



Contract and Financial Procedure Matters Report

SUMMARY

- 1.1 This report deals with the following items that require reporting to and approval by Council Cabinet under contract and financial procedure rules:
- proposed purchase of buses to operate the new Derby “Skylink” service to East Midlands Airport
 - QUAD landscaping
 - Bold Lane car park contract extension.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To note the Council’s bid for money from East Midlands Development Agency to purchase new vehicles for the Airline Shuttle bus service.
- 2.2 To approve the expenditure of £773,557 on new buses as part of the Regeneration and Community Department’s capital programme for 2007/08, and to approve scheme commencement.
- 2.3 To approve the use of the Eastern Shires Procurement Organisation, ESPO, to tender and then procure these vehicles on our behalf rather than using the Council’s own tendering procedure.
- 2.4 To deal with the QUAD landscaping work as an extension to the existing contract with Morgan Ashurst, the main contractor for QUAD.
- 2.5 To note the bid to Derby and Derbyshire Economic Partnership and, subject to its approval, revise the capital programme.
- 2.6 To approve commencement of the tender stage of the QUAD landscaping project.
- 2.7 To approve the extension of the Bold Lane car park contract from 3 November 2007 to 2 November 2008.

- 2.8 To approve the commencement of the tender process to include specifications for security and management of all three multi storey car parks including:
- Bold Lane
 - Chapel Street
 - Assembly Rooms.



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SUPPORTING INFORMATION

1. Derby “Skylink” bus service to East Midlands Airport

- 1.1. East Midlands Airport, EMA, is a major employer in the area as well as an important local gateway for national and international flights. Historically however it has been a difficult place for potential employees and travellers to reach unless they had access to a car due to the poor public transport links.
- 1.2. In 2004, the EMA Bus Partnership was set up, comprising the main transport authorities in the three cities sub-region, plus EMA and a number of local bus companies. Working with key employers at EMA, and with the East Midlands Development Agency, emda, and other agencies, the Partnership secured funds to enhance bus links to Nottingham, Leicester, Derby and a number of local towns.
- 1.3. The Derby bus service, currently known as the ‘Airline Shuttle’, was improved with longer operating times and higher frequencies being introduced which resulted in patronage more than doubling in two years. However, users of the Airline Shuttle have regularly commented that the service is not of the same quality as that offered on the bus routes to Leicester and Nottingham, where a common ‘Skylink’ branding has been adopted using vehicles that are either new or nearly new.
- 1.4. To achieve this enhanced quality more improvements were required including extending the operating hours of the services and introducing new buses which are fully wheelchair accessible and have a higher quality interior layout. Increasing the hours of operation from 20 to 24 hours a day was seen as particularly important, as many of the jobs at EMA operate on a shift basis that either start or end in the middle of the night. The EMA Bus Partnership was unable to fund these improvements from within its own resources, so a bid to emda for capital funds was submitted. Permission to submit this bid was not sought from council cabinet due to the tight time schedules involved although the cabinet member for Highways and Transportation was kept informed. The bid for money was successful and emda have provided £773,557 of capital funding, for the City Council to purchase new buses for this service.
- 1.5. To meet the requirements of the emda funding grant we need to have taken delivery of these buses by the end of 2007/08. To speed up the process we have therefore sought to tender for these vehicles through the Eastern Shires Procurement Organisation, ESPO rather than via the conventional process used by the Council. This organisation tenders for a variety of difficult services and goods including buses

on behalf of a large number of local authorities in the area including Leicestershire and Lincolnshire County Councils. This means that not only can ESPO speed up the process and achieve cost savings compared to procuring the vehicles ourselves through aggregation of demand, but they can also offer a wealth of experience on purchasing items such as buses which the officers within the Council do not have. They also meet the requirements of EU directives on procuring goods and services.

