

CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting: Monday 10 December 2012
Report of: Strategic Director, Places & Organisational Capacity
Subject/Title: Award of the LSTF Bus Service Contract
Portfolio Holder: Cllr Rod Menlove

1.0 Report Summary

- 1.1 This report seeks approval to award the contract for a new bus service in Crewe until the end of March 2015. The value of the contract is £1,093,738. The service will be fully funded through the Department for Transport's Local Sustainable Transport Fund (LSTF) and anticipated passenger revenue.
- 1.2 The new bus service forms an integral element of the council's aspirations to develop sustainable transport in Crewe. In turn, developing transport links in the town is a key element of the council's ambitious change strategy for Crewe to unlock its full economic development potential. The aim is to secure the financial sustainability of the service to support and enable long term growth and job creation through the "All Change for Crewe" programme.

2.0 Decision Requested

- 2.1 To agree the award of contract to D&G for the new Crewe town centre bus service funded through the Local Sustainable Transport Fund (LSTF) with a contract end date of 31st March 2015.

3.0 Reasons for Recommendations

- 3.1 The provision of a new town bus service is a key component of the LSTF programme approved by the Department for Transport (DfT). The fully compliant procurement procedure and tender evaluation has identified D&G as the preferred bidder. The operator is keen to explore commercial opportunities and work with the Council to sustain the service beyond the funding period and enable the longer term growth of Crewe.

4.0 Wards Affected

- 4.1 All Crewe wards.

5.0 Local Ward Members

- 5.1 All Crewe wards.

6.0 Policy Implications including – Carbon Reduction – Health

- 6.1 The delivery of LSTF measures supports the “All Change for Crewe” regeneration programme to unlock the growth potential of Crewe in a low carbon way. The LSTF will deliver sustainable transport solutions and enable smarter travel choices for those who live and work in Crewe – focusing on the “travel to work” corridor between residential areas and current and potential employment sites.
- 6.2 Encouraging increased levels of walking and cycling will have positive health benefits through increased active travel, as well as tackling congestion and improving air quality. The LSTF programme promotes access to jobs, apprenticeships, skills and training opportunities, particularly for those Not in Employment, Education and Training (NEET).

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 The service will be fully funded through the LSTF and anticipated passenger revenue until the contract end date on 31st March 2015. The contract will be on a minimum cost basis with all on and off bus revenue being credited to the Council.
- 7.2 The table below illustrates the gross contract cost, anticipated revenue and net cost. The bid to DfT was on the basis of the net cost. The estimated revenue and patronage figures are listed below for each year of operation during the LSTF funding period and beyond. The bus service will need an average of 12.6 passengers per journey to become commercially viable in the long term.

	Year 1 2012-13	Year 2 2013-14	Year 3 2014-15	TOTAL	Post- LSTF
Gross Contract Cost	£109,165	£480,279	£504,293	£1,093,738	£529,508
Anticipated Revenue	£34,165	£197,279	£275,293	£506,738	£529,508
Net Cost (claim from DfT)	£75,000	£283,000	£229,000	£587,000	£0
Required Revenue and Patronage					
Revenue per day	£475	£649	£906	-	£1,742
Passengers per day	331	453	602	-	1106
Passengers per journey	3.8	5.2	6.8	-	12.6

Notes:

1. The above figures are based on the service operating 07:00 to 18:30, Mondays to Saturdays (excluding Bank Holidays)
2. Gross Contract cost has been increased in future years in line with CEC Terms and Conditions.
3. Figures up to 2014-2015 are based on agreed LSTF funding from the DfT.
4. Figures for 2015-2016 are based on zero subsidy being available and indicate the level of patronage required for the service to be fully viable on the basis of the original timetable.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Transport Department has undertaken a procurement exercise that complies with the Public Contracts Regulations 2006 to select a service provider. The contract will operate on the Council's standard terms and conditions for passenger transport services.
- 8.2 The Council received four tenders that have been evaluated on a cost/quality scoring mechanism and MEAT (Most Economically Advantageous Tender) analysis, D&G's tender achieved the highest score.

9.0 Risk Management

- 9.1 The actual passenger use of the bus service will be closely monitored throughout the funding period with regular (initially weekly) data being provided by the operator. If the patronage targets listed in the table above are not being achieved, there will be a need to take mitigating action to either increase passenger use or reduce cost.
- 9.2 To increase passenger use, there will be an opportunity to apply a more aggressive marketing, awareness and promotional campaign in the local community. Additional incentives (e.g. introductory ticket offers) can also be extended to encourage increased use of the service.
- 9.3 If there is a need to reduce the cost of the bus service, timetable alterations will be applied. This may include reduced frequency (e.g. from 15 minutes to 20 minutes), reduced days of operation (e.g. withdrawing the Saturday service) or reducing the number of journeys provided. Using such methods, it is considered likely that a sustainable and viable bus service will eventually result, which will meet the overall objectives of promoting sustainable, low-carbon travel.

10.0 Background and Options

- 10.1 Crewe's bus network has evolved over time rather than being planned strategically in order to respond to growth, or potential new demand. As a result, there are a number of "gaps" in the network, including lack of a direct, high frequency service on the key travel to work corridor from the north west (residential areas) to the south east (employment area) of the town.
- 10.2 Currently bus passengers travelling along this corridor are required to change buses in the town centre, which acts as a deterrent to bus use for cross-town journeys to work. Also, bus services do not penetrate the south east quadrant area resulting in significant distances to walk from the nearest stop into the Industrial Estate and Business Park.

- 10.3 The purpose of the new bus service – pump primed through the LSTF – is to provide a new 15 minute frequency service, which provides a direct route that is currently missing in the network. The service will be fully branded with high specification vehicles, (e.g. high quality seating, WiFi) and will benefit from a high profile launch, marketing and promotional campaign. The route is key to supporting the sustainable growth of the town and accommodating the increasing demand for travel between the NW and SE as part of “All Change for Crewe”. Given the ambitious plans for development in the south east of the town, this new bus service will ensure that development can take place in a sustainable manner and reduce the impact of development on the local road network.
- 10.4 The route is designed to integrate with D&G’s existing commercial services in Crewe and have minimal impact on other town bus services. It has been decided that the service will not operate to/from Leighton Hospital as there are already 7 buses per hour between the town centre and the hospital – extending the route to serve Leighton Hospital would undermine other town centre bus services.
- 10.5 A map illustrating the route of the new service is included as Appendix 1. The key locations on the route include:
- Bentley Motors: 5,000 employees (40% living in the Crewe urban area)
 - Residential areas in the North West of the town, including areas of deprivation
 - Town centre & bus station
 - Grand Junction Retail Park
 - Crewe Gates Industrial Estate (inc Weston Road stop for the Railway Station)
 - Crewe Business Park
 - Manchester Metropolitan University
- 10.6 The service will operate 6 days per week (Monday to Saturday) starting at 07:00 and operating on a 15 minute frequency throughout the day until 18:30 in the evening. The full timetable for the service is included as Appendix 2.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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