

Report of the Director of City Strategy

## **Park and Ride Bus Contract Options**

### **Summary**

1. This Report examines options for the procurement of the park and ride bus service. Members are asked to decide which option should be progressed to enable a contract to be prepared to operate the service for the next 5 years with possible extension for a further 3 years. The vision for the future of the park and ride operation is included and issues which will affect the operation of the service during the lifetime of the contract identified. The report recommends that the service is tendered using the European Union restricted route and an extension of the existing contract is negotiated with First York to cover the period until the new operation commences.

### **Background**

2. First York have been contracted to provide the park and ride service for the city since 1995. Contracts for the park and ride operation were tendered in 1995 and 2000. Following detailed negotiation the current operation commenced in April 2002. The existing 5 year contract was signed in August 2002 but back-dated to commence on 1st April 2002.
3. Owing to the additional benefits, such as service integration, which accrue from continuing with the existing supplier the possibility of extending the contract by negotiation for a further 5 years was investigated. Procurement advice is that the contract is for a service concession and therefore not necessarily covered by the same procurement regulations as the provision of other services. However to meet the Council's own financial regulations and to ensure best value and transparency the contract should be tendered in accordance with EU procurement legislation.
4. To ensure that the most effective solutions for the service were presented to members for consideration a comprehensive review of the existing operation was undertaken. This has included the commissioning of consultants to review the service, undertaking a review of park and ride operations around the country, surveying the views of the park and ride users, visiting other park and ride sites and attending benchmarking groups. The review process has taken longer than originally anticipated but the thorough appraisal ensures that the

most effective options are presented to members. Although there are management and performance issues to address the service is currently operating successfully and therefore a delay in procurement is not considered detrimental.

## Existing Service

5. The Council has operated one of the country's most successful Park and Ride services for over 20 years. The service currently operates from five sites around the city's ring road providing over 3,750 parking spaces. All sites operate 7 days a week (at least 7:00am to 8:00pm weekdays) with a standard 10 minute frequency service and longer opening hours for special events. 26 single deck buses (including 9 articulated vehicles) are currently used to provide the service throughout the week supplemented by additional buses at weekends and other peak periods. A carrying capacity of over 2400 passengers per hour is provided at peak times. Four of the sites are manned throughout the day to provide assistance to customers.
6. Patronage has grown every year since the start of the service with Park and Ride Ticket sales rising from approximately 500,000 per year in 1995 to 1 million in 2000. Subsequently ticket sales have increased more rapidly to 3 million by the end of 2006. The number of people using the park and ride service buses, including intermediate stops and trips from the city centre has risen even more substantially with the total number of passenger boardings increasing to over 4 million in 2005/06. **See Annex A**
7. The majority of passengers purchased standard return tickets (57%) with a further 8% of passengers using reduced fare smart cards which provide discount for regular use. Approximately 14% of passengers used day rover tickets indicating interconnection with other First services across the city. 7% of passengers purchased single tickets. The number of North Yorkshire concessionary fare journeys have risen by approximately 60% since April 2006 and now represent approx 10% of all trips.

### Annual Park and Ride Ticket Sales

	2005	2006	Increase %
Askham Bar	615,437	655,934	+6.6
Grimston Bar	501,343	539,781	+7.7
Rawcliffe Bar	770,903	887,765	+15.8
Monks Cross	365,301	460,484	+26.1
Designer Line	368,928	489,512	+32.7
<b>Total</b>	<b>2,625,045</b>	<b>3,038,953</b>	<b>+15.8</b>

8. In accordance with the agreement with First the fares have increased from £1.60 per adult for a return journey in 2002 to a current level of £2.00.
9. The Council receives a licence fee from First for the right to operate the service; the fee has increased annually in line with the Retail Price Index and increase in parking capacity with the introduction of the Monks Cross site. The operator is responsible for the provision of supervision, payment of business rates (approx. £130k), routine maintenance and utility charges. The service is

run on a commercial basis with the operator receiving all fare revenue. The council employs a full time Park and Ride officer and has a revenue budget of £62k in 2006/07 for operational items not included within the contract, such as marketing, repairs of plant and equipment and sewerage costs at Rawcliffe Bar.

