

EXECUTIVE BOARD – 22 JULY 2014

Subject:	Award of Contract for the Locallink bus services to be operated by electric vehicles: Routes L3 L4 L9 L12		
Corporate Director(s)/ Director(s):	Sue Flack, Director of Planning and Transport David Bishop, Corporate Director for Development and Growth		
Portfolio Holder(s):	Councillor Jane Urquhart, Portfolio Holder for Planning and Transportation		
Report author and contact details:	Mark Garlick, Team Leader, Public Transport Operations mark.garlick@nottinghamcity.gov.uk 0115 8764675		
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 checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> Savings of £1,000,000 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: Up to a maximum of £2.001m			
Wards affected: Arboretum, Aspley, Basford, Berridge, Bestwood, Bilborough, Dunkirk & Lenton, Leen Valley, Mapperley, Radford & Park, Sherwood, St Anns, Wollaton East & Lenton Abbey, Wollaton West	Date of consultation with Portfolio Holder(s): 13 March 2014		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input checked="" type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
It is necessary to award a new contract for operation of socially-necessary bus services (L3, L4, L9 and L12) for a further 3-5 years using new electric bus technology, in place of the existing diesel buses. This will contribute towards savings detailed in the Public Transport Big Ticket programme. The services are aimed at the Council's objectives of social inclusion, in particular to providing transport access for elderly and disabled persons located away from commercial bus routes. For an interim period, until the electric buses are available for service, it is necessary to extend the existing contract to maintain the service without any disruption for passengers.			
Exempt information: None			
Recommendation(s):			
1 To note the procurement process for the Locallink bus services and to delegate authority to the Corporate Director for Development and Growth to award the contract for the operation of bus services L3, L4, L9 and L12 for up to 5 years (3+1+1 at the Council's discretion) using electric vehicles in place of diesel vehicles. This will be subject to contract costs being within the estimated spend identified within this report.			

2. To approve dispensation, for operational reasons, from Contract Procedure Rule 5.1.2 in accordance with Financial Regulation 3.29 to extend the existing contract for bus services L3, L4, L9 and L12 until new electric buses are available for use (currently anticipated to be 25 October 2014), noting the continuation of current arrangements until the award of the new contract.

1 REASONS FOR RECOMMENDATIONS

- 1.1 To continue the services, on a long-term and interim basis, without any disruption for passengers.
- 1.2 The purchase and operation of electric buses is a key component of the Public Transport Big Ticket. This was discussed at the Public Transport Big Ticket Board meeting on 13 March 2014 and the purchase of the buses was approved at Executive Board on 21 May 2013. The decision to introduce electric vehicles has been made for the following reasons:
- (a) availability of significant Government funding for the purchase of alternative technology vehicles;
 - (b) the need to replace the existing diesel vehicle fleet;
 - (c) To reduce costs (the estimated annual saving per vehicle is £11,000);
 - (d) to reduce carbon emissions.
- 1.3 The authority to commence procurement of this service was granted under delegated decision reference 1497 of 23 May 2014.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Linkbus network comprises a collection of 40 bus routes established with external partners to provide vital access to workplaces, health, education and district centres. It currently costs the City Council around £2 million per annum to fund, and takes around 7 million passengers per year.
- 2.2 They enable all parts of the City to have a given public transport accessibility standard to vital services, reflecting the fact that over half its residents have no access to a car.
- 2.3 They are disproportionately used by those with mobility issues and as such save the City Council and Health sector from more expensive forms of specialist transport, including dial-a-ride.
- 2.4 They are fully integrated with all other local bus and tram services, thus making these services commercially viable and free from Council subsidy.
- 2.5 They are being increasingly used by those accessing larger, more dispersed health and shopping facilities, as surgeries and food shops merge to large more remote establishments.
- 2.6 The Linkbus network forms part of an integrated network of services which school and college students can use on one ticket. There are no longer any specialist, expensive bus services dedicated to this sector, having been withdrawn as part of previous strategic choices savings.
- 2.7 All Linkbus service contracts are fully monitored throughout their contracts for usage and performance.

