

Commissioning and Procurement Executive Committee – 11 July 2023

Subject:	Approval to re-tender the Locallink bus services		
Corporate Director:	Sajeeda Rose - Growth and City Development		
Portfolio Holder:	Cllr Angela Kandola – Highways, Transport and Planning		
Report author and contact details:	Mark Garlick, Public Transport Policy, Public Transport Operations 0115 876 5675 mark.garlick@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Steve Tough, Head of Transport Operations		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input checked="" type="checkbox"/> Savings of £750,000 or more
taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Total value of the decision: £3.6m			
Wards affected: Aspley, Basford, Bilborough, Berridge, Bilborough, Bulwell Forest, Castle, Hyson Green & Arboretum, Leen Valley, Lenton & Wollaton East, Wollaton West			
Date of consultation with Portfolio Holder: 8 June 2023			
Relevant Council Plan Key Outcome:			
Green, Clean and Connected Communities	<input checked="" type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input checked="" type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input type="checkbox"/>		
Living Well in our Communities	<input type="checkbox"/>		
Keeping Nottingham Moving	<input checked="" type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Serving People Well	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
Approval is sought to re-tender for the operation of an existing contract (with some modifications) for the locallink bus services in Nottingham. These serve a high number of elderly and disabled residents and also provide access to jobs and education, in areas of the City that are not served by the commercial bus network.			
This comes following an external review of the existing locallink services by Integrated Transport Planning (ITP) Ltd, which included a consultation with users and employers along the routes, considered alternative timetables and operating models for the services, and provided cost estimates. The proposals set down below are in line with the review recommendations, and ensure that best value will be achieved.			
It is proposed to re-tender earlier than the current contract requires. This is required due to the poor reliability of the existing first generation electric bus fleet. The vehicles were purchased new in 2014 and are largely life expired, they require recharging whilst in operational service, and are regularly breaking down. Between 21 November 2022 and 31 March 2023, electric vehicles were only available for 60% of the required time. Due to the charging issues, eight vehicles are required to provide a service which would only require four with more conventional vehicles. This			

unreliability means it is becoming increasingly necessary to hire in diesel buses just to maintain the services, adding further to the costs of the operation.

It has also become increasingly difficult to source major component part replacements for the vehicles due to parts becoming obsolete as the technology has evolved and also due to global supply chain issues. As the vehicles near the end of their lives, major component parts including the batteries now require replacement at significant cost in order to maintain the reliability of the vehicles. The majority of the buses are expected to require replacement batteries and other parts at a cost of at least circa £100,000 which is not affordable given current financial constraints.

To ensure reliable services are provided, the re-tender would seek quotes for Euro VI diesel buses, or modern electric buses, or minibuses, which would be supplied and maintained by the contractor. Prices for each option would be requested to assess affordability. Under the existing contract, electric buses are supplied by the Council for use by the contractor. Changing the mode of operation, and responsibility for maintaining the bus fleet, requires a re-tender to be undertaken, as this would constitute a material change to the existing (CPU3236) contract, awarded in September 2021 and due to end in September 2024.

Following feedback from the consultation, the opportunity will be taken to make some timetable changes, but without increasing the resources required to operate the services. These changes will include the withdrawal of the W1 service (serving Lenton Lane Industrial Estate and Castle Marina) due to very low passenger numbers. Queens Drive and the southern end of Lenton Lane are served by the 48 and 49 routes, with much of the rest of the route served by the tram and other commercial bus services. The L1 service will replace, and enhance, current L5 provision in the Castle Marina area. The main changes are summarised in section 2 below.

The cost of this contract is currently £1.1 million p.a. in bus operation costs plus additional cost to maintain the electric bus fleet. Current issues within the bus sector, including the legacy from the pandemic and a shortage of bus drivers, has led to a much greater fluctuation in tender prices at a national level than was experienced before covid. However, the ITP study advised that the new contract is expected to bring savings to the Council.

Exempt information: None.

Recommendations:

- 1 To approve undertaking a procurement process for the Linkbus bus service contract for a period of 2+1+1 years at a total cost of £3,600,000.
- 2 To delegate authority to the Corporate Director of Growth and City Development to award and sign contracts to the successful bidder following the outcome of tenders, subject to the costs being within the current budget levels.

(Note: The precise specification of the services to be put out to tender can be changed from the recommendations in this report, based on the considered findings that are received in the public consultation. This would be done in consultation with the Portfolio Holder, and on the basis of no change to the level of resource and cost involved.)

1. Reasons for recommendations

- 1.1 To provide efficient and reliable services to employment and education sites, and to areas that would not have public transport services provided on a commercial basis.