## **Park and Ride Customer Satisfaction Survey**

10. A customer survey undertaken in December 2006 collecting the views from over 2,500 passengers shows that the service overall has a high satisfaction rating. A survey of non-park and ride users is currently being undertaken to ensure that the views of potential customers are also used to prepare the new specification. The following headline information came out of the Park and Ride user survey:
  - i.* 86% of travellers assess that the Park & Ride service is good or excellent and only 1% consider it poor or very poor.
  - ii.* 32% of weekday park and ride users are residents within the City of York Council area (17% at weekends).
  - iii.* 60% of respondents indicated that the main reason they used the service was because it was cheaper than the alternative or because of the cost of car parking.
  - iv.* 85% of the people surveyed had parked at the site – the remainder had walked (10%), cycled (1%), been dropped off (2%) or arrived by bus (2%).
  - v.* 43% of all survey respondents were travelling alone although this increased to 65% for York Residents.
  - vi.* The primary purpose of 49% of weekday passengers was to travel to the city centre for a shopping or leisure activity (95% at weekends). 40% of weekday passengers were travelling to work (5% weekend).
  - vii.* 10% of the Park and Ride users who are York residents frequently use the service as part of a longer bus journey (31% occasionally).
  - viii.* 28% of weekend (8% weekday) travellers were using the service for the first time and 50% of weekday (10% weekend) used it more than twice a week.
  - ix.* 87% of passengers preferred single deck buses if capacity had to be increased.
  - x.* The most significant improvement requested for city centre stops was real time information (62%) followed by shelters (32%), maps showing routes (31%) and larger waiting areas (31%).
  - xi.* 62% of passengers would use a convenience store and 43% a café if they were available at the Park and Ride sites

### **Park and Ride Review**

11. Transport Consultants (The TAS Partnership) were commissioned to review the existing service and provide options for the proposed new contract.
12. The general conclusion resulting from TAS's observations of the operation of the Park and Ride was that performance was acceptable and that the services were well used. However there was a view that the services were stale and in need of refreshing as
  - the vehicles used were between four and six years old;
  - branding was little changed from the launch date and sufficiently similar to the livery of the buses used on other First services to have little visual impact or differentiate the park and ride from other bus services;
  - not all the buses used on Park and Ride operations were appropriately branded and;
  - the capacity of the buses provided did not always meet requirements.
13. It was considered that supervision at the sites could be improved with better information concerning the reasons for delays being needed. In general there are reliability and bus service provision issues with the existing supplier which will need to be addressed in the new contract. The supplier does not always use buses fitted with the BLISS transponders which means that the real time information at bus stops is inoperative. Missing buses or services have also occurred which increases waiting times at peak times.

### **Review of Other Park and Ride Operations**

14. A review of other park and ride operations undertaken by the TAS partnership indicates that York has one of the largest and most successful park and ride operations (2.6m passengers in 2005-06) in the country with only Norwich carrying more passengers (3.26m).
15. York has one of the very few park and ride services which operate on a commercial basis. Net support per passenger on the nine cities assessed in the TAS study varied from nil to £1.18. Detailed investigation of the cities where commercial services are indicated to operate suggests that most are in fact subsidised. Cambridge subsidises its operation by approximately £800k per year to provide the supervision/management at the sites.
16. The majority of park and ride services make a charge for bus travel, however the UK's largest operation in Norwich, with approx. £1.7m subsidy, is based upon a parking charge for a vehicle which also covers bus travel for up to 5 adults. Norwich are now committed to reducing the subsidy to zero over the next five years and are considering the introduction of a sliding scale charge for parking dependent on the number of passengers in each car.
17. The majority of services use single decked vehicles with double deckers used on some high patronage routes in Norwich and Cambridge. York is unique in using articulated vehicles on park and ride routes.

