

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Local Bus Service Contract Award
<b>Committee:</b>	Cabinet
<b>Date:</b>	10 July 2018
<b>Cabinet Member:</b>	Councillor Coker
<b>CMT Member:</b>	Anthony Payne (Strategic Director for Place)
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<b>Ref:</b>	2018 Tendered Bus Services Review
<b>Key Decision:</b>	Yes
<b>Part:</b>	I

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### **Purpose of the report:**

The report summarises the recent tender process for the commissioning of the following local bus services across the city:

- Retendering of bus services 7D, 13, 14, 18, 19, 31, 39, 52 and 223. The current contracts expire in November 2018.
- Provision of a new bus service into Sherford
- Replacement services for two areas of the city where the current operator proposes their commercial de-registration

There is a separate private report detailing the outcome of the tenders and recommendations for the contract award.

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### **Corporate Plan**

#### **Pioneering Plymouth**

The subsidised services network has demonstrated the Council's appetite to seek out new ways of working – the city was a pioneer in the use of Taxibuses which enabled services to penetrate new areas of city and which have now been incorporated within the network served by conventional buses. The adoption of Devon County Council's Dynamic Purchasing System for undertaking local bus service procurement means the Council's tenders can reach a wider range of potential operators and greater opportunities for innovative ideas to improve efficiency and value for money.

#### **Growing Plymouth**

A number of subsidised services support the city's commercial network by providing additional links to employment opportunities and medical facilities in the Northern Corridor Growth area as well as the city centre. Service 52 provides the only direct link between Plympton and employment opportunities in Estover Industrial Estate and the Northern Corridor Growth area and to medical facilities at the city's main Hospital at Derriford.

## **Caring Plymouth**

The subsidised services network provides valuable links to shops, healthcare, employment, education and leisure for those citizens who do not live near to or have access to a commercial bus service. Without these services these citizens would face an increased risk of isolation or the higher costs of using taxis or relying on the charity and goodwill of friends or family, thereby promoting their independence.

As the commercial network adjusts to meet changing circumstances the subsidised services network provides a safety net.

## **Confident Plymouth**

The subsidised services network meets the needs of Plymouth as the services reflect usage based on operator data submissions, comprehensive on-bus surveys as well as feedback from customers, operators and Members. The subsidised services network supplements the overall citywide bus network thus helping to reduce traffic levels and congestion and helping to improve air quality.

The successful delivery and operation of the city's subsidised services network demonstrates effective partnership working with the local bus operators.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

The new Sherford bus service will be fully funded through Section 106 developer contributions. The level of funding will vary throughout the contract term as the requirement of the Section 106 Agreement changes with the number of homes occupied. There is a maximum amount available in Phase 1 (anticipated up to 3 years) of £150,000 per annum and in Phase 2 (anticipated up to 5 years) an amount of £350,000 per annum.

The remaining routes will be fully funded through the Council's non-commercial routes budget of which there is annual budget of £435,433 (from 2019-20) which will be topped up by the annual income of £85,008 from the Department for Transport's Bus Service Operators Grant giving a total annual budget of £520,441.

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### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

N/A

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## **Equality and Diversity**

Has an Equality Impact Assessment been undertaken? Yes

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### **Recommendations and Reasons for recommended action:**

Cabinet are recommended to note the report

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**Alternative options considered and rejected:**

N/A

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**Published work / information:**

[Tender Specification](#)

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
Equality Impact Assessment	X								

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**Sign off:**

Fin	pl181 9.20	Leg	lt/30 703/ 1906	Mon Off	lt/3 07 03/ 19 06	HR		Assets		IT		Strat Proc	SA/ PSF /470 /CP/ 061 8
Originating SMT Member Paul Barnard													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## 1.0 Introduction

- 1.1 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.
- 1.2 The Council currently provides financial support for eleven bus services across the city, with contracts for nine of these services due to expire in November 2018.
- 1.3 This report sets out the current situation regarding the re-tendering of these nine services, proposals for the delivery of a bus service into Sherford, and the replacement of two routes which the current operator has indicated will be de-registered as commercial operations at the end of the summer, and the procurement process that has been followed.