- 2.8 Use of electric buses is a key factor in meeting the Council's cost saving targets within the Public Transport Big Ticket and to meeting its carbon reduction commitment.
- 2.9 To secure the best tender price it was necessary to tender for the service delivery on the basis of the council, rather than the operator, providing new electric buses and its associated charging infrastructure.
- 2.10 Delivery has been slightly delayed due the complexities of implementing this project. There have been external changes in technical standards and partnership arrangements with the bus manufacturer, Optare, and the charging equipment companies.
- 2.11 To ensure a smooth delivery of the service with use of the electric buses, the Council has been familiarising itself with the requirements of the new technology to clearly specify its requirements to the new service provider in the tender documentation. Due to this delay, it is necessary to extend the existing contract until 25 October 2014, when the electric buses can be brought into service, in order to maintain smooth service delivery without disruption to passengers.
- 2.12 The additional cost of extending the contract for the interim 15 month period is estimated at £85,000 over the extension period had electric buses been introduced earlier This is within existing budgets, at current market rates and does not impact on the Big Ticket revenue savings target,
- 2.13 The total cost of this extension and the award of the new contract is expected to be £2.0m in total.
- 2.14 It should be noted that previous Executive Board approval has been given to the purchase of electric buses and the acceptance of external grant for these buses for use on these operational contracts. This includes over £0.5m of charging equipment and over £2m of buses.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Continuing the service using diesel buses was rejected due to the high cost and the need to reduce Co2 emissions on Council-funded bus services by at least 50% This has already been considered and discounted within the Executive Board decisions of 20 March 2012 and 21 May 2013 associated with approval to purchase additional electric buses.
- 3.2 Withdrawing the services due to rising cost was rejected as it would lead to disruption for passengers and the removal of access to public transport from some areas of the City, where commercial services would be more than 400m away from residents. This has already been considered and discounted within the Executive Board decisions of 20 March 2012 and 21 May 2013 associated with approval to purchase additional electric buses. It was also considered and rejected in favour of other savings options now approved and being implemented within the Public Transport Big Ticket.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 The extension of the existing contract to operate services L3, L4, L9 and L12 with the current diesel vehicles until October 2014 at a cost of £0.466m, can be met from existing Public Transport budgets. It does not impact on the Public Transport

Big Ticket savings profile. Dispensation from Contract Procedure Rule 5.1.2 under Financial Regulation 3.29 to extend the existing contract for bus services L3, L4, L9 and L12 is required for operational reasons and is supported by the Acting Director of Strategic Finance.

- 4.2 The actual cost of the new 3 year contract (with potential to extend to 5 years) to be awarded from October 2014 onwards to operate the service using electric buses recently acquired by the City Council with Green Bus funding will not be known until tenders are returned, but it is estimated that the potential contract value will be in the region of £1.5m which can be met from existing Public Transport budgets. This will result in anticipated savings of £66k per year in operating costs, which has already been reflected in the Public Transport Big Ticket savings.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 The contracts are being put out to tender in line with the requirements of:
Transport Act 1985
European Procurement regulations
- 5.2 Careful monitoring of the cost of operating electric buses will be required. These should give significant reduction in operating costs. This is estimated at a £66,000 per year saving in fuel costs on these services.
- 5.3 The proposals in this report are supported. The purchase and implementation of the new electric buses will enable the Council to meet its Big Ticket revenue savings and its objective of reducing Co2 emissions within the city by introducing electric buses on a number of key locallink services.
- 5.4 A fully compliant open OJEU process has been commenced for the procurement of the new services and there are no legal issues with the proposed procurement. Advice has been sought from the Corporate Procurement and Legal Team with respect of the tender process and contractual arrangements.
- 5.5 Dispensation from the Contract Procedure Rules can be granted as there are clear operational reasons supporting the extension in respect of the current arrangements. However, due to the value of the extension, regard must be had to any potential EU procurement risks. On the basis that the extension is for a short term whilst the long term service contract is tendered; it would not be deemed commercially or financially viable to carry out a tender process for a short term contract up to 15 months; the nature of the new services involving unknown technology requires driver training and familiarisation and the extension would enable continued and uninterrupted service delivery to passengers and a smooth transition to the re-tendered service, these are considered to be low.
- 5.6 Legal Services and the Corporate Procurement Team will continue to provide services to the report author during the procurement process until contract award.

6 SOCIAL VALUE CONSIDERATIONS

6.1 Withdrawing the services due to rising cost was rejected as it would lead to disruption for passengers and the removal of access to public transport from some areas of the City, where commercial services would be more than 400m away from residents.

7 REGARD TO THE NHS CONSTITUTION

7.1 Not applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

9.1 Not applicable

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

10.1 Not applicable

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

Andy Gibbons, Head of Public Transport (0115 876 4674)
Andy.gibbons@nottinghamcity.gov.uk

Steve Cornes, Public Transport (technical advice) (0115 876 4668)
Steve.cornes@nottinghamcity.gov.uk

Dionne Screatton, Legal (0115 876 4404)
Dionne.screatton@nottinghamcity.gov.uk

John Watson, Procurement (0115 876 2769)
John.watson@nottinghamcity.gov.uk

Jim Driver, Finance (0115 876 4226)
Jim.driver@nottinghamcity.gov.uk