### **Existing Contract Arrangements**

18. The current contract is based upon the operator running the park and ride service as a registered local bus service on a commercial basis paying the council a licence fee for access to the park and ride sites. The original contract was based upon the provision of a 10-15 minute service frequency from 07:00 to 20:00 Monday to Saturday from four park and ride sites and with a specified park and ride return fare.
19. A number of improvements to the service have been introduced by First based upon the commercial success of the operation and with the support of the Council including:
  - Sunday services at all sites
  - Extended operating hours at Askham Bar P&R site
  - Increased frequency of services (particularly Designer Outlet route)
  - Introduction of articulated vehicles to increase capacity.
20. The current agreement requires the operator to undertake litter collection, toilet cleansing, routine maintenance of the grounds and CCTV equipment, interior building decoration and routine building maintenance at all the park and ride sites except the Designer Outlet. Additionally the operator is responsible for meeting gas, electricity and telephone charges, water and sewage costs and paying non-domestic rates at all the park and ride sites except the Designer Outlet.
21. In contrast the responsibilities of the council are limited to repairing and maintaining all items of plant, equipment and other fixtures necessary to allow the provision of park and ride services from the sites. This split of responsibilities has not operated as effectively as it should during the period of the contract with a number of disputes relating to liability for repairs occurring. These issues could be resolved in the new contract with the introduction of a performance based regime or alternatively transferring the liability of these works to the Council.
22. The TAS study suggests that it is not unusual for the operators of park and ride services to be responsible for site cleanliness and for targets to be imposed. It is, however, atypical for the operator to be expected to bear the costs of heating, lighting, security, uniform business rate and water and sewage charges. These items are not part of the general remit of bus operators and there is a risk that a 'profit charge' will be added to cover the additional costs involved in taking responsibility for them. However the inclusion of these items within the contract will ensure better 'ownership' of the facilities and reduce the management responsibility of the council.

### **Future Operation**

23. The future operation of the park and ride service depends on the delivery of the vision the council has for the service, the consequences of external pressures and the way the new contract is prepared.

### **Park and Ride Vision**

24. The transport vision for York set out in the Local Transport Plan is for a City where traffic will be less congested and there will be cleaner air. The park and ride operation is a key element of the council's strategy to reduce car traffic within the city centre and improve air quality. The service already successfully removes over 1 million cars per year from the city centre. However it is anticipated that increased population, improved prosperity and higher visitor numbers will lead to additional city centre congestion in future years.
25. The city has a vision for the park and ride service to ensure that the benefits are maintained and enhanced in the future. The vision includes enhancements which will be delivered over the next 1-2 years, such as improvements to the city centre bus stops, and improvements planned to be delivered within 5 years, such as the provision of bus priorities along key radial routes. In addition a number of aspirations are identified, which it is anticipated will be implemented in the longer term, such as the provision of a new park and ride site on the A59 corridor. A summary of the improvements planned is included in Annex B.

### **External Pressures**

26. There are a number of pressures which will affect the patronage of the park and ride service in the future irrespective of the option chosen for the new contract. They include the limited capacity of the existing park and ride car parks, possible reduction in council control of city centre parking, introduction of nationwide concessionary fares, condition of the site facilities, increased traffic congestion. Further details and analysis are provided in Annex C.

### **Future Proposals**

27. The need to re-tender the park and ride operation presents an opportunity to re-launch an improved service to encourage more users and ensure additional traffic is removed from the city centre. The results of the TAS study, Customer Satisfaction survey and review of best practice across the country shows that there are a number of improvements which could be introduced. The improvements rely on changes to the operation/management of the service and enhancements to the infrastructure provision. Delivery of a step change in service provision relies on a strong partnership between the operator and the Council.

### **Infrastructure Improvements**

28. As part of its commitment to the park and ride service the council is responsible for the supply and maintenance of the necessary infrastructure to ensure the service can operate effectively. It is proposed to fund the construction of any new facilities from the Local Transport Plan and section 106 contributions from developments in the city.
29. In the short term it is proposed to include a number of infrastructure improvements in the capital programme to enhance the quality of the service, reduce journey times and improve reliability. It is anticipated that these will include the provision of an office at the Designer Outlet, bus priorities along key radial routes, refurbishment of facilities at the sites and improvements to city centre park and ride stops.

