

# WIRRAL COUNCIL

## CABINET

24<sup>TH</sup> JANUARY 2012

<b>SUBJECT:</b>	<b>LOCAL SUSTAINABLE TRANSPORT FUND (LSTF) – PURCHASE OF PUBLIC TRANSPORT TICKETS</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>INTERIM DIRECTOR OF TECHNICAL SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR HARRY SMITH STREETSCENE AND TRANSPORT SERVICES</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to recommend that Members approve the purchase of public transport tickets valued at up to £30k for the remainder of 2012/13, up to £55k for 2013/14 and up to £55k for 2014/15 (i.e. up to £140k in total) from Merseytravel in accordance with Contract Procedure Rule (CPR) 21 “Exceptions to Procurement Procedure”.
- 1.2 The report also recommends that Members approve the purchase of rail only passes up to a maximum value of £10,000 over the three financial years 2012/13 – 2014/15 from Merseyrail in accordance with Contract Procedure Rule (CPR) 19.1 “Procurement valued at less than £50,000”.
- 1.3 The reason for procuring these tickets from Merseytravel and Merseyrail outside of normal procurement procedures is because it is not possible to purchase the public transport tickets, the rail only passes or any comparable travel tickets, from any other source and therefore there is no genuine competition. Even so, Merseytravel and Merseyrail operate successfully within a competitive market environment.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 On the 18<sup>th</sup> October 2012 Cabinet approved the acceptance of £3.2 million of Local Sustainable Transport (LSTF) Major Bid Funding. This was in addition to £810k of Key Component Local Sustainable Transport Funding, which had previously been accepted by Cabinet on the 24<sup>th</sup> November 2011. The LSTF funding is both revenue and capital.
- 2.2 The LSTF revenue funding was allocated as per the Department for Transport (DfT) approved bid which, as part of the overall project, included two specific projects aimed at removing or lowering transport barriers for individuals to offer them support to access employment.
- 2.3 The funding for the 2 projects is detailed as follows:

<b>Name of project</b>	<b>Funding Source</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Travel Solutions	LSTF Key Component	75	95	95	90
Community Travel Hub	LSTF Major	0	242	257	237
<b>Total</b>		<b>75</b>	<b>337</b>	<b>352</b>	<b>327</b>

- 2.4 The “Travel Solutions” scheme encompasses various interventions that assist to remove transport barriers for people seeking to access employment. Interventions include the provision of information, advice and guidance such as personalised journey planning, and one to one travel training to provide people with the knowledge, skills and confidence to use public transport. Other interventions include a cycle to work scheme which offers people a bicycle, training and equipment, and a scooter scheme which provides the 6 month loan of a 50cc scooter to people whose new place of employment is not suitably served by public transport. Cost is also a major barrier to people using public transport and the scheme also offers travel cards to individuals to assist with the first month of employment prior to them receiving their first month of pay.
- 2.5 These interventions are currently being delivered to clients under the Key Component element of the LSTF project.
- 2.6 The additional funding secured under the major bid project of “Community Travel Hub” allows the expansion of the Travel Solutions scheme, with additional staff resources as well as significant additional funding to increase the number of interventions that can be delivered. The funding for the two projects will be combined and the project will continue to be marketed and promoted under the banner of “Wirral Travel Solutions” as this brand is now well recognised by our partners and local agencies.
- 2.7 Due to the increase in funding available as a result of securing the major bid, and in accordance with Contract Procedure Rules, separate tender/quotation exercises are being undertaken for:
- Bike to Work Scheme – Provision of cycles and equipment;
  - Scooter Scheme – Provision of Compulsory Basic Training (CBT) and additional road safety training;
  - Scooter Scheme – Provision of new scooters, maintenance of new and existing scooters, and provision of equipment.
- 2.8 The Travel Card element of the Travel Solutions scheme involves the bulk purchase of Travelcards from Merseytravel using the LSTF funds, which are then issued to eligible individuals who meet the agreed criteria. The majority of the travelcards purchased will be TRIO travelcards which provide free travel for 1 month on all buses, ferries and trains in Merseyside. A smaller number of other travel cards e.g. SOLO tickets, or Saveaway tickets may be purchased depending on the individual needs of the clients. These travelcards are only available to be purchased in bulk from Merseytravel as they are Merseytravel products.
- 2.9 It is anticipated that there would be a maximum spend of £50k p.a. on travelcards (TRIO, SOLO and Saveaways) to deliver the Travel Solutions Project and it is also proposed that a maximum of £5k p.a. of travelcards are purchased to support the Business Travel Support project, which is a separate LSTF project.

