



Essex County Council

AGENDA ITEM 7

Report to Cabinet	Forward Plan reference number: FP/312/11/15
Date of Meeting: 26 January 2016	County Divisions affected by the decision: All Chelmsford Divisions.
Title of report: Chelmsford Park and Ride - Approval to tender and award the operational contracts for Chelmsford Park and Ride.	
Report by Cllr Roger Hirst, Cabinet Member for Transport, Planning and Environment	
Responsible Director: Paul Bird, Director for Commissioning: Transport and Infrastructure	
Enquiries to: Helen Morris, Head of Commissioning – Connected Essex Infrastructure email: helen.morris@essex.gov.uk tel: 07894964518	

NOT FOR PUBLICATION

This report contains a confidential appendix listed in Part II of the agenda which is exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of report

- 1.1. This report asks Cabinet to agree the tender contracts for the operation of buses and site management at the Chelmsford Park and Ride sites and to note that the Cabinet member will make the decision on the award of these contracts.

2. Recommendations

- 2.1 Approve the procurement of a new contract for the operation of a bus service to the Chelmsford Park and Ride sites from 25 September 2016 for a period of five years, extendable by the Council for a further two years, with the contract being awarded under the Council's public transport framework agreement.
- 2.2 Approve the procurement of a contract covering the management of Front of House services at the Park and Ride sites from 25 September 2016 for a period of five years, extendable by the Council for a further two years, with the

contract being awarded using an open procurement process which complies with the Public Contracts Regulations 2015.

- 2.3 Approve the procurement of a contract covering the management of maintenance of the Park and Ride sites from 25th September 2016 for a period of five years, extendable by the Council for a further two years with the contract being awarded using an open procurement process which complies with the Public Contracts Regulations 2015.
- 2.4 Agree that the contracts may be awarded by the Cabinet Member for Transport, Planning and the Environment and that the contracts referred to in 2.2 and 2.3 may be awarded to MITIE under the terms of the current ECC Facilities Management framework if MITIE can demonstrate better value than any of the tenders received.

3. Background and proposal

- 3.1. Chelmsford's two Park and Ride sites – Sandon and Chelmer Valley form a key part of the Chelmsford Transport Package and congestion reduction measures with the Sandon passing through the major pinch-point of the Army and Navy Roundabout on the A1114.
- 3.2. The park and ride services provide a link between key transport routes (A130, A12, A414 and A120) to the City Centre and serve an extensive population area including both urban and rural areas, providing a cross-city link between Chelmsford City Centre, Anglia Ruskin University and Broomfield Hospital.
- 3.3. The 2500 car parking spaces across both sites facilitate approximately 1.2m passenger journeys per annum, composed largely of commuters from across Essex and wider region as well as a growing number of daytime leisure travellers. As a result, the service removes in excess of 400,000 private vehicle journeys from Chelmsford City Centre annually.
- 3.4. The contracts for Chelmsford Park and Ride expire on 24 September 2016. The Council needs to consider the future of the services. At present the bus operator is required to provide vehicles. Procurement needs to be undertaken now if the contract is to be awarded in time to allow the successful contractor sufficient opportunity to procure new vehicles and mobilise for the new contracts.
- 3.5. There are presently two operational contracts relating to Chelmsford Park and Ride; one for bus operations and one for the management of the site and facilities. Both contracts cover both sites and have been in place since May 2010. At present the Council pays the full cost of the services and receives all fare income.
- 3.6. Against the current backdrop of increasing financial pressure on local government we are using this re-procurement to minimise the contribution that Essex County Council and its taxpayers make to the service. The current

operation has a net cost to ECC of approximately £90,000 per annum, excluding additional planned and preventative maintenance work.

Tender Specification

- 3.7. It is proposed that the Council should tender separately for three contracts covering bus operations, front of house services and site maintenance. Tenders will be able to submit bid for all three contracts if they wish.
- 3.8. It is proposed to award a contract to cover the period from September 2016 to September 2021, with the possibility of extending the contracts for a further period of up to two years. This would allow the contracts to end on the same date as the Colchester Park and Ride contracts, which expires on in March 2022. This needs further consideration as the current operator of the Colchester site does not have extensive operations in Chelmsford. This means that it may be more competitive to keep the Colchester and Chelmsford operations separate. This is something that will need to be considered at the relevant time.

