



**Notice of a public meeting of
Corporate and Scrutiny Management Policy and Scrutiny
Committee (Calling In)**

- To:** Councillors Williams (Chair), Galvin (Vice-Chair), Crisp, D'Agorne, Fenton, Gates, Levene, Lisle and Reid
- Date:** Tuesday, 11 October 2016
- Time:** 5.30 pm
- Venue:** The Thornton Room - Ground Floor, West Offices (G039)

AGENDA

1. Declarations of Interest

At this point, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. Public Participation

It is at this point in the meeting that members of the public who have registered to speak can do so. The deadline for registering is **5.00pm on Monday 10 October**. Members of the public can speak on agenda items or matters within the remit of the committee.

To register to speak please contact the Democracy Officer for the meeting, on the details at the foot of the agenda.

Filming, Recording or Webcasting Meetings

Please note this meeting may be filmed and webcast or audio recorded and that includes any registered public speakers, who have given their permission. The broadcast can be viewed at <http://www.york.gov.uk/webcasts> or, if sound recorded, this will be uploaded onto the Council's website following the meeting.

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (whose contact details are at the foot of this agenda) in advance of the meeting.

The Council's protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at http://www.york.gov.uk/download/downloads/id/11406/protocol_f_or_webcasting_filming_and_recording_of_council_meetings_20160809.pdf

3. Called-in Item Pre-Decision: Park and Ride (Pages 1 - 4) Service Operator Procurement

This report sets out a brief background to the item "Park and Ride Service Operator Procurement" which has been called in for pre-decision scrutiny ahead of consideration by the Executive at their meeting on 13 October 2016. The report also outlines the options available to this committee under the agreed pre-decision call in arrangements.

4. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name : Laura Clark

Contact Details:

- Telephone : 01904 554538
- E-mail : Laura.Clark@york.gov.uk

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

☎ (01904) 551550

This page is intentionally left blank



**Corporate & Scrutiny Management Policy &
Scrutiny Committee (Pre-Decision Calling – In)****11 October 2016**

Report of the Assistant Director of Governance and ICT

Called-in Item Pre-Decision: Park & Ride Service Operator Procurement**Summary**

1. This report sets out a brief background to the issue called-in and the role of, and options available to, this Committee under the agreed pre-decision call-in arrangements.
2. City of York Council opened a tender process for bus operators to bid for a new contract to manage its Park & Ride services in June. With over four-million passenger journeys each year, the Council was confident the tender would attract a number of high profile bids to continue offering the best possible deal for residents and visitors.
3. Although there was strong interest in the contract, at this stage of the procurement process no responses meeting the council's financial expectations against the specification tendered were received.
4. The council is confident that an operator will be secured in the coming months. Following dialogue with a number of bus companies, options for addressing the concerns of potential suppliers will be developed. The Executive will be asked to approve the revised specification at its December meeting, prior to the issue of a revised invitation to tender.
5. The council has negotiated the terms for a six month extension to the current contract with First York, whose contract expires at the end of January 2017. This extension would ensure that residents and visitors experience no changes to the Park & Ride and would continue to receive the same level of service until a new operator is in place.

Background

6. At its meeting in August 2015, the Executive agreed some operational guidelines for enabling and supporting a pre-decision call-in process.

This supplements the pre-existing arrangements for post-decision call in and is intended to provide all backbench and scrutiny Members with opportunities to comment upon relevant upcoming Executive or Executive Member decisions.

7. In accordance with the arrangements for pre-decision scrutiny call-in, three Members (Councillors Craghill, D'Agorne and Kramm) have called in the intended decision in relation to the result of Park & Ride Service Operator Procurement, for the following reason:

“The park and ride service is a key component in our Local Transport Plan and in our policies for developing a sustainable transport system in York; it also plays a key part in our local economy, reducing congestion and underpinning sustainable access to employment, learning, retail and leisure opportunities, whilst having a key role in our public health objectives to reduce air pollution.

This item is presumably either to sign off or preparatory to signing off a contract for 8 years and is therefore an important opportunity to use this very attractive contract to influence sustainable and accessible public transport in the city – as such, we believe it should have full cross-party discussion in the light of the results of the procurement exercise before any decision is made.”

Consultation

8. In accordance with the requirements of the Constitution, the calling-in Members have been invited to attend and/or speak at the Call-In meeting, as appropriate, together with the appropriate Executive member and officers.