1.2 Within the tender process, opportunities for efficiency savings in providing these services will be sought. The tender process will ensure that the best value provision of services will be achieved.

2. **Background (including outcomes of consultation)**

2.1 The link bus services enable all parts of the City to be served by public transport, and ensure access to vital services, employment and education is maintained. This is in the context that over half of its residents have no access to a car.

2.2 The services are disproportionately used by those with mobility issues and, as such, save the City Council from providing more expensive forms of specialist provision.

2.3 All link bus services are monitored through the contract for use and performance.

2.4 **Consultation** on the services was undertaken by ITP Consultancy during January and February 2023. This took the form of an on-bus survey questionnaire regarding the customers' use of the service. 140 passengers, out of 213 boardings completed the questionnaire (66%). 71% of respondents were aged 65 years or over, but a wider spread of age groups was apparent on the L2 route where there are colleges, employment sites and the service operates for longer hours each day. 64% of users indicated their gender identity as female, and 34% indicated male.

2.5 By far the majority of respondents indicated that they were regular users of a service with 50% using it "several times a week", and 91% using it at least once a fortnight. 56% of respondents felt that the service had deteriorated since October 2023. This was due both to the cuts made to services at that time, in particular route L4 where 86% were disappointed with the service, and due to general unreliability due to a shortage of drivers and a failing electric vehicle fleet.

2.6 The study concluded that Linkbus services are currently being operated at a sub-optimal level, owing to the life-expired nature of the first generation electric vehicles deployed on the service, coupled with the challenge of securing driver resource. It recommends that by modifying the network and avoiding operating in areas which are difficult to navigate by bus that there are further savings to be achieved without passengers being unduly disadvantaged. The very low level of usage of the W1 service, only 7 passengers surveyed, suggested that this service could be withdrawn, with much of the route being covered by other services.

2.7 Respondents to the on-bus survey were keen for the Linkbus services to be reliable, to turn up on time and operate more frequently in the future. There was a general resistance to any type of demand responsive (DRT) service on the routes, particularly amongst concessionary travellers, though there may be a market for this for access to some workplaces using DRT operation in the future.

2.8 It is proposed that further consultation be undertaken on the proposed service changes during May 2023. This second phase of consultation will be both online and on-bus with flyers and user questionnaires for return about the planned changes.

Timetable changes

- 2.9 In October 2022, the Locallink services were revised to achieve MTFP savings, resulting in reduced days of operation on certain services and reduced frequencies on others. In the consultation, just over half of respondents considered the service they were travelling on had got worse, with only 14% thinking it had got better. In particular, 86% of respondents surveyed on the L4 service considered the service had got worse since October 2022, when the L4 timetable reduced to two-hourly, three days a week.
- 2.10 The opportunity will therefore be taken to make some timetable changes, but without increasing the resources required to operate the services. Changes will include:
- Withdrawal of the W1 service, due to very low passenger numbers. Queens Drive and the southern end of Lenton Lane will be served by commercial service 49, with the tram at the northern end of Lenton Lane. The Castle Marina area would still be served between 09:00 and 17:00 by the L1 service, as an enhanced replacement for the L5 route.
 - The L5 service will be renumbered as L1 and return to daily operation. It will be extended to Bilborough College, running along the L2 route. Some narrow road sections of the route will no longer be served directly, due to low passenger numbers and operational difficulties. These include Sutton Passeys Crescent, Orston Drive and Charlbury Road. Buses on this service, and the L2, will serve Farndon Green on journeys from the City, to give some penetration of the Wollaton Park Estate. Demand responsive or shopper bus operations will be considered for other areas affected.
 - Daily services will be reinstated on the L4 route. This will bring an improved, more reliable operation to areas including Beechdale, Calverton Drive, Cranwell Road, Melbury Road, Glaisdale, Ainsley Estate, Churchfield Lane and Hartley Road.
 - Some roads, including Sutton Passeys Crescent, Orston Drive and Charlbury Road will no longer be served directly by buses, due to both low ridership and problems for buses negotiating park cars. Orston Drive will have services L1 and L2 well within 400m walking distance on Middleton Boulevard. The majority of Wollaton Park Estate (619 out of 820 residential properties), including most of Sutton Passeys Crescent, will be within 400m walking distance of the L1 and L2 routes at Middleton Boulevard, with further parts of the estate being within 400m of new stops at Farndon Green. Some parts of Charlbury Road are within 400m of other bus services, through the bridge at Radford Bridge Road, or the footpath (Woodyard Walkway) between Charlbury Road and Woodyard Lane, which links to the L1 and L2 routes at Lambourne Drive. There are around 341 residential properties in Charlbury Road.
- 2.11 The new tender would come into operation from autumn 2023. The bus services to be included in the contract intended to be:
- L1 City – Castle Marina – Wollaton – Bilborough College (daily operation);

- L2City – Wollaton – Bilborough College – Assarts Farm;
- L3City – Hyson Green – Bulwell;
- L4City – Bilborough – Aspley – Beechdale (return to daily operation).