Tender specification: Front of House and Site Maintenance

- 3.9. It is proposed we undertake a competitive procurement for the management of the park and ride sites and front house operations.
- 3.10. ECC has a corporate contract with MITIE for the delivery of facilities management services. MITIE currently provide site management and facilities and Facilities at Colchester Park and Ride. The MITIE contract relating to Colchester Park and Ride is being operated on a fixed cost for 5 years with options for extension for up to an additional 5 years.
- 3.11. In parallel with these tenders it is proposed to explore the costs of MITIE providing these services. This will clearly be done in way which avoids MITIE having access to tender prices. If MITIE is more cost effective than the bids received then ECC on the open market then ECC will have the option of awarding the work to MITIE under the terms of the current contract.
- 3.12. It should be noted that an open procurement is likely to involve additional officer resource costs in the design of tender specification, evaluation and contract management compared to direct award of Facilities Management and Front of House contracts to MITIE.

Tender specification: Operational Contract for Bus Services.

- 3.13. In line with the current contract, it is proposed that the re-tendered operation will be awarded for a minimum period of September 2016 to September 2021 and for a maximum of 7 years including permissible extensions.
- 3.14. The contract would be awarded on the same financial basis as the current contract - ie that the County Council buys the service and keeps all bus fare revenue. This will leave all risk on passenger numbers with the Council, but

also allows the Council to generate an operating surplus if fare income exceeds the cost of provision.

- 3.15. As at present, we plan to use the terms and conditions of the contract to work with the Service operator in order to identify opportunities to improve the co-ordination of routes and journeys in order to maximise efficiency in the use of vehicles and number of passenger journeys where appropriate to do so.

We are proposing to invite tenders based on three different propulsion technologies:

- Diesel,
- Hybrid and
- Zero-Emissions, in the form of electric buses, if DfT funding is available

Tenderers will be invited to bid for all or any forms of propulsion, although the council has a clear preference for zero emissions vehicles.

- 3.16. The Council has applied for funding from the Department for Transport. If this bid is successful we will receive a grant which will enable the Council to make an up-front payment to bus operators to enable them to subsidise the purchase of electric vehicles. It is likely that the costs of electric operation will be higher than those of Diesel without grant support. It is proposed that a contract based on zero emissions buses would only be awarded if the funding bid from the Department for Transport is successful and costs (net of grant) are not greater than those of Diesel. The outcome of the bid will be known in February 2016.

- 3.17. The decision to submit a bid for the Electric Vehicles is based on environmental analysis which has identified specific pockets of pollution in the City. The switch to electric buses will save 1,970,000kg of CO₂ and 9675kg NO₂ over the initial 5 year contract.

- 3.18. Other than the competing on propulsion technology, all other aspects of the vehicle specification will be the same as that for the Colchester Park and Ride. Nine vehicles will be needed to operate the service. The contractor will be required to supply new vehicles which are single deck low floor buses which comply with current legislative accessibility standards. They will be wheelchair accessible, low floor buses equipped with air conditioning / air cooling and operate in the same livery as those operating the current service. It is not proposed to specify additional vehicle features (e.g. Wi-Fi).

Income Generation and Subsidy reduction

- 3.19. The re-procurement of Chelmsford Park and Ride has provided the opportunity to design contracts and tender specifications which:
- Maintain or improve the services offered to passengers and;
 - Reduce the long-term costs to the taxpayer.