Options

9. In relation to dealing with this pre decision call-in, in accordance with the new agreed arrangements Members may choose to provide feedback to officers to be presented at the meeting of the Executive on 13 October 2016.

Analysis

10. Members need to consider the reasons for call-in and any comments made at the meeting by speakers, as well as have regard to the information in the officer's report to the Executive on this matter, which will be published online as an annex to this report ahead of the meeting.

Council Plan

11. There are no direct implications for this call-in in relation to the delivery of the Council Plan and its priorities for 2015-19.

Implications

12. There are no known Financial, HR, Legal, Property, Equalities, or Crime and Disorder implications in relation to the following in terms of dealing with the specific matter before Members; namely, to consider and handle the pre decision call-in. However, if it became clear to the Committee from information received that there were implications associated with any comments/recommendations it wished to make then it would be appropriate for the Committee to also recommend that any such implications be looked into, prior to the Executive making a decision which might be affected by those implications.

Risk Management

13. There are no direct risk management implications associated with considering the call in of this matter. However, the Committee would be advised to invite the Executive to take account of any risks associated with any comments/recommendations which the Committee may wish to make on the matter in hand, prior to implementing any decision.

Recommendations:

14. Having considered the reasons for call-in, Members are asked to consider whether:
 - i. They wish to make specific recommendations to the Executive on the report, in light of the reasons given for the post decision call-in. If this option is chosen, their comments will be considered by the Executive at a meeting to be held on 13 October.

Or;

- ii. They agree that there are no grounds to make specific recommendations to the Executive in respect of the report.

Reason: To provide scrutiny's views on the report ahead it being presented to the Executive.

Contact details:

Author:

Dawn Steel
Head of Civic and Democratic
Services
dawn.steel@york.gov.uk
01904 551030

**Chief Officer Responsible for the
report:**

Andrew Docherty
Assistant Director of Governance and
ICT
andrew.docherty@york.gov.uk
01904 551004

Andrew Bradley
Sustainable Transport
Manager
andrew.bradley@york.gov.uk
01904 551404

Neil Ferris
Director of Place
neil.ferris@york.gov.uk
01904 551448

**Report
Approved**



Date 03 Oct 16

Specialist Implications Officer(s) None

Wards Affected:

All



For further information please contact the author of the report

Annex A: Report to the Executive 'Park and Ride Service Operator
Procurement'



Executive

13 October 2016

Report of the Director of Place

Result of Park & Ride Service Operator Procurement

Summary

1. York has a successful, established, network of Park & Ride services. The Park & Ride provides a seven day, high frequency and high quality bus link from six car parks around York to the city centre and is an essential component of the City's transport strategy, enabling York's vibrant economy.
2. The Park & Ride network is currently let as a single contract operated by 'First York'. First's contract is due to expire on 31st January 2017.
3. Following approval by the Council's Executive, a competitive tendering process has been undertaken over the past few months. Although there was strong interest in the contract, no responses meeting the council's financial expectations against the specification tendered were received.
4. However Officers are confident that an operator will be secured in the coming months and following dialogue with a number of bus companies, options for addressing the concerns of potential suppliers will be developed. Subject to the approval of the recommendations in this report the results of the operator review will be brought before the Council's Executive in December, prior to the issue of a new invitation to tender.
5. In light of the above officers have negotiated extension options to the current Park & Ride contract with First York to operate from 1st February 2017 for either 6 or 12 months.

Recommendations

6. Members are asked to approve:
 - a) A 12 month extension of the current Park & Ride contract with First York. The price for this extension option is only open to the Council until 14th October 2016; and
 - b) Authorise Council officers to close the current procurement and to enter dialogue with potential bidders to shape a new Invitation to Tender which would be brought before the December meeting of the Executive for approval.
 - c) To a release from contingency of £100k to fund the shortfall in income in 2016/17.
 - d) To note the additional future years costs (£600k) will be incorporated as growth within the budget that council will consider in February 2017

Reason: To ensure continued operation of the York Park & Ride service and to ensure delivery of the most economically advantageous Park & Ride contract moving forwards.

Background

7. The Council has operated one of the country's most successful Park & Ride services for over 20 years. The service currently operates a 7 day high frequency service from six sites around the City's ring road.
8. The Park & Ride service is operated on behalf of the Council by First York under an eight year contract which ends 31st January 2017.
9. The Council has benefitted from a significant licence fee income and high quality service over this contract period.
10. Through the recent procurement process potential bidders demonstrated that, whilst strongly interested in the Park & Ride opportunity, they felt unable to meet the Council's financial and quality expectations at the same time as operating the Park & Ride service profitably and therefore either did not bid or submitted non-compliant bids.