## 2.0 Current Situation

- 2.1 The Council currently subsidises ten bus routes which operate all year round and one seasonal route operating between May and September. These routes are predominantly funded through the Council's non-commercial routes budget, with one route being fully funded and one partly funded through Section 106 contributions.
- 2.2 The contracts for all but the seasonal route and the route fully funded through Section 106 expire in November 2018 and have now been the subject of a re-procurement exercise. A list of these routes and their current costs can be found in Table I at the end of this section. The new contracts will need to be fully funded from within the Council's non-commercial routes budget.
- 2.3 In addition to the routes already in operation a tender has been put out for the provision of a service into the new Sherford development which will be fully funded through a Section 106 contribution.
- 2.4 Viability of some existing commercial bus services is marginal. The Council has been approached by one local bus operator regarding the viability of two of their commercial services, advising that they intend to de-register particular sections of these routes later in the year. Early notification of the changes provided the opportunity to conduct on bus surveys and to include options for replacing them as part of the same tender process.
- 2.5 When determining the performance of subsidised bus services, the Council uses a benchmark of £2.00 as a cost per passenger based on total patronage on the route. Any figure above that would result in the service being considered for withdrawal, and anything significantly below is discussed with the bus operator to see if any commercial (zero subsidy) offering is on the table with or without amendments to the route and/or timetable. The cost per passenger for the nine services being re-tendered, based on current prices, is shown in Table I below.

### Table I:

This table shows the services that have been retendered, together with their current prices and cost per passenger based on 2017-18 patronage data (full year)

Service	Route	Current Annual Price	Current Operator	Cost Per Passenger
7D	City Centre – Plymstock Broadway - Hooe	£46,318	Target Travel	£1.62

13	City Centre – Weston Mill – Saltash Passage	£55,440	Target Travel	£1.62
14	City Centre - Devonport – Keyham – Ham – Derriford Hospital	£77,900	Plymouth Citybus	£0.55
18	City Centre – Plymstock Broadway – Elburton	£49,455	Target Travel	£1.65
19	City Centre – Merafield – Plympton Ridgeway	£45,526	Target Travel	£1.70
31	City Centre – Beacon Park – Pennycross	£39,501	Target Travel	£1.54
39	City Centre – Hartley Vale – Crownhill	£32,904	Target Travel	£1.50
52	Plympton – Estover – Derriford Hospital	£41,930	Target Travel	£0.90
223	St Budeaux – Barne Barton – Kings Tamerton Local Service	£46,867	Target Travel	£3.16**

\*\* Service 223 – whilst the cost per passenger is high overall, during school holidays usage of the service is much lower compared to school term time. Based on 2017-18 patronage levels the cost per passenger during school terms was £2.63 but increased significantly during school holidays to £8.25. This service was originally operated as a Taxibus with a Hackney vehicle but following the last operators terminating their contract due to ill health an alternative Hackney provider has not been found. The use of a conventional bus has generated two significantly well loaded journeys between Barne Barton and Marine Academy which could not be accommodated in a Hackney vehicle.

### 3.0 Procurement Process

3.1 In 2017 approval was granted for local bus service contracts to be tendered through the Devon County Council Dynamic Purchasing System (DPS). This process was used for this procurement and allows us to issue local bus service contracts for up to 8 years in line with the DPS Terms and Conditions. The main benefits of using the 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
- the longer contract term encourages bus operators to invest in better buses
- the process has already been trialled for shorter and seasonal Plymouth contracts
- the cost to Plymouth City Council is minimal when compared with undertaking our own procurements
- our own approval processes at the point of contract award still apply

3.2 Prior to starting the procurement process detailed on-bus surveys were undertaken on the current subsidised service network and on the two services which the local bus operator had indicated to the Council were no longer commercially viable. The surveys covered every journey on every day for a full week of operation. Whilst the bus operators provide patronage and revenue data for all routes on a regular basis, the level of information provided does not enable us to identify specific journey origins and destinations and unique journeys (those which could not be made if the subsidised service did not exist). The data has been analysed and highlights any poorly used journeys, allowing us to identify areas where we can potentially make changes to existing schedules to improve efficiency and reduce costs.

- 3.3 When re-tendering the nine services currently supported the first option in each case asked operators to quote on a like for like basis in accordance with the current timetable. This was followed by a series of options taking account of the on-bus survey findings and knowledge developed throughout the current contract. Operators were also given the opportunity to submit their own innovative proposals.
- 3.4 With regard to the Sherford service operators were given a specification based on the requirement of the Section 106 agreement. However, this contract will need to be amended throughout the term as the requirement will change with the number of occupations at the development. This was taken into account in the tender specification.
- 3.5 Various options for replacing the two commercial services that will be de-registered at the end of the summer were tendered, again giving operators the opportunity to submit their own innovative proposals.
- 3.6 Tenders were dispatched on 27<sup>th</sup> March 2018 with a return date of 19<sup>th</sup> April 2018, and the evaluation was based purely on price, subject to a satisfactory response to 4 pass/fail questions to ensure the operator was still compliant with the terms and conditions of the DPS.