

From: Matthew Balfour, Cabinet Member for Environment and Transport  
To: Environment and Transport Cabinet Committee – 7 September 2016  
Subject: **Public Service Vehicle Framework.**

Key decision: 16/00074

Classification: **Unrestricted**

**Past Pathway of Paper:** Strategic Commissioning Board - 7 June 2016

**Future Pathway of Paper:** Cabinet Member Decision

**Electoral Division:** Countywide

**Summary:**

This report seeks approval to make changes to the current procurement model for the Council's Public Service Vehicle (PSV) contracts. The Public Transport team currently procures two different 'bus' service types; both of which require suppliers to be licensed as a Public Service Vehicle Operator and using vehicles licensed as Public Service Vehicles. The two distinct categories are known as Supported Local Bus and (PSV) Home to School Transport. By consolidating the procurement and contracting processes it is considered that this will offer greater opportunity to package and plan services more efficiently, increase levels of competition and drive down costs.

**Recommendation:**

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment and Transport on the proposed decision to combine the current two PSV supplier lists into one list as shown at Appendix A.

## **1. Introduction**

- 1.1 Public Transport delivers two key services using buses. These are the supported bus services (socially necessary) and mainstream home to school transport.
- 1.2 Buses, which are defined as a passenger carrying vehicle with over 8 seats, are known as public service vehicles (PSV).

## **2. The Proposal**

- 2.1 The procurement of supported services and mainstream home to school transport is presently delivered through two distinct approved supplier lists. The approved list for supported bus services includes 31 operators and the mainstream home to school transport list includes 125 operators. Tenders, based on service type, are directed at the most appropriate list.

- 2.2 The operation of a PSV in the United Kingdom is governed by a system known as PSV Operator Licensing, which is administered through the Offices of the Traffic Commissioner. The requirements placed on any potential operator, cover financial standing, operating guidance, transport manager qualifications and operating location. If an operator is approved and licensed, they can operate a PSV for hire and reward in the UK. This means that they can operate coach contracts, register local bus services, provide park & ride services etc. Therefore although KCC currently places operators on one of two distinct supplier lists, the underlying licensing requirements are the same and the operators are able to provide the same services.
- 2.3 A review of the current arrangements carried out in conjunction with Procurement identified that the two lists were not the most efficient method for procuring services. The review identified that opening up all PSV tender opportunities through a dynamic purchasing system (DPS); to one set of PSV suppliers could deliver significant benefits in increasing competition for tenders. It was also identified that the present 'lotting' strategy could be revised to provide the opportunity for KCC to package home to school and local bus work in order to reduce costs and make 'lots' more attractive to suppliers.
- 2.4 A DPS system is created for commonly used purchases which are generally available on the market. The system may be divided into categories of services that are objectively defined, for example geographical area. It is operated as a completely electronic process and is open to any supplier that satisfies the selection criteria. As more providers can join the DPS this will provide further competition and potentially better commercial and delivery outcomes.
- 2.5 A detailed programme for running competitions will be developed and shared with suppliers in advance. The underlying principle will be to align the procurement cycles for home to school transport with those for public bus services. This will enable officers to consider all PSV requirements in a common geographic area and identify opportunities to combine contracts that can be operated with the same vehicle. Additionally, operators will also be empowered to submit package bids where they provide a better price. It is intended that contracts will be grouped broadly by District and established for four years, meaning that once established, the cycle will see a quarter of all contracts re-planned and retendered annually.
- 2.6 A commissioning and procurement paper was presented to Strategic Commissioning Board on 7 June 2016, outlining a plan by Public Transport to combine the present two approved lists in one framework. The paper was presented on the basis that the two lists contain suppliers, all of whom are registered and operate under the same license requirements and yet both lists do not see the full list of PSV tender opportunities released by the Authority. By establishing a combined PSV framework, all PSV suppliers will be able to access all contract opportunities which may encourage a number of SME operators on the current home to school transport list, to bid for supported bus work therefore increasing competitiveness in bidding.