Consultation

11. In preparation for the procurement process, consultation was held with the Procurement, Legal, Financial, Property and Transport and Air Quality departments to ensure that the proposals were aligned to corporate policy and priorities.
12. The views of Park and Ride customers were sought through a customer satisfaction survey carried out in December 2014 - January 2015 to determine the views of the existing users. In addition to the compilation of a range of views, the survey revealed that 98% of Park and Ride users stated that they were either satisfied or very satisfied with the Park and Ride service they used.
13. The views of representatives from 'Visit York' were sought in February 2015.
14. Pre-procurement supplier engagement sessions were undertaken with six potential suppliers to assist the Council in devising the Invitation to Tender.
15. The Executive decision to procure the Park and Ride Contract was subject to Scrutiny Call in and Members expressed a wide range of views as to their high aspirations for the Park and Ride Service specification.
16. The Council now proposes to enter in to further discussion with potential bidders to identify areas of the specification which could be altered, increased or removed to enable the Council to issue a more economically attractive Invitation to Tender.

Options

Option 1

17. Terminate the current procurement process and enter in to a short period of dialogue with potential Park & Ride bidders to inform a number of different specification options. Proposal for an amended specification would then be presented to members at the meeting of the December Executive prior to issuance of a revised Invitation to Tender.
18. Award a contract extension to First York to continue to operate the Park & Ride for twelve months thereafter the new contract would commence.

Option 2

19. Terminate the current procurement process, officers enter in to dialogue with potential Park & Ride bidders and officers to issue a revised, reduced, specification that balances cost and service quality to increase the likelihood of receipt of compliant bids with a view to awarding and commencing the new contract upon expiry of the contract extension with First York.

Analysis

Option 1

20. This option will provide the Council with the opportunity to consult with the market and establish a tender which still enables the Council to better understand the commercial impact of the various elements of the Park & Ride tender specification. Whilst unlikely, the primary risk inherent in this option is that in spite of revisions to the tender specification, the Council may still not receive any bids within its proposed budget following a further tendering competition.
21. Under this option a report to Executive in December will allow a decision to be made as to the specification of the Park and Ride service that would be subsequently put to market. Considering the significant number of users, the importance to the City's transport infrastructure and the financial value of the contract this option allows for public participation through the democratic decision making process.
22. Due to the receipt of no compliant tenders, Council officers have taken steps to negotiate and agree possible six or twelve month extensions to the current Park & Ride contract with First York. Officers are recommending the twelve month extension to allow maximum lead in times to potential new suppliers and thereby reduce the level of risk and cost likely to be included in tender proposals. The six month extension option would be very challenging and it is officer's view that this could restrict the number of operators willing to tender for the work. Either extension option would deliver a reduced income to the Council, but in all other respects would provide the same level of service (and at the same fare) for Park & Ride users.
23. Without an extension to the existing Park and Ride contract there is insufficient time before the current contract ends to procure an

alternative supplier to ensure continuation of the Park and Ride service.

24. The procurement exercise would commence as soon as possible following approval of the preferred alterations to the Invitation to Tender at the Executive meeting on 8th December. Table 1 below indicates the likely timescales of the proposed procurement exercise.

Table 1

Date (week commencing)	Activity
October 2016	Supplier engagement
December 2016	Executive approval of tender specification
End Jan 2017	Tender submission deadline
End March 2017	Contract award
April – July 2017 or January 2018	Mobilisation period
August 2017 or February 2018	New contract commences

Option 2

25. This option would enable the Council to move more swiftly to ensure that a new contract was issued for the Park & Ride contract. However, the benefit would be marginal, measured in weeks, giving no significant advantage and would reduce both the transparency and democratic accountability of the process to secure a Park & Ride contractor.
26. It is envisaged that the current specification and tender documents would remain largely unchanged, but the Council could, for example, alter the following requirements:
- Hourly service capacity – enable the bidder to specify what level of service they would provide for each hour of the day;

- Vehicle specification - allow the bidder to specify which vehicles they would provide to operate the service;
- Fares – allow the bidder to specify the fares they would look to charge passengers for use of the service

27. The Invitation to Tender would be issued as soon as possible following the October Executive meeting. Table 2 below indicates the likely timescales of the proposed procurement exercise.

