as this has already been done by Devon County Council in setting up the DPS • The DPS provides a quicker route to market as suppliers listed on the DPS have already been assessed for their financial stability, track record, experience and technical & professional ability, before being awarded a place on the DPS • The DPS offers the opportunity to a wider audience, providing the ability for new operators to consider tendering • 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 Council has successfully used the DPS on previous tender opportunities, including the last full retendering exercise in 2023 • Cost savings to Plymouth City Council if compared with undertaking our own procurement process in accordance with the PCR 2015 • The Councils Contract Award processes at the point of contract award still apply <p>It is proposed that the contract(s) will be awarded until 31 March 2028 with the option to extend in annual increments for up to a further 5 years until 31 March 2033.</p> <p>Any subsequent Contract Awards made as a result of a further competition exercise through the DCC DPS will be subject to existing Procurement Law - Public Contract Regulations 2015.</p>

Procurements Recommended route.	A Further Competition via Devon County Council CPI 185-15 Provision of Passenger Transport Dynamic Purchasing System	
Who is your Procurement Lead?	Paul Williams	
Is this business case a purchase of a commercial property	No	
If yes then provide evidence to show that it is not 'primarily for yield'	N/A	
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	Councillor Mark Coker, Cabinet Member for Strategic Planning and Transport was consulted in January and May 2024.	

SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT: *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr.	23/24	24/25	25/26	26/27	27/28	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Total capital spend	Not applicable; the funding available is revenue.							

Provide details of proposed funding: *Funding to match with Project Value*

Breakdown of proposed funding	Prev. Yr.	23/24	24/25	25/26	26/27	27/28	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Total funding	Not applicable; the funding available is revenue.							

Which external funding sources been explored	N/A
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	N/A
Tax and VAT implications	N/A
Tax and VAT reviewed by	N/A

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)	
Total Cost of developing the project	N/A
Revenue cost code for the development costs	N/A
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	N/A
Budget Managers Name	N/A

Ongoing Revenue Implications for Service Area							
	Prev. Yr. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £
Service area revenue cost							
Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)							
Total Revenue Cost (A)							
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)							
Has the revenue cost been budgeted for or would this make a revenue pressure	The revenue cost has been budgeted and contracts will be awarded in line with available budget.						
Which cost centre would the revenue pressure be shown	N/A 1639/6401		Has this been reviewed by the budget manager			Y/N	
Name of budget manager	Debbie Newcombe						
Loan value	£	Interest Rate	%	Term Years	Annual Repayment	£	
Revenue code for annual repayments	N/A						
Service area or corporate borrowing	N/A						
Revenue implications reviewed by	N/A						

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


Author of Business Case	Date	Document Version	Reviewed By	Date
James Quintrell-Harris	31/01/2024	v 1.0		00/00/2023
	26/04/2024	v 2.0	Debbie Newcombe	26/04/2024
	08/05/2024	V3.0	Rosie Starr	08/05/2024

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

1. Approves the Business Case
2. Authorises the procurement process
3. Delegates the award of the contract(s) and subsequent management of the contract(s) to the Service Director for Strategic Planning and Infrastructure, in consultation with the Cabinet Member for Strategic Planning and Transport, where they do not already have authority to do so.

Councillor Tudor Evans OBE, Leader of the Council		Service Director – Paul Barnard, Service Director for Strategic Planning and Infrastructure	
Either email dated:	Date: 01 August 2024	Either email dated:	date
Or signed:		 Signed:	
Date:		Date: 31.5.24	
		Service Director	
		[Name, department]	
		Either email dated:	date
		Signed:	
		Date:	