- 2.7 Tenders under the DPS would be run through the Kent Business Portal which will also ensure that all competitions are fully compliant and operate using a fully electronic procurement process. This brings further benefit to the efficiency and consistency of the process and the creation of a more complete audit trail.
- 2.8 The paper was approved by the Strategic Commissioning Board, subject to market engagement being undertaken with the affected operators and that the proposed 'lotting' strategy was also shared with operators.
- 2.9 Market engagement events were undertaken on the 5<sup>th</sup> and 7<sup>th</sup> of July at which plans for both a combined PSV framework and the lot strategy were shared. Feedback from the operators was largely positive to both the PSV framework and the proposed lot strategy. Following the market engagement a verbal report was presented to the Strategic Commissioning Board on the 21<sup>st</sup> July where the Board gave approval to seek a key decision to implement the PSV framework.

### **3. Financial Implications**

- 3.1 In combining the current two approved supplier lists into one PSV framework, utilising a DPS, it is anticipated that tender opportunities will be open to a greater number of suppliers thereby generating greater competition, encouraging smaller operators to bid for supported bus tenders and driving down prices. At this stage it is not possible to quantify the level of any tender price reductions.

### **4. Policy Framework**

- 4.1 The above services are linked to the following KCC strategic outcomes;
- That Kent communities feel the benefits of economic growth by being in-work, healthy and enjoying a good quality of life. This is delivered by providing appropriate transport to meet the needs of a diverse range of clients, enabling them to access education, healthcare and employment. In the case of supported services this element is enshrined into the criteria governing such services, as will be described below.
  - That Kent business growth is supported by having access to a well skilled local workforce with improved transport, broadband and necessary infrastructure.

### **5. Legal implications**

- 5.1 There are no legal implications in this proposal.

### **6. Equalities implications**

- 6.1 There are no equalities implications in this proposal.

## 7. Timetable

- 7.1 Subject to key decision, the timetable for delivering the PSV framework is shown in the table below;

Publish documents and OJEU advert	7 - 9 September 2016
Market Briefing Sessions	September 2016
Request to Participate Submission Deadline (min 30 days)	w/c 10 October 2016 (dependent on release date)
Evaluation Period Commences	17 October 2016
Evaluation Ends	4 November 2016
Draft Evaluation report	7 November 2016
QA Evaluation report	8 November 2016
Award Report	9 November 2016
QA Award Report	10 - 11 November 2016
Obtain Corporate Director and Member approval	11- 18 November 2016
Draft Successful/Unsuccessful letters	11- 18 November 2016
QA Drafted letters	18 November 2016
Send letters via KBP to inform outcomes of evaluation	21 November 2016
10 Day (best practise) Standstill Period	22 November - 2 December 2016
Draft DPS agreements and send to Suppliers	22 November - 1 December 2016 (agreements to be sent 2 December 2016)
Post OJEU contract award notice (max 30 days after award of contract)	12 December 2016
Contract Seal from Legal and resend out a copy of the contract to supplier.	12 - 23 December 2016
Post details on KBP	12 December 2016
Post to Contracts Finder	12 December 2016
Internal Staff training on DPS	28 November - 16 December 2016
DPS Commencement	1 January 2017

## 8. Conclusions

- 8.1 Public Transport procures two types of PSV services; Supported Local Bus and (PSV) Home to School Transport. Procurement is presently delivered through two distinct lists for each type of service. However following a review of current procurement and contracting processes, it is proposed to combine the lists into a single PSV framework. This will offer greater opportunities to plan and package services, which combined with a dynamic purchasing system, will increase competition, particularly from SMEs.

## 9. Recommendation(s):

- 9.1 The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment & Transport on the proposed decision to combine the current two PSV supplier lists into one list as shown at Appendix A.

## 10. Background Documents

- Commissioning Paper – PSV Framework - <https://democracy.kent.gov.uk/ecSDDisplay.aspx?NAME=SD4804&ID=4804&RPID=11021215>
- Procurement Plan – PSV Framework - <https://democracy.kent.gov.uk/ecSDDisplay.aspx?NAME=Christine%20Singh&ID=4805&RPID=11021224>

## 11. Contact details

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