2.12 Overall, the proposed timetables offer the best compromise between cost and providing a six-day per week service to those passengers who experienced the most significant changes to provision in October 2022.

2.13 The precise specification of the services to be put out to tender can be changed from the recommendations in this report, based on the considered findings that are received in the public consultation. This would be done, in consultation with the Portfolio Holder, and would be done on the basis of no change to the level of resource and cost involved.

Euro VI diesel vehicles

2.14 The new tender will ask for prices for modern electric buses for the contract, but these may not be financially viable for the Council when submitted. This is a relatively small contract when compared with large scale vehicle investment being made in the commercial network.

2.15 While the buses on this contract are very likely to switch from electric vehicles to low emissions diesel buses, this is part of a wider picture of 167 biogas and electric buses in the fleet of Nottingham City Transport, as the main provider in the City. As these diesel buses are introduced on the Locallink contract, there will be 24 electric buses introduced on Nottingham City Transport commercial routes. This will mean a net increase of 20 electric buses in the City of Nottingham. The Locallink contract provides services into areas that would not otherwise be served by commercial bus routes, and this helps to keep mode shift in favour of public transport.

2.16 It should be noted that Euro VI diesel buses are very clean at tailpipe, with a Euro 6 diesel car emitting an estimated 10 times more per passenger NOx when compared to a Euro VI diesel bus. The electric vehicles currently operating link bus services are relatively old and rely on diesel heaters which emit harmful Nitrous Oxide and particulate matter and so cannot be classed as zero emission at tail pipe and as a result will not be eligible for the new higher Zero Emission Bus Incentive scheme offered by the Department for Transport (DfT).

2.17 Commercial bus operators are now investing in modern advanced electric bus technology, which is more reliable and has increased battery capacity and range compared to those operating on locallink services. It is anticipated that in the next five years the number of operators able to submit value for money tenders with electric bus options for contracted routes will increase significantly. In parallel, the successful ZEBRA (Zero Emission Bus) bid will see 24 new electric buses delivered for Nottingham City Transport services in 2023 and 2024. Even with the likely withdrawal of electric buses from the locallink services, public transport will provide a substantial net gain in decarbonisation and air quality improvement in Nottingham in the next few years.

2.18 A full summary of the impact of reverting the Linkbus operation to Euro VI Diesel in relation to the net carbon benefit of the total bus decarbonisation

programme has been provided below and calculated using information from Ultra Low Emission Bus Certification Scheme.

	Annual kms	Diesel WtW CO2e / km (tonnes)	Electric WtW CO2e/km (tonnes)	CO2e/km (tonnes) +/-
Locallink diesel conversion	179,016	204	47	-157
NCT e-bus project	1,413,456	1,610	375	1,235
Net carbon saving WtW CO2e /km (t)				1,078

Overall, a net saving of 1,078 tonnes of Well to Well CO_{2e} per annum will be realised.

Usage

- 2.19 The Locallink services have carried carry 69,000 passengers in the last 12 months, of which 55% are concessionary pass holders. Usage levels have fallen recently due to a number of reasons; the poor reliability of services a result of the vehicle issues, the slower return of concessionary travellers following the pandemic compared to other groups; the MTFP service reductions over time have led to some weaknesses in timetables which can be mitigated to some degree with the revised timetables.
- 2.20 The consultation also identified low awareness of services at some employers on the routes and this is likely to be replicated by households along the routes. The new contract should therefore be seen as a reset, which will be accompanied by a strong marketing campaign to enable growth to be realised.
- 3. Other options considered in making recommendations**
- 3.1 Continue to operate the current contract with the existing mode of operation. However, the first generation electric buses are now close to life-expired and require regular expensive repairs. The increased time to undertake the repairs also mean time out of service, leading to a less reliable service.
- 3.2 Withdrawing services due to rising costs. This option was rejected, as it would lead to disruption for passengers and the removal of access to public transport for some residential and employment areas of the City, where commercial services would be more than 400m from residents.
- 3.3 Operate services with alternative timetables or operating models. Following a review by ITP, the preferred timetable offers the best compromise between cost and providing a six-day per week service to those passengers who experienced the most significant changes to provision in October 2022. For alternative operating models, Demand Responsive Transport (DRT) in particular was considered in the ITP review, but there was resistance to DRT among locallink users in the consultation, and coupled with the broadly equivalent vehicle requirement to provide an on-demand service, DRT is not recommended as the future operating model for this network.