30. It is also proposed to investigate and promote infrastructure improvements over the longer term including increasing the capacity at Askham Bar, the provision of additional sites on the A59 and Wigginton Road and extension of the No. 6 route into Rawcliffe Bar and Grimston Bar.
31. In addition to the proposed capital investment it is also proposed that the council works to enhance the operation of the park and ride service and increase patronage by encouraging car sharing to the sites, improving the sites as interchange points for rural bus services and improving interconnectivity with other bus services across the city.

### **Operational/Management Improvements**

32. The new contract will allow the current management and performance issues to be addressed to ensure that the supplier provides a service to the quality required. This will include the provision of better quality management data indicating the number and type of passengers and information about waiting times and vehicle reliability. The specification will be enhanced to include customer care training and increased supervision. The contract will also be used to specify the quality of vehicles, minimum frequencies and opening times.

### **Consultation**

33. Consultation on this report has been held with Procurement, Legal, Financial and Transport Planning to ensure that the proposals are acceptable. No external consultation has been undertaken but a customer satisfaction survey was carried out in December 2006 to determine the views of the existing users. An additional survey of non-park and ride users is being undertaken in February.

### **Options**

34. There are a number of options and issues relating to the way the service could be contracted which are independent of the contract arrangement chosen. The options have been split into four main headings operational issues, operating methodology options, council/operator split options and specification options. A detailed analysis of each option is included in Annex E.

### **Operational Issues**

35. There are a small number of issues which will be included within the contract which should be noted but have limited option for adjustment. These include interconnecting tickets, city centre car parking charges, registration & competition constraints and TUPE issues.

### **Operating Methodology Options**

36. There are a number of fundamental changes to the operation of the service which could be considered. These include contracting each route separately, charging for car parking at park and ride sites, changing to cross city routes, concessionary fare charges and removal of intermediate stops.

### **CYC-Operator Split Options**

37. There are a number of options for the development of the Park and Ride operation which are independent of the type of contract pursued. The split of responsibility for elements of the service needs to be clear before the service can be tendered. The following items could be the responsibility of the Council, the supplier or shared: maintenance, supervision, utility costs, business rates, technology, advertising/sponsorship, marketing and route branding.

### **Specification Options**

38. The specification for the service will be critical in determining the quality of the operation and its commercial viability. If the level of service specified is too high then there is a risk that the operation will need to be subsidised by the council. The following main items will need to be included in the tender: fares, vehicle quality, frequency, operating hours, performance and monitoring and customer care.

### **Core and Optional Requirements**

39. The results of the customer survey and increases in the patronage suggest that the Park and Ride service operates well. However there are underlying operational and quality issues to address within the new contract. The new contract must ensure that the most appropriate party is responsible for each area of the service.
40. In principle higher standard specifications within the contract relating to vehicle type, frequencies, operating hours, supervision etc. or additional restrictions on fares will mean a lower income likely to be received by the council. At enhanced specification levels it is possible that the service would become subsidised by the council as the revenue generated would not be sufficient to cover the additional costs. The revenue value of the operation to the council will be the result of a balance between fares, specification and income. To provide flexibility and ensure that the prices received for the concession are within the anticipated budget it is proposed to issue a core specification for the tenderers to price and a list of optional enhanced requirements which may be included if affordable. It is proposed to include the following headline items in the contract arrangements (See Summary in Annex D):

### **Core Requirements**

41. It is proposed to include the following core requirements in the tender which represents the maintenance of the existing service with a few minor enhancements to ensure the quality of the service is improved.
- i.* The opening hours, minimum bus frequency and capacity will be similar to existing.
  - ii.* The operator shall be free to choose the vehicle capacity, with a minimum seating capacity of 41 seats, but double deckers will not be permitted.
  - iii.* The supplier shall be responsible for routine maintenance, cleaning, business rates and utility costs.
  - iv.* The operator will provide all supervision.
  - v.* The number of intermediate stops on the Designer Outlet route shall be limited to stops in Fulford only to ensure the express nature of the service is improved.