- 3.20. To maximise the value of the service to the taxpayer and fare payers we intend to invite bidders to propose income generation measures, including those that will provide additional customer benefits.
- 3.21. Such proposals could be:
- 3.21.1. Income generation measures where the operator provides ECC with a guaranteed level of income which will reduce the bid price for the delivery of the service;
- 3.21.2. Income generation measures where the operator splits any surplus with ECC on the basis of 80% ECC, 20% contractor.
- 3.22. Examples of potential income generating measures are:
- Giving approval for the bus operator to apply commercial advertisements on the inside of vehicles. Essex County Council will reserve the right of approval for advertisements to ensure that advertisements are appropriate that the ECC Corporate Brand is not adversely affected.
 - Encouraging operators of the front of House contracts to identify mechanisms to generate additional income and;
 - Working with the Site Management contractor to identify maintenance efficiencies and opportunities to generate additional income.
- 3.23. Essex County Council have already investigated a number of options to reduce site costs which will be rolled over into the future costs of the Park and Ride Service, these include
- £20,000 per annum through a reduction in the requirements for site supervision.
 - £59,000 revenue savings per annum should the bid for electric buses be successful.
- 3.24. Additionally it is projected that the Council will generate £11,000 of income driven by the introduction of the Broomfield Hospital Shuttle bus from the Chelmer Valley site. This is currently being operated by the current contractor using spare capacity in their fleet and the new operator will be required to continue this service if ECC wishes.
- 3.25. In the development of the proposed Park and Ride service we have engaged with a range of local stakeholders (including Councillors, Bus, Community Transport and taxi operators, Chelmsford City council, and hospitals) as well as bus manufacturers, environment consultants and other UK Local Authorities.
- 3.26. The purpose of this engagement was to test the feasibility of the proposed tender design and ensure the operation provided a fit for purpose transport solution.

4. Policy context and Outcomes Framework

- 4.1. The Park and Ride Services contribute to the delivery of all seven of ECC's corporate outcomes.
- 4.2. It will also help deliver a number of key aims in *A Vision for Essex 2013-17* including;
 - 4.2.1. To develop and maintain the infrastructure that enables businesses to grow and residents to travel through investment in Park and Ride vehicles and infrastructure.
 - 4.2.2. Increase educational achievement and enhance skills through connectivity to Anglia Ruskin University
 - 4.2.3. Support employment and entrepreneurship across our economy by supporting access to Chelmsford City Centre and onward journeys via rail.
 - 4.2.4. Improve public health and well-being across Essex through reduced City Centre Pollution leading to lower instances of respiratory illness.
- 4.3. The vision for Essex is based on the following principles:
 - 4.3.1. We will spend taxpayers' money wisely.
 - 4.3.2. Our focus will be on what works best, not on who does it;
 - 4.3.3. We will put residents at the heart of the decisions we make:
 - 4.3.4. We will empower communities to help themselves:
 - 4.3.5. We will reduce dependency:
 - 4.3.6. We will work in partnership
 - 4.3.7. We will continue to be open and transparent.
- 4.4. The proposal in this report is consistent with these principles because it develops and maintains the infrastructure through partnerships that enable our residents to travel and our businesses to grow whilst seeking to reduce dependency on the Council budgets and offering value for money.

5. Financial Implications

- 5.1. The 2015/16 latest net budget for Sandon and Chelmer Park and Ride sites is £90,000. The net budget for 2016/17 is £10,000.
- 5.2. The financial implication of the re-procurement is dependent on the outcome of the tender process and the electric buses bid, as well as the success of income generation options. The worst cost scenario is a pressure over and above the anticipated budget position of circa £35,000 per annum by 2021/22, the best case scenario could lead to annual savings of up to £355,000 by 2021/22. A Full analysis is contained in the confidential appendix.