- 1.6 Following this process we now have a short list of six new buses and have identified a preferred option. We are therefore proposing that we should now go ahead and purchase the preferred vehicles through ESPO to allow us to meet the March 2008 deadline.
- 1.7 Once these vehicles arrive it is proposed that they should be leased to the operator of the existing Airline Shuttle, Kinch Buses, on a pepper corn rent for three years from March 2008. This will reduce the operator's costs, and hence the savings they make will be used to cover part of the cost of increasing the enhanced service's operating hours to 24/7. There are no additional revenue commitments from the Council beyond those already approved. Kinch will be responsible for all ongoing costs of maintaining, cleaning, taxing and insuring the buses during this period. The arrangement is based on a similar one run by Shropshire County Council.
- 1.8 In March 2011 the existing contract ends. At this point it is anticipated that the service will have become commercially viable and thus will not require ongoing financial support from the local authorities in the area. The buses will then be either returned to the Council for use on other council supported services in Derby or sold to provide funding for other public transport related projects in the area. Timescales for delivery of new buses mean it is imperative that we place orders very quickly.

2. QUAD landscaping

- 2.1 Cabinet approved a project to improve the public realm at the eastern end of the Market Place at its meeting on 31 July 2007. The scheme includes these elements:
 - landscaping within the curtilage of the QUAD building
 - upgrading the northern end of Tenant Street in front of the Registry Office, including the installation of bollards to control access to the Market Place
 - upgrading the vehicular and pedestrian access onto the Market Place from Corporation Street, including the installation of bollards
 - completing the upgrading of landscaping of the space between QUAD and the Tourist Information Centre
 - upgrading the remaining pedestrian areas around the Tourist Information Centre and Assembly Rooms Box Office.

There is also currently £180,000 of the QUAD landscaping programme funding available. Cabinet approved, in addition, £350,000 of investment in this project, giving a total project budget of £530,000. The scheme has now been developed and is ready for implementation from March-May 2008.

- 2.2 The estimate of the total project cost is now £630,000. This project demonstrates very close affinity with the objectives of the Derby and Derbyshire Economic Partnership – DDEP - and following preliminary contact with DDEP we have put in a request for a grant of £630,000 to fund this project completely. We have successfully completed the first stage of this bidding process and expect to receive a decision by Christmas 2007. DDEP is likely to insist that the money is committed by the end of March 2008. If our bid to DDEP is successful it will free up the money already committed to this project. This will assist with the need to produce a balanced three year Public Realm budget which is consistent with the revenue budget strategy. At present, the 2007/08 Public Realm Strategy is £1.599m overcommitted if all schemes are completed by the end of 2008/09.
- 2.3 Our objective must be to provide the new QUAD building with the very best urban environment on opening day in summer 2008. We therefore need to proceed with tendering and placing orders as soon as possible to meet this deadline.
- 2.4 There is an element of risk which would need to be accepted by the City Council that if the bid to DDEP fails the Council would have funding available at the level of £530,000 against a total project cost of £630,000. The mitigating measure which we would bring into play at that point would be to scale back the project scope to bring the project and the budget into balance again.

3. Bold Lane Car Park Contract Extension

- 3.1. The contract for managing parking in Bold Lane car park is currently with Parksafes and is due for renewal on 3 November 2007.
- 3.2 Complexities in assessing the most appropriate specification for renewing this contract have lengthened the usual process. In order to allow sufficient time to ensure the best contract is procured, Cabinet are asked to extend the current contract until the date when the new contract comes into force after a full procurement process in line with Contract Procedure Rules. This will be a minimum of six months due to tender regulations but is likely to be concluded within a twelve month period.
- 3.3 The existing contract has worked well in that the public's perception of the car park operations and security has improved significantly. This is clearly reflected in the steady increases that have been recorded in both patronage and income.
- 3.4 There is an existing base revenue budget of £386,000 in 2007/08 for this contract. This will also support continuation of the existing contract during the extension period into 2008/09.
- 3.5 The tender process will include widening the remit of security levels and parking management in all three multi storey car parks. This will enable solutions to be considered to some problems of anti social behaviour that are apparent in the Assembly Rooms and Chapel Street car parks. Further, maintaining and enhancing the image of all of the multi-storey car parks could also contribute to the Authority's ambitions for the Cathedral Quarter. As this is a change to the existing contract specification any award of tender will be subject to availability of funding to support the contract.

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1. As outlined in the report.

Legal

2. None.

Personnel

3. None.

Equalities impact

4. None.

Corporate priorities

5. These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.