- vi.* The operator shall provide a dedicated Park and Ride manager/ supervisor covering all sites.
- vii.* The operator shall provide customer care training for the drivers and supervisors and undertake regular customer satisfaction surveys.
- viii.* The operator shall provide enhanced performance reporting.
- ix.* The contract shall include penalties for failure to achieve the performance standards.
- x.* The operator shall provide buses which meet Euro 4 emission standards as a minimum and be not more than 5 years old at any point during the contract.
- xi.* Park and Ride fares shall be fixed at the start of the contract at £2.00 for a return journey (varying with the transport price index).
- xii.* The operator shall participate in integrated ticketing arrangements (where available or proposed).
- xiii.* The operator shall provide transponders for vehicles and make use of the BLISS technology to manage the service including the on-board monitoring of headways for drivers.

### **Optional Requirements**

42. It is proposed to include the following optional items within the tender and progress if affordable and practical after further investigation.
- i.* The operator shall provide site supervision at the Designer Outlet (subject to the provision of an office building)
  - ii.* The operator shall provide roving supervision for city centre stops at peak times.
  - iii.* The operator shall provide new buses which meet Euro 4 emission standards as a minimum at the start of the contract.
  - iv.* The operator shall provide cross city bus routes linking Askham Bar with Grimston Bar and Designer Outlet with Monks Cross.
  - v.* Park and Ride fares shall be fixed at the start of the contract and vary with the transport price index.
  - vi.* The operator shall extend the opening hours at Askham Bar to 11:00pm Monday to Saturday.
  - vii.* The operator shall extend the opening hours of all sites to include Boxing Day and New Years Day (Sunday service)

### **Contract Options**

43. The TAS partnership were asked to investigate contract options which could be used for the Park and Ride service. The aim of the new contract is to improve the quality of the service, encourage patronage growth and ensure that the council receives the best return on its capital outlay at the sites. The proposed contract should create an environment where appropriate incentives and penalties encourage the operator to deliver the best possible service. It is proposed to specify a contract duration of 5 years with a 3 year extension dependent on performance.
44. Four main options have been investigated.

1. Continuation of the present arrangement under which the services are provided commercially and a fixed licence fee is paid to the Council to secure access rights to the park and ride sites;
2. A modification of the present system that retains the licence fee but introduces an element of revenue sharing between the Council and the operator dependent on increased patronage;
3. A contractual arrangement under which the council would take the revenue risk (and income) with the operator providing the specified service at a fixed price; and
4. A development from the contractual arrangement in option 3 with the operator taking the revenue risk, by providing the specified service at a fixed subsidy level but with an element of revenue sharing for revenue above an agreed base level.

### **Contract Options Analysis**

#### **Option 1**

45. The existing arrangement (Option 1) is likely to provide a guaranteed income but does not enable the council to benefit from patronage increases. The quality of the service could be enhanced by introducing an improved specification, performance monitoring and enforcement regime including appropriate penalties. A minimum licence fee could be specified within the contract but the lack of benefit from increased patronage means that this option is not recommended.

#### **Option 2 (Recommended)**

46. With Option 2 it is anticipated that there would be a guaranteed income to the council, which could be included in the tender at a specified minimum level with an opportunity for more revenue if the number of users increased. It is likely that the revenue increases would only be realised after at least a year under the new monitoring regime to allow accurate comparisons with the starting position. Independent advice suggests that the council could only receive benefit from patronage increases on the contracted element of the service i.e. park and ride users only. The contract will need to identify the consequences of significant passenger number reductions.
47. The quality of the service could be enhanced by introducing an improved specification, performance monitoring and enforcement regime including appropriate penalties. The operator would have an incentive to increase the patronage as only a proportion of the increased revenue would be given to the Council. The Operator would carry the risk if the revenue fell below the contracted fee level. This option would be the simplest to tender and operate and is therefore recommended.

