

CABINET

8 JUNE 2010

GATEWAY 3 CONTRACT AWARD: RENEWAL OF BUS SERVICE CONTRACTS SEPTEMBER 2010

Portfolio Holder: Councillor Phil Filmer, Front Line Services

Report from: Robin Cooper, Director of Regeneration, Community and Culture

Author: Gary Lindsey, Transport Procurement Manager

Summary

This report recommends the granting of delegated authority to the Assistant Director Housing and Corporate Services for the award of contracts for new Yellow Bus school transportation routes and supported bus service routes.

1. Budget and Policy Framework

- 1.1 The combined value of services is in excess of officers' delegated authority. The award of these contracts is consistent with the Policy Framework and, given that the tender documents were written with a view to ensuring that as far as possible tendered contract prices would be within existing budgets, contract awards will be the most economically advantageous.

2. Background

- 2.1 This tender has considered three groups of services:-

a. Supported bus service contracts which are due to expire in early September 2010 relating to services 105,132/140, 142/185, 145, 151, 152, 155, 156/197, 164, 167, 172/173, 176, 179, 181, 191,193, 196, 600, 673, 783, M1 and Medway Mobility bus service.

b. New Yellow Bus school services made possible by additional budget funding announced for the 2010/11 budget.

c. An examination into the feasibility of two services requested by petitions presented to the Council in April – new St Mary's Island

School service (service 600 – 242 signatures) and enhanced evening and weekend services to the White Road Estate (service 164 – 476 signatures), but with no guarantee they can be funded at this stage.

- 2.2 The current contracts will expire in August 2010. To avoid a potential shortfall of the current contracts ending prior to the implementation of these new contracts, it is requested that the Assistant Director of Housing and Corporate Services be given delegated authority to award the contracts following consultation with the Procurement Board.
- 2.3 The Procurement Board will consider the award of these contracts on 30 June 2010.

3. Permissions / Consents

- 3.1 There are no outstanding permissions required.

4. Pre-Qualification Questionnaire (PQQ) and Tender Preparation

4.1	Which Stakeholders were consulted in preparation of the tender?	The possible new Yellow Bus School services result from public requests for enhanced services from the Isle of Grain. Two service enhancements are being considered following petitions submitted to the Council. The contract renewals consider existing services. Some changes are being proposed where users or contractors have drawn our attention to issues.
4.2	Does TUPE apply?	Yes; the necessary information was supplied to all tenderers.
4.3	How was the tender list compiled?	The contract was advertised in the Official Journal of the European Union (OJEU) and tender documentation was supplied to all those companies that replied to the advert and requested the same. In addition, tender documentation was forwarded to potential contractors contained on a list compiled by the Transport Procurement Unit (TPU) team.
4.4	What tender process was used – open, restricted or negotiated? Say why.	An open tender process was used. The open process ensured fairness to all potential contractors, helped improve the decision making process by considering a range of potential options, and identified new potential contractors. It also assisted in establishing reasonable prices for the services. In addition the competitive process will help to improve the efficiency and quality of services for the users.
4.5	How many PQQs were issued? How many were returned?	N/A
4.6	Which Officers were members of the Evaluation Team?	Gary Lindsey – Transport Procurement Manager Geoff Walters – Public Transport Manager David Tappenden – Transport Contracts Officer

4.7	Were applicants shortlisted from PQQs using clear, relevant criteria? List the criteria used and enclose a copy of the results in an appendix to the report.	N/A
4.8	Were the tender documents approved by Procurement at Gateway 2?	Yes
4.9	When were tenders invited and returned? Were any returned late or disqualified?	Tenders were issued on 12 April 2010 and the deadline for returning the tenders was midday on 3 June 2010.

5. Tender Evaluation

5.1	Name the evaluation criteria that was used and the weighting applied to each?	The contracts are to be awarded on the basis of the most economically advantageous tender. In order to effectively evaluate each tender received on this basis the evaluation was scored on a percentage basis, with 75 points of the evaluation dedicated to price (financial), 15 points dedicated to vehicle quality (vehicle) and 10 points dedicated to service quality (technical). Each of these three criteria were assessed for the supported bus services and the Yellow Bus services as follows:-
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		<p>EVALUATION CRITERIA YELLOW BUS:</p> <p>- <u>Financial (75% of score, i.e. 75 points)</u> – The Lowest price tendered by an operator for the yellow bus service, underneath the Budgeted Cost, will achieve a maximum 75 points score. The next lowest price quoted, underneath the Budgeted Cost, will achieve a lesser percentage based on the calculation (Lowest Price / Next Lowest Price) x 75.</p> <p>If the price tendered by an operator is above the Budgeted Cost, it will only score a maximum of 15 points. All other prices tendered above the lowest price above the budget cost will then be scored down from there.</p> <p>Where a Budgeted Cost has not been provided, the lowest price tendered by an operator will achieve a maximum 75 points score, with all subsequent prices scored down from there based on the equation (Lowest Price / Next Lowest Price) x 75.</p>
		<p>- <u>Technical (10% of score i.e. 10 points)</u> – The Service Delivery Scoring Matrix (set out at Appendix 1) shows the criteria that each tender will be marked on. Each of the sixteen categories set out in the matrix will be marked from 1 to 5 points, with 5 points being awarded if that particular part of the service that will be provided is deemed to be very good, and 1 point being awarded if it is deemed very bad. The points are totalled to achieve a total score, out of a maximum of 80 points available. The highest points score by one tender will achieve the maximum score of 10 points. Each tender's score thereafter will be calculated thus based on this equation:- (Next Highest Score / Highest Score) x 10.</p> <p>- <u>Vehicle (15% of score i.e. 15 points)</u> – The three options set out in the Invitation to Tender (from most desirable vehicle down to least desirable vehicle) will be scored as follows:</p> <ul style="list-style-type: none"> - Purpose built school bus = 15 points - Any PCV less than 10 years old = 10 points - Any PCV vehicle = 5 points <p><u>Total Score</u> – Financial Score + Technical Score + Vehicle Score = Final Score</p>