Table 2

Date (week commencing)	Activity
November 2016	Issue revised invitation to tender
End Dec 2016	Tender submission deadline
End Feb 2017	Contract award
March – July 17 or Jan 18	Mobilisation period
August 2017 or Feb 2018	New contract commences

Procurement

28. Whichever option is selected, for the new Park & Ride contract a European procurement route will be followed. It is proposed to evaluate the tenders using a Most Economically Advantageous Tender model which would allow cost and quality to be assessed. The details of evaluation model will be agreed with the Corporate Procurement Team and will not exceed a quality to cost ratio of 60/40 in accordance with the financial regulations.

Corporate Priorities

29. The Park & Ride service is a key element of the Council's transport strategy set down in the Local Transport Plan. In addition it supports the Council's strategy to increase the use of public and environmentally friendly modes of transport. Park & Ride also provides the capacity for the City to grow in transport terms to accommodate the emerging Local Plan.

Implications

30. The provision of a successful and efficient Park & Ride service is essential for the continued prosperity of the city and the desire to reduce congestion and improve air quality in the city centre. There are implications across a wide range of areas both within the Council and externally.

Financial Implications

31. The current Park & Ride contract provides a significant income of £811k per year to the council. This is prior to additional payments that the council is currently making in relation to Poppleton Park & Ride where usage levels have meant compensation payments of £100k are currently being made.
32. In the current tendering process, no bids have been received that provide an income to the Council. There are a number of financial issues which need to be considered.
 - i.* The income anticipated to be received by the council from the Park and Ride contract is dependent on the level of fares set, quality of specification (principally vehicles and frequency) and competition from city centre car parking (charges and capacity). The impact on the operation of the Park & Ride service (and income to the Council) will need to be considered if any changes are proposed to the operation of the council's car parks within the city.
 - ii.* It is intended that the proposed December report will include options to allow members to consider the quality of service within the specification.
 - iii.* In the December report members, in addition to adjustments to the specification, may be asked to consider Capital Funding and Policy options to demonstrate the Council's ongoing commitment to the Park and Ride service. These options would be designed to increase the policy and economic certainty of the environment in which the Park & Ride operators would be tendering in to.
33. A twelve month extension negotiated with First York (February 2017 – January 2018) would result in gross income to the Council of £216k (six months £102k). This would lead to a reduction of £100k compared to budget in 2016/17 and a loss of £500k for the

first ten months of 2017/18. The impact beyond February 2018 is currently not known but assuming a new contract can be procured without subsidy the lost income would be in the region of £600k.

34. **Human Resources (HR)** There are no Human Resource Implications for staff employed by the council. It is however likely that if a new operator won the contract staff employed by First would be eligible for transfer to the new supplier under the TUPE Regulations.
35. **Equalities** There are considered to be no equalities implications if the concessionary fares provision is maintained as the existing arrangement. The Park & Ride operations will be compliant with all current Equalities legislation.
36. **Legal** Legal advice has been provided identifying the procurement, contractual and competition issues which need to be addressed. Ongoing legal support will be taken throughout the procurement process.
37. **Crime and Disorder** There are no crime and disorder implications.
38. **Information Technology (IT)** There are no IT implications. The supply of additional equipment to enable the provision of real time information will be included as part of the extension of the existing Real Time Passenger Information contract. Improvements to the interface with smart ticketing such as online payments will be developed during the contract period.
39. **Property** Draft leases have been prepared for each of the sites.
40. **Other** None.

Risk Management

41. In compliance with the Councils risk management strategy the main risks that have been identified in this report are those which could lead to financial loss, non-compliance with legislation, damage to the Council's image and reputation and failure to meet stakeholders' expectations.
42. The Council will be able to mitigate against these risks, however a decision on the part of the Executive not to agree to extension of the current Park & Ride contract would result in significant risk to the Council and City, both in operational and reputational terms.
43. In addition, the Council faces potential budgetary pressures, should it fail to deliver any revenue from the tender process.

Contact Details

Author:

Andrew Bradley
Sustainable Transport
Manager
Tel No. 01904 551404

Tony Clarke
Head of Transport
Tel No. 01904 551641

**Chief Officer Responsible for the
report:
Neil Ferris
Director of Place**

**Report
Approved**

Date 5th October
2016

Specialist Implications Officer(s) *List information for all*

Patrick Looker
Finance Manager
Tel no. 01904 551633

Wards Affected: *List wards or tick box to indicate all* **All**

For further information please contact the author of the report

Background Papers: None

Annexes: None

This page is intentionally left blank