

CABINET REPORT TEMPLATE AND CHECKLIST

DATE OF CABINET MEETING :20TH NOVEMBER 2017

Procuring and Implementing a New Bus Shelter Contract

Name of Report Author: Sally Herbert, Principal Engineer

Assistant Director : Marshall Poulton, Place

Cabinet Portfolio Member: Councillor Arlene Ainsley

This checklist must remain attached to the draft report and be completed during the review and approval process. It will be removed by Democratic Services prior to the final report being printed.

Read the guidance notes included in the template before you proceed.

The dates of officer and Member consultation and sign-off should be recorded.

The full timetable of Cabinet meeting dates and deadlines relating to the sign-off process is available from each Directorate's DMT 'meeting manager' or Linda Couch, Democratic Services.

*You **must** insert deadlines from the Cabinet timetable into the table below**

Timeline	Date sent / deadline	Date signed off / completed
Officer consultation		
Legal Services for completion of paragraph 7	16/10/17	26/10/2017
Finance for completion of paragraph 8	16/10/17	26/10/2017
Procurement for completion of para 9 (Rhonda Eagle)	17/10/17	27/10/2017
Appropriate Director/DMT/Programme Board	19/10/17	Completed.
Directors Team (DT) review -	27/10/17	27/10/2017
Member Consultation		
Initial discussion with Cabinet Member	20/10/17	
Briefing (by Rhonda Eagle) for portfolio Members - Procurement items	30/10/17	
Director/ Cabinet Member review process	01/11/17	01/11/2017
FINAL Opportunity for Cabinet Member sign-off with Director (i.e. the day before Final Deadline day)		
Final Deadline – 4pm Report to Democratic Services (Linda Couch)	06/11/17	

20 November 2017

Proposed New Bus Shelter Contract

Name of Cabinet Member: **Councillor Arlene Ainsley**

Director presenting report: **Tom Warburton, Place
Directorate**

Report Author: **Marshall Poulton, Assistant
Director of Transport**

Confidential
N/A

Key Decision
Yes

Report summary:

The City Council has carried out a significant amount of work over the past 18 months to assess the requirements for new bus shelter provision across the city. This has included a review of the existing contract, informal information gathering, and formal engagement with the public and stakeholders. This report outlines the proposed approach for the Council to secure the long term provision, maintenance, ownership and advertising income for all bus shelters in the city.

Summary of decision being asked:

We are seeking endorsement from Cabinet on the commissioning strategy for the supply and maintenance of bus shelters, and associated advertising concessions.

1. What is this report about?

1.1 This report is about the Council's approach to procuring a new bus shelter contract. In doing this, the Council seeks to achieve the following objectives;

- To provide high quality and fit for purpose public transport infrastructure across the city;
- To maximise income of infrastructure assets through generation of revenue to support budgets and value added initiatives; and
- To provide a seamless joint/transition between the interim contract and commitment of a new contract.

2. Recommendation for the Cabinet approval

- 2.1
- i. Endorse the commissioning strategy as set out in this report;
 - ii. Authorise the Assistant Director of Transport in conjunction with the Assistant Director of Inclusion, Commissioning and Procurement and in consultation with the Cabinet Member for Transport and Air Quality to finalise the detailed commissioning strategy and commence procurement for the supply and maintenance of bus shelters, and associated advertising concessions;
 - iii. Approve the principle that the capital funding arrangements will be provided through prudential borrowing over a 15 year period to be repaid by the income received from the advertising with further details to be provided in a future Cabinet report; and
 - iv. Note the engagement activities undertaken to date, and that further report(s) will be provided at a future date to include award of contract, implementation plan for the proposed bus shelter provision across the city.

3. Why is the proposal being put forward?

3.1 The city's bus shelters are currently owned and provided by a private company under a contract that is due for renewal. Extensive consultation and engagement has been undertaken with potential suppliers. Analysis from this engagement indicates that the council would have control of the infrastructure if it buys the new bus shelters for the contract using capital funding and repays this from advertising income. This would put the council in a position where it could consider a wider range of potential suppliers, including local companies, and secure greater competition and ultimately therefore better funding arrangements.

3.2 In addition, the Council has undertaken a wide range of engagement activities with stakeholders, members and residents. This engagement work

has enabled us to understand the varied requirements and the wishes of stakeholders. Various forums representing passengers' interests have requested that factors such as seating design, and shelter accessibility are taken into account in the specification. The legibility of timetable information and the provision of real time information are within the scope of Nexus' responsibilities, and as such, Officers will continue to liaise with Nexus on the provision of these facilities on shelters within the new contract specification.