		<p>EVALUATION CRITERIA SUPPORTED LOCAL BUS:</p> <p>- Financial (75% of score i.e. 75 points) – The Lowest price tendered by an operator for the supported local bus, underneath the Budgeted Cost, will achieve a maximum 75 points. The next lowest price quoted, underneath the Budgeted Cost, will achieve a lesser percentage based on the equation (Lowest Price / Next Lowest Price) x 75.</p> <p>If the price tendered by an operator is above the Budgeted Cost, it will only score a maximum of 15%. All other prices tendered above the lowest price above the budget cost will then be scored down from there.</p> <p>- Technical (10% of score i.e. 10 points) – The Service Delivery Scoring Matrix (set out at Appendix 1) shows the criteria that each tender will be marked on. Each of the sixteen categories set out in the matrix will be marked from 1 to 5 points, with 5 points being awarded if that particular part of the service that will be provided is deemed to be very good, and 1 point being awarded if it is deemed very bad. The points are totalled to achieve a total score, out of a maximum of 80 points available. The highest points score by one tender will achieve the maximum score of 10 points. Each tender’s score thereafter will be calculated thus based on this equation: - (Next Highest Score / Highest Score) x 10.</p> <p>- Vehicle (15% of score) – Three options set out in the Invitation to Tender (from most desirable vehicle down to least desirable vehicle) will be scored as follows:</p> <ul style="list-style-type: none"> - Low floor vehicle, no more than 3 years old at the start of the contract = 15 points - Low floor easy access specification vehicle = 12 points - Any licensed vehicle(s) meeting the capacity requirements = 5 points <p>Total Score – Financial score + Technical Score + Vehicle Score = Final Score</p> <p>As a guide, the award will be made to the highest final score.</p>
5.2	How are tenderers ranked using the quality assessment alone?	Tenderers will be ranked utilising the evaluation methodology set out in point 5.1 for all the services that they tendered for.

5.3	Did the quality assessment use clear and relevant quality criteria? List the criteria and state the quality / price weighting ratio applied.	The criteria utilised and the maximum points be awarded for each part of the criteria was clear and relevant for establishing the most economically advantageous tender.
5.4	Does the proposed award give best value for money? Summarise the evidence	Yes. Based upon the criteria selected it is considered that the award will represent best value.
5.6	Summarise the risks associated with the proposed award, and state the measures taken to control or avoid.	<p>1. Failure to renew the contracts in time for the end of the current contracts.</p> <p>2. A challenge from an unsuccessful tenderer.</p> <p>3. Appointment of a company that fails to provide adequate service</p> <p>1) This point has been attended to by requesting that the Assistant Director of Housing and Corporate Services be given delegated authority to award the contracts as set out in Section 9. This will assist in ensuring the new contracts are awarded in time to begin service in September 2010.</p> <p>2) The evaluation documents constructed have allowed for a thorough, clear and fair examination of all the tenders put forward, in line with the evaluation criteria set out in the Invitation to Tender documentation that all tenderers received.</p> <p>3) The evaluation process allowed Officers to compare and evaluate the most suitable vehicles offered by all the companies that tendered. The TPU also drew on past experience with previously awarded supported bus service contracts when drafting the tender documentation; officers ensured that tenderers were asked to submit proposals that featured suitable vehicles for the services.</p>
5.7	Has a bond or parent company guarantee been sought?	Yes.