#### **Option 3**

48. Option 3 does not provide an incentive for the operator to increase patronage as the council would take all of the revenue and pay a fixed fee for the

operation of the service. This may discourage the operator from 'owning' the service and introducing innovation to encourage patronage growth. The specification would need to be very detailed to allow the supplier to accurately price the service. A rigid specification would allow only minor changes without the council incurring additional costs. There would be particular complications with distributing the revenue income generated from integrated tickets e.g. day rovers if the existing supplier was successful.

49. It is possible that Option 3 would provide the maximum income to the council but there would be a substantial financial risk if patronage fell or the revenue did not keep pace with cost increases. This may mean that the council would need to increase fares or adjust the specification to ensure the service did not become subsidised. One of the reasons that the service is commercial is that there are a significant number (up to 20%) of non-park and ride and integrated ticket users. There is a risk that the total patronage levels may fall if there is competition for the non park and ride passengers. Legal advice suggests that the council could not set the non-park and ride fares independently but would have to set them at comparable levels to the existing commercial operations in the area. There would be competition issues to address if all of the revenue accrued to the council. This option is not recommended.

#### **Option 4**

50. The fourth scenario also allows CYC to specify the service to be provided, its expectations and targets. The council would receive all revenue. The operator would commit to an anticipated level of revenue, which would exceed the cost of provision and could be specified at tender, and agree to share any income generated above this figure with CYC on a 50/50 basis. However if revenue failed to reach the anticipated level the shortfall would have to be borne by the operator. The operator is therefore provided with a clear incentive to exceed the minimum service specifications and grow the market. This approach also clearly indicates a partnership approach between the council and operator. There would be particular complications with distributing the revenue income generated from integrated tickets e.g. day rovers if the existing supplier was successful. This option would be a significant change from the current arrangement and would involve the resolution of competition issues if the council was to set fares. Further investigation of the detail of this option would be needed if it was considered that the proposal was worth pursuing.

#### **Procurement Options**

51. The existing contract ends at the end of March and therefore authority is sought to progress negotiations with First to extend the contract to cover the interim period until a new arrangement can be established. Although not strictly in compliance with the European procurement regulations any breach is likely to be considered a minor matter provided a tendered route was being actively progressed.
52. For the new contract advice suggests that the European procurement route should be followed although the park and ride service is a concession and therefore not formally covered by this legislation. An open, restricted, negotiated or competitive dialogue route could be followed.

53. An open route is not recommended as it would mean that any suitable operator in the EU would be permitted to tender leading to an unmanageable process. The competitive dialogue route which enables the specification to be agreed by the prospective bidders prior to entering into a process to establish a preferred bidder is designed for complicated PFI type arrangements and is assessed to be too complex and time consuming for this project. The negotiated route can only be used in exceptional circumstances e.g. research and development and is therefore not appropriate for this service concession.
54. It is therefore proposed to use the restricted route, where a select list is first prepared before inviting tenders. This route provides a transparent method of ensuring best value although the lack of flexibility to negotiate may limit some of the options for accepting innovation from the tenderers. These limitations can be partially overcome by the pre-procurement market testing, to ensure an appropriate level of information/specification is being prepared and inclusion of priced options in the tender. Further clarification is likely to be required post tender to ensure that the Council receives the best solution for the service. It would be 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.

### **Procurement Programme**

55. The notice periods required for the EU procurement route mean that it is unlikely that a new contract will be in place until the Autumn at the earliest. Mobilisation periods for a new supplier may extend this period for a further 3-6 months.
56. Subject to approval of the proposed approach the following activities will be progressed over the next few months:
  - i.* March: Soft market testing to establish the level of interest and enable the proposed specification to be refined to ensure a high level of competition. This would be in advance of any formal procurement process.
  - ii.* March: Undertake negotiations with First to extend the existing contract arrangements through to the start of the new contract. Complete by end of March.
  - iii.* April – May: Make final decisions on the service specification and the financial basis upon which tenders will be invited. Develop Pre-Qualification and tender documentation.
  - iv.* Mid May: OJEU Notice inviting suitable suppliers to complete a pre-qualification questionnaire for evaluation and to enable a list of tenderers to be prepared.
  - v.* July: Shortlisting of suppliers
  - vi.* Mid July: Invitation to Tender
  - vii.* Mid September: Bid Submission
  - viii.* End of October: Evaluation complete and Contract Award