3.3 Newcastle City Council currently procure bus shelter provision at an individual authority level. Given the opportunity to renew our contract, consideration was given to undertaking a collaborative joint tender with the other Tyne and Wear local authorities supported by Nexus. It is considered that a joint tender is not in Newcastle City Council's best financial interests given the significant difference of the commercial advertising potential in different local authority areas.

3.4 Given all these considerations, officers propose to implement the following commissioning strategy for the future provision of bus shelters;

- Having undertaken comprehensive engagement with the public and stakeholders, the next step is to commence a competitive procurement exercise to identify delivery partner(s);
- Once appointed delivery partner(s) will work with the Council to deliver the objectives as outlined in 1.1;
- Capital funding requirements will be finalised at award stage and will set out the prudential borrowing arrangements that will be repaid by advertising income which therefore will be used to support the provision of bus shelter infrastructure; and
- A subsequent report will be taken to Cabinet detailing an implementation plan for the proposed bus shelter provision across the city.

3.5 The Commissioning Strategy will secure contractor(s) to provide the installation and maintenance of bus shelters and provide the Council with advertising income for bus shelters in the city for a period of up to a maximum of 15 years with an estimated value of the total market being £31.2million. The total value of the market is estimated at £31.2million. This is calculated on the basis of the total estimated turnover of gross income throughout the duration of the contract to all parties, and does not represent spend to be incurred by the Council.

4. What impact will this proposal have?

4.1 Increasing the number of journeys made by buses in order to meet environmental, economic and social inclusion objectives is of high priority to the city. Making bus shelters more attractive and more comfortable places to all existing and future potential users is one element of this. The provision of new high quality, well designed shelters has the potential to measurably improve public perceptions of bus travel.

4.2 Through securing a new bus shelter contract, the Council will benefit from a number of contract management benefits such as; the Council having ownership of the shelters, income generation from advertising and an effective and efficient repairs and maintenance programme. Existing and

future potential users will benefit from high quality/fit for purpose, and robust shelters throughout the city.

5. How will success be measured?

- 5.1 The performance and cost effectiveness of the contract will be monitored through a performance management framework. This framework will require regular reporting from the contractor on their outputs against a range of specific indicators which forms an integral part of the contract compliance.

6. What is the timetable for implementation?

- 6.1 Subject to approval from cabinet the following will be able to take place:

Activity	Indicative Dates
Market position statement to be advertised to potential tenderers	December 2017
Advertise procurement contracts	January/February 2018
Tenders received and evaluated	April/May 2018
IDG report to approve the capital funding based on tender returns	
Decision to award contract and include scheme in the Council's capital programme and report to Cabinet on the activities to be undertaken when implementing the contract.	Summer 2018
Award contract	

7. What are the legal implications?

- 7.1 There are no direct legal implications arising out of this report. The required procurement exercise(s) will be developed to comply with internal financial procedures and the appropriate Public and/or Concession Contract Regulations as appropriate

8. What are the resource implications?

- 8.1 The estimated total value of market is £31.2million as this is a concession contract the total value of the contract will be less and will be confirmed at award. The capital costs will be funded by prudential borrowing with financing costs repaid by advertising income. The report to Cabinet seeking approval for award will set out the finalised financial arrangements.

9. What are the procurement implications?

- 9.1 The Assistant Director of Inclusion, Commissioning and Procurement's representative has been consulted and confirms that they will ensure that this procurement exercise is carried out in accordance with the Council's

10. What are the key risks and how are they being addressed?

10.1

<u>Risks</u>	<u>Mitigating Actions</u>
Due to unknown market forces, NCC may not receive the level of income generation as estimated.	Officers have undertaken a number of exercises to provide as accurate position as possible pre-tender. A further market position statement will be issued prior to publishing the tender documentation. In addition, the expected return will be better than the current arrangements.
Possibility that no tenders are submitted for the new contract.	The soft market supplier engagement events have informed officers of how to 'mould' the proposed contract to encourage suppliers to submit a tender.
Transitional arrangements between current and new contractor.	Officers have been undertaking an extensive review of other local authorities' experiences with contract management. This has helped to inform the direction of travel of the new contract and how contract management arrangements will be undertaken. We will appoint a Contract Monitoring Officer who will be responsible for overseeing the co-ordination and management of the new contract.
As the City Council does not own 80% of the current stock, the current provider could potentially, if unsuccessful, remove the shelters.	Any contractor working in the highway needs to seek prior approval. This advance notice, would enable a co-ordinated replacement programme to be undertaken with the appointed contractor.
The Council will not be responsible for the provision, installation and maintenance of shelters.	The financial, health and safety and technical capabilities of providers will be assessed as part of the procurement process to minimise the risk to the Council.

Report Author: Sally Herbert

Job Title: Principal Engineer

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Background papers

All commissioning and procurement documentation will be held by the Commissioning and Procurement Team with contract folder 004854.