

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR ENVIRONMENT

**REPORT OF THE ASSISTANT DIRECTOR OF DEVELOPMENT
AND COMMUNITY SERVICES**

Report prepared by Brian Morgan
Date Issued: 20 November 2008

1. AWARD OF PARK AND RIDE BUS SERVICE CONTRACT

1.1 Issue for Decision

1.1.1 To consider the award of a contract for the operation of the Park and Ride bus service.

1.2 Recommendation of the Assistant Director of Development and Community Services

1.2.1 It is recommended that subject to the approval, by the Assistant Director of Development and Community Services, of:-

- health and safety documentation
- insurance policies
- financial checks and references
- environmental / sustainability forms from Arriva being satisfactory

the tender submitted by Arriva (Variant Option 3 with the 506 relief) be accepted.

1.3 Reasons for Recommendation

1.3.1 On 23rd June 2008 the Cabinet Member agreed a recommended procedure for tendering for the provision of Park and Ride bus services through a restricted tendering process following the Official Journal of the European Union (OJEU) guidelines.

Pre-Qualification Process

1.3.2 Following advertisement of the tender, expressions of interest were received from fourteen organizations, all of whom were issued with Pre Qualification Questionnaire's (PQQ's). Ten companies returned PQQ's which were then evaluated against an agreed matrix, to

ensure they were suitably qualified and experienced to operate the service/s. Out of a potential maximum of 100 the scores (in ascending order) were;- 63, 64, 70, 70, 70, 72, 72, 75, 84 and 87. The two contractors scoring the lowest marks were not considered to have enough experience to meet the required standard and advised accordingly. The remaining eight were issued with Invitations to tender.

- 1.3.3 However under the terms of the 1985 Transport Act the Council is legally required to acknowledge commercial registrations such as the one made by one Tenderer. Legal advice has therefore been sought to ascertain what, if any, account the Council should take of this given that the Arriva proposal variant represents best value. (This advice is set out in exempt **Appendix B.**)

Introduction and General Description of the Service

- 1.3.4 Everyday 35,966 people commute into the Borough to work and in addition, there are a substantial number of people who come to shop, as Maidstone is the largest traditional shopping centre in Kent. These are the potential customers for using the Park and Ride Service. In order to provide adequate parking and reduce congestion, the Council operates three park and ride sites listed below. Surveys show that the public are very satisfied with the service.

<u>Site</u>	<u>Spaces</u>
Sittingbourne Road	438
Willington Road	400
London Road	518

- 1.3.5 In October 2006 Maidstone was named a Growth Point by the government. Over the next 20 years the Borough will grow by 10,080 houses. Ensuring that housing growth is balanced by employment growth is a key part of the Borough Council's aim to create sustainable communities and increase prosperity.
- 1.3.6 The Council is actively exploring the possibility of additional park and ride sites on all of the main roads into the town. Some of these sites could be provided in the short to medium term during the life of this contract.
- 1.3.7 Maidstone Borough Council is seeking to appoint a qualified and experienced contractor to work in partnership with the Council to manage and operate the Maidstone Borough Council Park & Ride Bus Service.

Tender Process

- 1.3.8 An 'open day' was held to inform potential bidders. This was designed to ensure that responses were optimized by helping bidders be clear about our requirements and to ensure that the tender specification benefited from emerging practice, innovations and appreciated of the drivers of cost and quality. It was also intended to stimulate the market and focus the responses. These aims were successfully achieved and the resultant bids were of higher quality as a result. Nine providers attended.
- 1.3.9 Due to the estimated value of this contract, it was subject to OJEU tendering regulations. A notice inviting expressions of interest to complete a Restricted Tender Process was submitted on 4th July 2008 with responses from interested parties to be received by 13:00 on 8th August 2008.
- 1.3.10 A short list of 8 companies were sent the Invitation To Tender Documentation, 6 tenders were returned before the deadline and were opened by the Cabinet Member for Environment on the 9th October 2008. The results of the tenders are set out in exempt **Appendix A.**
- 1.3.11 In relation to the Arriva Variant 3 bid, this would operate on the basis of a dedicated Park and Ride, buses operating to all three sites during peak periods. In the off peak, including Saturday, dedicated Park and Ride buses would operate to Willington Street and Sittingbourne Road park and ride sites, but London Road would be served by the No. 71 bus from Snodland which would stop at the site.
- 1.3.12 The Arriva Variant 3 bid does not include a relief bus. The reason why a relief bus is operated in the peak period every day is because of loading times of the bus and possible delays caused by traffic congestion. The possible delays cause the service provision to become unstable. If the service were operated by a double decker bus, it would overcome any capacity issue but would not resolve delays caused by loading and congestion. For the reason of the quality of the service provision, the Cabinet Member may wish to consider accepting the Arriva Variant 3 bid with the 506 peak relief. This, whilst it is not the lowest bid, would still result in a considerable saving to the Council and provide a better quality service than just the Variant 3 bid. It is therefore recommended that Arriva Variant 3 bid with the 506 peak relief be accepted.
- 1.3.13 The income to the Council is from the revenue of all on bus & off bus ticket sales. Therefore the cost to the Council is the tender price minus the income. In variant 2 from one Tenderer, they have

proposed that they keep all of the revenue from ticket sales, which is why their tender price is low and there is no income figure shown in Table 1 at exempt **Appendix A**.