5.8	Are final costs within the identified budget estimate? (state % over or under where applicable) Where costs exceed the estimate state how balance will be funded.	The final costs will be evaluated as set out in paragraph 5.1
5.9	What is the contract duration? Additionally, highlight any options to extend	The initial term of the contract is 4 years (from 1 September 2010) with an option to extend it for a maximum of a further two years.
5.10	Do government or Council KPIs apply to this service? If so, are these reflected in the specification and monitoring requirements?	<p>The provision of attractive public transport and school bus services can support all of the Council's Core Values: -</p> <ul style="list-style-type: none"> ▪ A clean and green environment. ▪ Safer communities. ▪ Children and young people having the best start in life. ▪ Older and vulnerable people maintaining their independence. ▪ People travelling easily and safely in Medway. ▪ Everyone benefiting from the area's regeneration. <p>The bus service contracts will contribute to National Indicators (NI): -</p> <p>175 – Access to services and facilities by public transport, cycling and walking</p> <p>176 – Working age people with access to employment by public transport</p> <p>177 – Local Bus Journeys Originating in the Authority's area</p> <p>The new school services are not intended to carry those with a statutory right to free school travel but those who have a choice of how they travel to school. They contribute directly to NI198 – Children travelling to school – mode of transport used, and also contribute indirectly to reducing congestion by encouraging bus use at critical times of the day.</p>

6. Preparation for Contract management

6.1	Who is the contract (service) manager responsible for day-to-day supplier relationships?	Geoff Walters – Public Transport Manager (Supported Bus Services) Gary Lindsey – Transport Procurement Manager (Yellow Bus Services)
6.2	Do sufficient resources exist to manage the contract through implementation and throughout its contract term?	Yes
6.3	When does the contract start?	The contract will commence on 1 September 2010 for specific school services and 6 September for supported bus services.
6.4	When is the contract due for its first formal review at Gateway 4?	July 2011

7. Comments of the Portfolio Holder for Front Line Services

- 7.1 The purpose of this report is to delegate award authority to the Assistant Director of Housing and Corporate Services. This will allow the award of various bus contracts for both supported bus services and Yellow School Bus services. Given that the timetable has now slipped due to officer illness there is a need for continuity of the services without recourse to running beyond the end date of the existing contracts. The new Yellow Bus routes also provide school bus access to an area that was not previously served.
- 7.2 It is recommended that Cabinet pass this report to facilitate the smooth changeover of contracts and also to reduce the chance of transitional difficulties for the users of this service.

8. Financial, Procurement and Legal Comment

- 8.1 Comments of the Chief Finance Officer or designated deputy: -

Award of contracts will be within existing approved budgets and the tender process will ensure value for money for the Council. The total budget provision for the routes involved is £826,528.00 (Bus Subsidies), £424,196.00 (Services MY8 and MY9) and £808,400.00 (Service 152).

8.2 Comments of the Head of Procurement or designated deputy: -

Strategic procurement will be providing quality assurance as part of this procurement process to ensure compliance and best value. The proposed delegation to the Monitoring Officer in consultation with the Procurement Board will ensure compliance and offers the best solution to meet procurement project timescales and the commencement of a new contract in August.

8.3 Comments of the Monitoring Officer or designated deputy: -

The procurement process was the open procedure and has been undertaken in accordance with the Public Contracts Regulations 2006 (as amended) and the Council's Contract Rules. The evaluation criteria for the award of the contracts is the most economically advantageous tender. This, on the basis of the evaluation criteria specified, should secure contracts that will deliver value for money to the Council.

9. Recommendations

9.1 The Cabinet is recommended to approve the delegation of authority to award the contracts, as listed in section 2.1, to the Assistant Director of Housing and Corporate Services in consultation with the Procurement Board.

10. Suggested Reasons for Decision(s)

10.1 The breakdown of the 100% final score (detailed at point 5.1 of this report) for each of the tenders put forward for each bus service was devised to obtain the best quality vehicle and operation of service, for the best price and as close to our delegated budget as possible

Report Originating Officer:	Gary Lindsey	☎ 01643 334316
Chief Finance Officer or deputy:	Mick Hayward	☎ 01643 332220
Monitoring Officer or deputy:	Deborah Upton	☎ 01643 332133
Head of Procurement or deputy:	Gurpreet Anand	☎ 01643 332450

Background papers

The following documents have been relied upon in the preparation of this report:

Description of document	Location	Date
APPENDIX 1: Service Delivery Scoring Matrix	TPU	N/A

APPENDIX 1

Service Delivery Scoring Matrix

Service Delivery Issue:	12 Rating: Very Bad (1pt), Bad (2pts), Satisfactory (3pts), Good (4pts), Very Good (5pts)
Method Statement;	
Evidence of your understanding of our business needs;	
The quality and quantity of resources;	
How efficient and effective your working methods will be;	
The extent to which you are able to cover all the service requirements;	
Your ability to deal with fluctuations in the service;	
Risks and contingency arrangements including proposals for responding to change;	
Customer liaison arrangements including procedures for dealing with complaints and problems;	
The quality of the proposed arrangements for an effective and smooth implementation/transfer;	
Fault reporting procedures;	
Contract monitoring;	
The quality plan (as described in Part 4, Schedule G);	
Any ideas for improving the service;	
Evaluation of any sub-contractors if they are to be used;	
Quality assurance/accreditation and environmental management policies;	
Response to the Council's draft Sustainability Policy;	
Total Score: (Maximum of 80)	
Score as percentage: (Top score achieves maximum of 10%. Remaining scores calculated down from there)	