



**COUNCIL EXECUTIVE**

**PROCUREMENT ARRANGEMENTS – PROVISION OF LOCAL BUS SERVICES**

**REPORT BY HEAD OF FINANCE AND ESTATES**

**A. PURPOSE OF REPORT**

To seek the Council Executive's approval to commence tendering procedures for the procurement of a two year contract, with possible two year extension, for council wide local bus services, employing the evaluation methodology and criteria detailed in the recommendation below.

**B. RECOMMENDATION**

The Council Executive is requested to approve the application of the weighted evaluation criteria set out in Section D as the award methodology for the tender for the supply of local bus services

**C. SUMMARY OF IMPLICATIONS**

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|---|---|
| <b>I Council Values</b>   | Focusing on our customers' needs<br><br>Being honest, open and accountable<br><br>Providing equality of opportunities<br><br>Making best use of our resources<br><br>Working in partnership |
| <b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b> | Tenders will be issued, received and analysed in accordance with Standing Orders of West Lothian Council and the Public Contracts (Scotland) Regulations 2012.                              |
| <b>III Implications for Scheme of Delegations to Officers</b>   | None.   |
| <b>IV Impact on performance and performance Indicators</b>  | This contract will help to provide a more responsive transport service in support of the council's public transport provision.  |

<b>V Relevance to Single Outcome Agreement</b>	Passenger transport services assist in delivering several SOA outcomes by providing access to employment, shopping and leisure opportunities for example. In particular, Outcome 2: We realise our full economic potential with more and better employment opportunities for our people and Outcome 10: We live in well designed, sustainable places where we are able to access the services we need, are relevant.
<b>VI Resources - (Financial, Staffing and Property)</b>	Annual expenditure on local bus services is currently £2,250,000 per annum.
<b>VII Consideration at PDSP</b>	None.
<b>VIII Other consultations</b>	The specification has been provided by Operational Services, who will also participate in the evaluation. The Corporate Finance Manager was consulted on budget implications.

**D. TERMS OF REPORT**

**Background**

The services being tendered are replacements for current council local bus services. Historically the council has awarded passenger transport contracts on a “minimum subsidy” basis, whereby the council pays a fixed amount per month to the contractor and the contractor retains any fares revenue taken. However, in this instance tenderers will be invited to submit bids on a “minimum cost” basis (whereby the tender price is the price required to operate the service and all fare revenues are submitted to the council) as well the traditional minimum subsidy basis, as research indicated that “minimum cost” contracts may be financially advantageous.

**In House Capability**

It is not possible to provide the local bus service from the in-house resources available to Operational Services.

**Procurement Issues**

The requirement will be advertised in accordance with the European Union Directives. It is proposed that the Open Procedure is used whereby all suppliers expressing an interest in the contract will be invited to tender.

The following award criteria will be applied at the tender stage :

Price	- 60%
Quality/Specification	- 30%
Environmental/Sustainability	- 10%

The evaluation criteria are proposed following consultation with Public Transport. The criteria above are weighted in this manner to reflect the importance of overall cost of provision of the services whilst still placing significant importance of the quality and sustainability elements of the evaluation. Regulatory items such as licensing shall be dealt with using mandatory criteria within the tender.

The contract will be divided into individual routes in order to encourage participation from the widest range of suppliers possible.

The anticipated start date for the contract is 1 October 2012.

Due to the importance of the services covered by the contract, the results of the tender exercise will be presented to Council Executive in August 2012 before contract award.

### **Budget Implications**

Annual expenditure on local bus services is currently £2,250,000 per annum. The results of the tendering exercise will be reported to Council Executive in August 2012 after the tender returns have been evaluated.

## **E. CONCLUSION**

It is recommended that the Council Executive approves the application of the evaluation methodology detailed in Section D above for the tendering of the Contract for local bus services

## **F. BACKGROUND REFERENCES**

A copy of the tender specification for this contract is available on request from the Corporate Procurement Unit.

Appendices/Attachments: None.

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Date of meeting: 29 May 2012