- 1.3.14 The proposal from one Tenderer only covered the 506 Service, this has been evaluated and included in the Tables 2 and 3 in exempt **Appendix A**. Their bid document indicated that they have registered to operate the other two routes (501 and 503) on a commercial basis from the 1st February 2009. Advice was sought from Counsel on this subject, as to how the proposal affected the future service provisions by the Council. Counsel's advice and a summary from the Legal Department is set out at exempt **Appendix B**.

Evaluation Process

- 1.3.15 An evaluation panel was formed consisting of Steve Trigg, Alasdair Robertson, Clive Cheeseman and Simon Logan to assess the tender responses and score them against pre-defined criteria.

- 1.3.16 Quality and Price were weighted at 40% and 60% respectively. The tender price was calculated using the following formula:

$$[(\text{lowest cost to Council}/\text{tenderer's cost to Council}) \times 0.6] \times 100.$$
Where 0.6 is the percentage weighting for price.

- 1.3.17 The qualitative assessment considered their appreciation of issues related to the operation of the park and ride sites including routes and timetables, facilities provided, quality of buses, branding and promotion of the Council, access, CO2 emissions, reduction in car usage, impact on town centre, income and revenue, willingness to share revenue risk, service development, business continuity and track record. Two panel members assessed the quality aspects of each tender and two calculated the values for the price aspect with the resulting scores are set out in Table 2 at exempt **Appendix A**.

Highest Scoring Company

- 1.3.18 The highest scoring company was Arriva with their Variant Option 3 which scored strongly on quality and very strongly on price.

Arithmetical Check

- 1.3.19 All submissions received were checked for arithmetical errors, and found to be correct.

Questionnaire Forms from Arriva

- 1.3.20 The Environmental Questionnaire has been passed to the Environmental Services Development Officer.
- 1.3.21 The Equalities Form has been approved.
- 1.3.22 The Health and Safety documents and completed questionnaire have been sent to the Health and Safety Officer for approval.
- 1.3.23 The Insurance Certificates have been passed to Corporate Finance for approval.

References

- 1.3.24 The Financial Reference has been passed to Corporate Finance for approval.
- 1.3.25 Three satisfactory trade references have been provided for Arriva.

1.4 Alternative Action and why not Recommended

- 1.4.1 It would be possible to allow the existing contract to expire and cease the operation of Park and Ride. Such an approach would result in increased vehicular traffic in the Town Centre with a concomitant effect on congestion and pollution. It is therefore not recommended that this approach is taken.
- 1.4.2 It would be possible to accept an alternative Tender. Whilst the Arriva Variant 3 bid with the 506 relief bus achieves a lower score in Table 3 in terms of price than Variant 3, it scores more highly in terms of quality. It is therefore recommended that alternative bids are not pursued.

1.5 Impact on Corporate Objectives

- 1.5.1 The operation of the Park and Ride service enables a reduction in Town Centre congestion and pollution, leading to an improvement in the quality of the environment and healthier living. In addition, through assisting in the reduction of traffic, it improves the attractiveness of the Town as an economic centre.

1.6 Risk Management

- 1.6.1 During the Tender process, one Operator registered the Willington Street and London Road services as commercial services. Counsel's opinion has been sought as to whether this action prevents the Council from pursuing the Arriva Variant 3 Tender. Counsel is of the view that the registration by a Company is background and has 'no compulsive effect'.

1.6.2 However, as the service has been registered, the Operator could begin to operate the service in competition. This could in effect drive up the Council's level of subsidy to the service and could, depending on the cost, ultimately result in the Council terminating the service. This would leave the service in the hands of an Operator over which the Council has no control. That Operator could terminate the service, and the Council would at that point have to find a way of providing the service, or not operating it.

1.6.3 There may be ways of mitigating this risk through the drafting of the contract including a break clause to protect the position of the Council. If an Operator did begin to operate the service commercially, the Council may need to take legal advice at that time.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	X
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	

1.7.2 The issues relevant to this matter have been considered in the body of the report.

1.8 Background Documents

1.8.1 None

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

If yes, when did it appear in the Forward Plan? _____Oct 08_____

Is this an Urgent Key Decision? Yes No

Reason for Urgency

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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