3.4 Purchase new vehicles. New electric vehicles cost approximately £400,000, and the Department for Transport's ZEBRA (Zero Emission Bus Regional Areas) scheme which funded the purchase of the first-generation electric buses operating the services is not available to replace them with new electric vehicles. This option is therefore unaffordable. Having vehicles provided by operators is also likely to be more attractive to bidders, increasing competition for the contract.

4. **Consideration of Risk**

4.1 There are no immediately known risks to the re-tender of these bus services. The main risk could be a financial one in that tender prices could come in at levels that are much higher than council budgets can afford. This outcome would require a re-design of the service to be provided. However, based on the study by ITP Consultants, it is expected that the cost of providing these services, due to operating efficiencies and easier maintenance of more conventional vehicles, imply a significant saving on the current contract cost.

5. **Best Value Considerations**

5.1 Procurement of the services with a new tender is intended to seek out Best Value for this provision. It will see operating efficiencies and the use of contractor provides the vehicles contract will open up the market to more providers than was possible with the electric bus fleet.

5.2 This will put the contract out to competitive tender. Several different bus companies will approach the council to make a bid to run the service.

5.3 At the point of contract award both price and the quality of service will be taken into account. The aim is to award a contract to the lowest price bidder and keep the cost down for the council, but also to consider this alongside reliable quality operation that is punctual and sustainable for the given price. This will not always be the absolute cheapest bid submitted.

6. **Finance colleague comments (including implications and value for money/VAT)**

6.1 This decision seeks approval for a re-tender of the locallink bus services in Nottingham with a cost of £0.9m a year (total value £3.6m over 2+1+1 years).

6.2 The new contract must be aligned with Nottingham City Council's best value objectives, and the contact value must be achievable within the current Locallink budget. The current value of the contract is 1.1m per financial year, so a tender at 0.9m per financial year represents significant savings. The saving will be achieved with a more efficient and predictable model using conventional bus types.

6.3 As there is a Policy to provide access to public transport within 400m of as many residents as possible, Nottingham City Council's Public Transport department is supported in this decision to re-tender. This will be reflected in the budget and forecast for the service and monitored for any variance.

7. **Legal colleague comments**

Given the total estimated value of the scheme (including the optional extension periods), at least three written tenders must be obtained in order to comply with the Council's Contract Procedure Rules and also to comply with the Public Contract Regulations 2015 regarding above threshold procurements. In accordance with Contract Procedure Rule 18.93 the contract must be executed under seal.

Sarah O'Bradaigh, Senior Solicitor - 13/06/2023

8. **Other relevant comments**

8.1 Procurement comments

This decision seeks approval for a re-tender of the Locallink bus services in Nottingham for a contract term of 2+1+1 years. The request does not pose any procurement risk to the Council and complies with the Contract Procedure Rules and Public Contract Regulations.

Procurement will assist in finding the most commercially viable and compliant solution for the council.

Holly Fisher, Lead Procurement Officer (Products) - 09/06/2023.

9. **Crime and Disorder Implications (If Applicable)**

N/A

10. **Social value considerations (If Applicable)**

10.1 Local suppliers with social responsibility will be encouraged in the tender documentation.

10.2 The Linkbus network is a group of bus service that are considered to be socially-necessary. The commercial bus network in Nottingham is a very strong, urban operation. Nevertheless, some areas of the City are considered to be more than an easy walking distance from that commercial network. The Linkbus services plug these gaps that are left in that network.

10.3 The gaps in the network that the services are focussed on are mostly residential areas that are a significant walking distance from other bus or tram services. However, some employment sites and a college are also served by these bus services.

10.4 A high proportion of users on these routes are elderly or disabled concessionary permit holders.

10.5 Most routes are focussed on providing links for residents to shopping and medical facilities, and a link into the wider public transport network.

11. **Regard to the NHS Constitution (If Applicable)**

11.1 N/A

12. Equality Impact Assessment (EIA)

12.1 Attached as an appendix and due regard will be given to any implications identified in it.

13. Data Protection Impact Assessment (DPIA)

13.1 Attached as an appendix and due regard will be given to any implications identified in it.

14. Carbon Impact Assessment (CIA)

14.1 Attached as an appendix and due regard will be given to any implications identified in it.

The electric bus fleet employed on this contract is likely to be replaced by ultra-low emissions diesel buses. However, since the fleet is small, and significant investment in electric and gas-powered buses has been made by the major operators, the impact of this across Nottingham will be minimal.

15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

15.1 Integrated Transport Planning Ltd (ITP Consultants), Nottingham City Council Linkbus Network Review Final Report (May 2023)

16. Published documents referred to in this report

16.1 None.