

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member – Environment and Transport
Date:	24 July 2012
Title:	Procurement Approval: Contract for Owslebury Bus Service to be procured under the Public Bus Dynamic Purchasing System
Reference:	4104
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this paper is to seek approval to procure and spend for a contract for a public bus service between Winchester and Owslebury.
- 1.2. The report proposes a plan of action to ensure that transport services continue to support access to work, education, retail and health for the widest section of the community, thereby supporting quality of life and well being whilst achieving value for money. The service provided will also reflect the current financial situation.

2. Contextual information

- 2.1. The current public bus service between Winchester and Owslebury was tendered, and consequently awarded to Xelabus, as part of the Winchester local bus service tender round in March 2012, with the service due to start on Monday 11 June.
- 2.2. On the strength of being awarded this contract Xelabus decided to introduce commercial services to the Oliver's Battery and Abbots Barton areas of Winchester. These services were to be operated in-between the contracted service to Owslebury.
- 2.3. After operating the service for 4 days, Xelabus informed Hampshire County Council of their intention to give notice on the contract with the end date being the 31 August 2012. The reason for serving notice on the contracted service was given as the contracted service was only viable if Xelabus had also won another service that was tendered as part of the Winchester tender round, something that was not declared at the time of award.

- 2.4. Owslebury currently has a bus service that provides morning and afternoon school day journeys for pupils attending Westgate School, these journeys are also available to any passengers, and a Monday to Friday off peak 'shoppers' return journey to Winchester. There are no other public transport options available to residents, so the bus service is an essential link to services.
- 2.5. The County Council's Contract Standing Orders (CSO 3) requires that *'The commencement of a procurement process for a Contract is subject to the prior approval of the relevant decision maker who has the authority to give such approval under the Constitution.'* Approval to procure for framework agreements and dynamic purchasing systems and approval to procure and spend for contracts is required by the Executive Member where they have a value, or estimated value, in excess of £1 million or are less than that but are significant in terms of the local authority's budget for the service or function to which the decision relates. In this case the contracts for which approval is sought have an estimated value which is below £1 million but have a significant impact on budgets and services.
- 2.6. Framework agreements and dynamic purchasing systems are not linked to specific one-off purchases or projects but provide for the ongoing routine goods and services requirements of a large number of individual budget holders, either through direct call-offs or mini-competitions as required by each framework agreement or dynamic purchasing system. Therefore, the framework agreement/dynamic purchasing system values are only estimates and actual expenditure will be determined by the actual commitments made by budget holders. Framework agreements and dynamic purchasing systems therefore only require approval to procure and not approval to spend. However approval to procure and spend will be required in relation to each separate contract called-off under the framework/dynamic purchasing system given that those contracts will include contractual obligations in relation to payment for services/goods/works. Approval for these individual 'call-off' contracts will be sought from the Executive Member where the value, or estimated value, of the individual contracts exceeds £1 million. Likewise, approval to procure and spend is required from the Executive Member in relation to any other contracts in excess of £1 million which are to be procured individually and have not been called-off under a framework agreement
- 2.7. A dynamic purchasing system is similar to a framework agreement except that new suppliers may join, whereas a framework is closed to new suppliers. Where the dynamic nature of the supply market means that without new suppliers there is insufficient competition to derive best value, dynamic purchasing systems are a more appropriate procurement solution than a framework. Dynamic purchasing systems are compliant with European Procurement Regulations and County Council Contract Standing Orders.
- 2.8. Approval is obtained prior to advertising a contract since the advert, at which point tender documentation is published, is the point of commitment to the process and visibility to the supply market. The tender documentation sets out the specification of the service and evaluation scoring scheme and the evaluation must be conducted strictly in accordance with the published

scoring scheme. There is therefore no discretion at the award stage as to how to award the contract or any scope to change the service specification. The approval encompasses all aspects of the procurement process including the award stage.

- 2.9. If there are variations to the items approved then decisions on these will be taken by the Director of Economy, Transport and Environment in consultation with the Executive Member. Revised approvals may be required due to amendment of the estimated values, new partners joining framework agreements, dynamic purchasing systems or contracts or a more appropriate procurement approach being developed as the requirements for operation of, and participation in, the contract have been clarified.

3. Overview of procurement item

- 3.1. This service was last tendered as part of the Winchester local bus service tender round in March 2012.
- 3.2. The contract will be procured using the Public Bus Dynamic Purchasing System.
- 3.3. The start date of the contract is 3 September 2012 for an initial four year term with options to extend for 2 further years in annual increments.
- 3.4. The anticipated County Council spend over the four year term is in the region of £260,000, with the cost being apportioned between ETE and Childrens Services. The equivalent value over the maximum term is £400,000.

4. Finance

- 4.1. The current annual cost of the contract awarded to Xelabus is £27,900. The school journeys are charged to Childrens Services at a cost of £11,000 and the remaining £16,900 funded by ETE from the local bus budget.
- 4.2. At the time of the tender award, the next lowest price submitted was £61,789.
- 4.3. The Winchester retendering round in March 2012 produced savings of £81,000. The anticipated increase for retendering the 63 service would be met from the savings generated in March.

5. Performance

- 5.1. The proposed tender will offer the same level of service as currently provided.

6. Other key issues

- 6.1. Renewal of this tender will enable continued provision of prioritised services which were identified in the 2011 Bus Subsidy Review consultation.

7. Recommendations

- 7.1. That, in accordance with the County Council's Contract Standing Orders and Constitution, approval to procure and spend be given for a contract for public bus services between Winchester and Owslebury. The contract is to be procured under the Public Bus Dynamic Purchasing System.
- 7.2. The start date of the contract is 3 September 2012 for an initial 4 year term with options to extend for 2 further years in annual increments.
- 7.3. The anticipated County Council spend over the 4 year term is in the region of £260,000, and £400,000 over the maximum 6 year term with the cost being apportioned between ETE and Children's Services.
- 7.4. That a ratio of 80% for price and 20% for quality is applied in tender evaluation of the items approved.
- 7.5. If there are variations to the items approved, then decisions on these will be taken by the Director of Economy, Transport and Environment in consultation with the Executive Member.
- 7.6. The Director of Economy, Transport and Environment be given delegated authority, in consultation with the Executive Member for Environment and Transport, to award this contract to ensure uninterrupted provision of the service.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
Public Bus Dynamic Purchasing System Contract	3894	8 May 2012
Executive Member – Environment and Transport		
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. An assessment of the impacts in this service area can be found at [EQIA](#). An assessment was also undertaken as part of the Bus Subsidy Review in July 2011.
- 1.2. It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

- 2.1. It is considered that the decision will have no impact on crime and disorder.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

Delivering an effective public transport system, within available funding levels, provides an alternative to use of the private car.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

An effective public transport alternative matches provision to need and minimises carbon emissions.