

**Wards Affected:**

All Wards.

**APPROVAL TO TENDER - LOCAL BUS CONTRACTS**

Responsible Cabinet Member: Councillor Gowans – Cabinet member for Planning and Transport

Report Sponsor: Stuart Proffitt (Director Environment and Property)

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**Executive Summary:**

Contracts for services 24/25, 30/31 and 80 were awarded with an expiry date of October 2019 and the option to extend in multiples of 12 month periods until October 2021 (service 30/31) or October 2022 (services 24/25 and 80).

The current provider has indicated that it does not wish to proceed with the option of extending contracts beyond October 2019.

The services operate in areas and at times where there is no alternative local bus provision and provide a number of unique direct links that are not possible on commercial services. To ensure continuity of service provision a procurement exercise to secure replacement services is required.

The procurement will ensure access to education, work, medical, shopping and social activities and facilities for those without access to private transport. It will also offer a sustainable choice for those who do have access to private transport.

The purpose of this report is to confirm approval of the procurement of 3 replacement bus services and to delegate the authority to award contracts to the Director – Environment and Property. Contracts would commence 27 October 2019 until 24 October 2020.

**1. Recommendation(s)**

- 1.1 That the commencement of an OJEU open tender process for the procurement of 3 local bus contracts (routes 24/25, 30/31 and 80) be approved.
- 1.2 That the authority to award the contracts for replacement services for a period of 12 months be delegated to the Director - Environment and Property.

**2. Issues**

- 2.1 Contracts for following services commenced in October 2016 (service 30/31) and October 2017 (services 24/25 and 80). The current contract term is until 26 October 2019 with the option to extend in multiples of 12 months until October 2021 (service 30/31) and October 2022 (services 24/25 and 80):

Service 24/25: Newport Pagnell – Kingston – Bletchley – Westcroft – Central Milton Keynes – Newport Pagnell, hourly Monday to Saturday.

Service 30/31: Bletchley – Stony Stratford – Wolverton – Newport Pagnell, peak time Monday to Friday

Service 80: Stony Stratford – Calverton – Central Milton Keynes, one return journey Fridays only.

- 2.2 The contracts were originally awarded with the operator taking the revenue risk following a Most Economically Advantageous Tender (MEAT) evaluation. In common with other local bus services in Milton Keynes patronage and revenue has declined on the services. The decline in revenue on the services has been such that the operator has decided that it does not wish to proceed with the option to extend contracts beyond October 2019.
- 2.3 These services provide a number of unique direct links that are not possible on commercial services. They also operate in to areas that has no nearby alternative local bus provision.
- 2.4 To ensure continuity of service and access to work, education, social and leisure facilities bids will be sought through an OJEU open tender process
- 2.5 Tenders will be evaluated using MEAT criteria of 80% price and 20% quality. The quality questions seek evidence of arrangements for maintaining services at the standard expected including procedures for maintaining vehicles, customer service and record keeping. There will be a minimum quality threshold of 60% when evaluating bids
- 2.6 Consultation
  - (a) Prior to tendering, potential tenderers will be advised of these forthcoming tender opportunities via email and Milton Keynes Council's e-tendering ProContract.
  - (b) Contracts would be awarded for the period 27 October 2019 until 24 October 2020 whilst a network review is undertaken. The review will look at both commercial and contract services. A 12 month period is preferred to align with the intended extension of current contracts to October 2020. This will enable a holistic approach and the coordinated introduction of any changes following the review.

### 3. **Options**

- 3.1 Not procuring replacement Services. There is no alternative local bus service provision if the services are not secured and there would be no access to services and facilities for those without access to private transport.
- 3.2 Milton Keynes Council operating the services. Current legislation excludes the Council from holding powers to operate local bus services.
- 3.3 Taking the above into account the preferred option is to secure replacement services through an OJEU open tender process.

#### 4. Implications

##### 4.1 Policy

The Council's Policies for public transport are set out in the Local Transport Plan (2011-2031) adopted by Council in June 2011 and the Mobility Strategy adopted by Council in March 2018. The procurement of the services listed above will assist in implementing these strategies by providing local bus services that complement the delivery of the core commercial network.

##### 4.2 Resources and Risk

The budget for Bus subsidies in 2019/20 is £1,231,820. Bus Service Operators Grant (BSOG), Section 106 funding from developers and Tariff is available to fund local bus contracts in 2019/20. Although there is no certainty that BSOG will be available in 2020/21 section 106 funding and Tariff will continue to be available

Services 24/25, 30/31 and 80, as well as other services, will need to be contained within the funding envelope. Assuming that BSOG is not available beyond 2019/20 it is anticipated that there is sufficient funding from the Bus subsidy budget, S106 funding, and Tariff to secure services to October 2020. A review of the local bus network is currently underway and bids received in response to this tenders will inform this piece of work.

N	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

The key risks associated with this tender are as follows:

<b>Risk</b>	<b>Likelihood</b>	<b>Mitigation</b>	<b>Impact after mitigation</b>
Total bids may exceed budget available	Medium	At the award stage, contracts would only be let within the budget available.  Seek to negotiate alternative service provision to ensure basic requirements of service met. Review other local bus contracts to achieve necessary savings required.	Medium
If the award process is challenged there could be a gap in the provision of services.	Medium	Ensure compliance with procurement law requirements and MKC Contract Procedure Rules	Low
If the right operator is not selected through the tender process then the quality of service may be insufficient.	Medium	Minimum quality threshold of 60% when evaluating bids.  Robust contract management procedures in place	Medium
No bids received for individual contracts	Low	Operators will be made aware of the tender round.	Low

#### 4.3 Carbon and Energy Management

The provision of local bus services supports the 2019 – 2050 MK Sustainability Strategy and the Imagine MK 2050 Strategy by promoting public transport alternatives. It also supports the Carbon & Energy Management policy which includes an action (9) “Use vehicles with low fuel consumption and pollution-reducing technology and ensure their regular servicing and energy conscious operation. Promote and facilitate the use of alternative modes of transport”.

#### 4.4 Legal

The Council has a duty under the Transport Acts 1985 2000, and the Local Transport Act 2008, to secure bus services in order to meet public transport requirements within the Milton Keynes Council area that would otherwise not be met.

Under the Transport Act 2000, the Council is required to have a Local Transport Plan and has a duty to implement the same. The contracts will therefore help the Council to implement the Council's Local Transport Plan, which includes targets for bus patronage and the Bus Strategy.

The tender price for the contracts to be procured is 80% which is above the minimum requirement of 40%.

#### 4.5 Other Implications

Failure to secure an adequate local bus service network will have a direct impact on the ability to deliver sustainable growth, and will result in increased carbon emissions from private car use.

The provision of local bus services seeks to address equalities and diversity issues by ensuring that all people can afford to move around conveniently and safely regardless of their circumstances. All buses new since 2001 have to be compliant to the disability aspects of the Equality Act 2010, but other improvements that might be desirable (such as on-bus audio announcements) cannot reasonably be included in the tender specification.

Y	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers: None.