## Corporate Priorities

57. The Park and 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.

## Implications

58. The provision of a successful and efficient park and 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.
59. **Financial Implications** An additional income of £100k in 07/08 (£120k in a full year) from the park and ride service and advertising/sponsorship has been assumed in the council budget. 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 and quality of specification. It is proposed to include a number of options within the contract to enable the desired income level to be achieved. The consequences of the inclusion of any enhanced specification items will need careful consideration and must be included in the tender evaluation model. It is anticipated that if passenger numbers continue to rise the council will receive additional income from the park and ride service dependent on the reimbursement levels agreed in the contract.
  - ii.* There is a risk that the reimbursement income for the concessionary fares will be inadequate to cover the likely increase in passengers after the introduction of a national scheme in April 2008. The consequences of the proposed scheme will need to be carefully assessed once the funding mechanism is confirmed. In the meantime it is proposed to lobby for the introduction of a distribution formula which takes account of the tourist market.
  - iii.* It is anticipated that there may be additional income from on bus advertising revenue included within the contract. In addition it is proposed to separately investigate the sponsorship/marketing opportunities at the park and ride sites to maximise the council's income.
  - iv.* It is proposed that an allocation is made from the Local Transport Plan capital settlement to upgrade and maintain the facilities at the Park and Ride sites and along the routes. Exact details and costs of the works would be established once the new supplier had been confirmed.
60. **Human Resources (HR)** There are no Human Resource Implications for staff employed by the council. It is 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.

61. **Equalities** There are no equalities implications if the concessionary fares provision is maintained as existing and the anticipated nationwide scheme introduced when finalised.
62. **Legal** Legal advice has been provided identifying the procurement, contractual and competition issues which need to be addressed.
63. **Crime and Disorder** There are no crime and disorder implications.
64. **Information Technology (IT)** There are no IT implications. The supply of additional equipment to enable the provision of real time information and the better management of buses will be included as part of the extension of the existing BLISS provision.
65. **Property** There are no property implications with the proposed operation.
66. **Other** There will be highway implications if the proposed enhancements to the bus routes are progressed. These will be considered separately when sufficiently developed as items within the City Strategy capital programme.

### **Risk Management**

67. 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. However measured in terms of impact and likelihood, the risk score all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.
68. The main risks are related to the level of revenue anticipated which is dependent on patronage levels. As detailed above the financial risk is also dependent on the method of contracting the service. The recommended option includes the lowest risk of reduced income and also provides an opportunity for increased revenue. There is a risk that the users of the service will experience a reduction of flexibility in their travel options if the existing supplier is not successful. There is also a significant risk that the numbers of concessionary fare passengers will increase after 2008 and the reimbursement levels received by the council may be inadequate to cover the costs.

### **Recommendations**

69. Members are asked to consider;
  - 1) Authorising negotiations and preparation of an interim licence with First York to extend the existing contractual arrangements until the new contract is in place.

Reason: to ensure the continuation of the service and licence fee income to the council.

- 2) The tendering of the park and ride service under the terms detailed in Option 2 (Para. 46) and with the specification and responsibilities split as detailed in Annex D.

Reason: To enable an improved service to be provided with the highest opportunity of an increased income to the council.

- 3) The procurement of the park and ride service in accordance with the restricted route and the programme detailed in Para. 56.

Reason: To ensure the service is procured in accordance with the financial regulations.

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

All

**For further information please contact the author of the report**

**Background Papers:**

Advice from Shulmans dated 22 January 2007  
Advice from Beachcroft dated 23 January 2007.  
Park and Ride Review – TAS, January 2007

**Annexes**

Annex A: Park and Ride Passengers 1991-2006

Annex B Park and Ride Vision

Annex C Park and Ride External Pressures

Annex D Summary of Responsibilities

Annex E Options and Issues