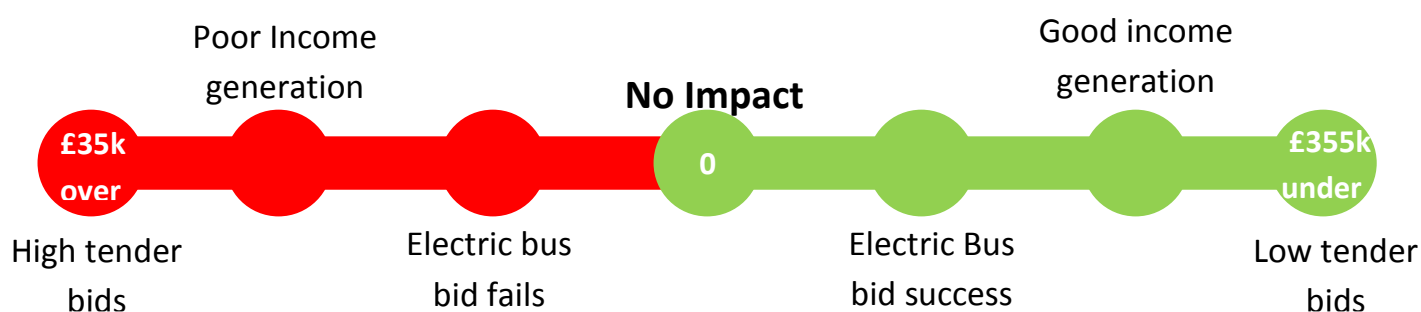


Fig. 1 Potential Park and Ride Financial Destinations by 2021/22 (budget variance)

- 5.3. The financial implications of the proposed contracts, savings and income generation will only be understood once tenders have been received in March 2016 and the outcome of the Department for Transport bid is known.

6. Legal Implications

- 6.1. When ECC procures services is required to undertake a competitive procurement by:
- 6.1.1. The Transport Act 1985
 - 6.1.2. The Public Contracts Regulations 2015
 - 6.1.3. ECC's own Procurement Rules.
- 6.2. The contract for Park & Ride Bus Operations will be tendered as a mini-competition through the Passenger Transport Framework Agreement. The Park & Ride Bus Services Framework Lot has 32 operators appointed to it which includes all bus operators with any significant operation in Essex. Through pre-qualification, these operators have already complied with or exceeded our minimum quality standards and agreed to our terms and conditions. The Passenger Transport Framework Agreement was established following approval by Cabinet on 25th March 2014 (FP/396/11/13) through an OJEU procurement exercise in compliance with the Public Contracts Regulations in place at that time.
- 6.3. Bidders will have to bid separately if they wish to bid for the front of house or site maintenance contracts. Operators will also be allowed to submit an overall price for all services if they wish to offer a discounted price should they be awarded all services.
- 6.4. The Bus Operations tenders will include minimum service requirements that must be met or exceeded in order for tenderers to have their prices considered and awards will be made to the lowest priced compliant bids. The terms and conditions will include Key Performance Indicators (KPIs) so that we can seek continuous improvements during the contract period. For consistency, these minimum service standards and KPIs will incorporate aspects from both the 'Getting Around' transport strategy bus tenders and the Colchester Park and Ride bus operations service contract.

- 6.5. The FM services will be tendered separately through OJEU adverts. The open procedure will be followed. This will mean that the award of the FM contracts are likely to be at a later date than the award of the bus operation. If MITIE are able to demonstrate that they can provide a better value solution then the work will be awarded to them under the current ECC corporate contract and no award will be made under the OJEU process.
- 6.6. The award criteria will be Most Economically Advantageous Tender (MEAT) using a Price: Quality ratio of 85:15. The Quality section will include minimum pass marks for certain key questions (including a variant for Demand Responsive Transport services) and overall. We will only evaluate and score the Price of bids which have passed the Quality evaluation.
- 6.7. For all services, firm prices will be sought with no allowance for annual or index-linked increases, in keeping with ECC's policy.
- 6.8. It is proposed to let all three contracts in March 2016 or soon after and that the operational contracts will be awarded for an initial period of 5 years with options to extend for a maximum of two further one year periods (5+1+1).

7. Staffing and other resource implications

- 7.1. The recommendations of this report will require staff resource beyond existing resource to support the design and evaluation of the competitive tenders.

8. Equality and Diversity implications

- 8.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3. The equality impact assessment has been completed and is listed as Appendix 1. It is not anticipated that there will be any disproportionate impact on anyone with a protected characteristic as a result of this decisions. It is not considered that further work is required in this area.

- 8.4. Overall the strategy should be beneficial to Park and Ride passengers because it seeks to provide additional capacity, using low emission buses and in many cases people will see an improved service. The redesign of the routes will enhance people's access to education, town centres and hospitals.

9. List of Appendices

- 9.1. Appendix 1 Equality Impact Assessment
9.2. Confidential Appendix (Not for publication)

(Available at www.essex.gov.uk if not circulated with this report)