### **3.0 RECOMMENDATION UNDER CPR 21 'EXCEPTIONS TO PROCUREMENT PROCEDURE'**

- 3.1. Merseytravel are the only organisation which sell travelcards (TRIO, SOLO and Saveaways) in bulk. TRIO tickets are integrated season tickets which can be used on buses, trains and Mersey Ferries in Merseyside, no matter which operator runs the service. Saveaway tickets are day tickets (after 9.30am) for bus, rail and ferry, and SOLO tickets are all operator bus season tickets.
- 3.2. Other types of Travel tickets can be purchased from some individual operators e.g. Arriva or First for buses, but there are restrictions to the use of these tickets i.e. certain routes or valid for bus only. Other operators do not offer season tickets at all and will only accept cash payments on the bus. Where season tickets can be purchased these are generally only available to be purchased on the bus, or at specific local shops. Other types of ticket are not available for bulk purchase.
- 3.3. There are no alternatives to the Merseytravel tickets that provide the same levels of service and convenience, and therefore in order to operate the project efficiently and offer the best solution to meet the needs of the clients, Officers have determined that the Merseytravel public transport tickets are the only products that should be purchased.
- 3.4. As such, and based on discussions with Corporate Procurement it has been concluded that Merseytravel are the only organisation which provides the product that is required to deliver the Travel Solutions Scheme. Therefore and in accordance with CPR 21.1.1 (i) applying to the procurement of goods and/or services valued at £50,000 or more:  
  

*"Where this is only one viable contractor and there would be no genuine competition",*
- 3.5. It should also be acknowledged that Merseytravel are not a contractor in the true sense, but are a Statutory Body with Merseytravel being the operating name for the Merseyside Integrated Transport Authority (ITA) and Merseyside Passenger Transport Executive (PTE). As the Authority, Merseytravel are responsible for leading on transport planning across Merseyside, with the districts and a wide range of private and public sector bodies. As the Executive, they oversee the public transport network and are responsible for coordinating bus and rail services, maintaining transport infrastructure, providing public transport information and operating the Mersey road tunnels, the Mersey Ferries and their associated visitor attractions.
- 3.6. Merseytravel do not undertake a procurement exercise for the ticket itself as this is considered a commercial product, however Merseytravel review their ticket prices on an annual basis. The most recent review took place in August 2012 and a report to Merseytravel's Strategy and Finance Committee set out that ticket prices have been reviewed on the basis of:
  - Operators overheads have increased;
  - Operators had concerns regarding prepaid ticketing reimbursement;
  - Ensuring Merseytravel ticketing remains competitive in the market;
  - Ensuring continued and successful engagement with transport operators on ticketing developments and future products;

Previous reports state that reviews have been undertaken with regard to:

- Increases in fuel price; and
- Protecting operator participation.

3.7. It should also be noted that Merseytravel's Corporate Social Responsibility Policy (June 2012) sets out Merseytravel's approach to ensuring it is a corporately responsible organisation through embedding corporate responsibility in all its work, services and operations. Relevant to this report are the following aspects of the policy:

***Achieving Value for Money:*** Merseytravel maximises commercial opportunities and strives for efficiencies through sustainable procurement, smarter working and environmental/resource efficiency. Savings made are invested back into travel products and services, which along with our assets and infrastructure are designed and run in a sustainable manner. We're also working towards a clear vision for ethical financial management and investment

***Providing Integrated Travel Solutions:*** Merseytravel provides and promotes sustainable transport solutions, which support sustainable economic growth, address carbon reduction, improve health and wellbeing and tackle inequality and social exclusion.

3.8 Overall, even though value for money is more difficult to measure, Merseytravel operates successfully within a competitive market environment hence value for money can be demonstrated based on the commercial success of the organisation.

3.9 The total expenditure for this project is £150,000 (over a 3 year period) and it is therefore below the threshold which would require the publication of a contract notice within the Official Journal of the European Union. Any planned or unplanned extension to this project of 6 months or more would exceed the threshold based on the annual expenditure.

#### **4.0. RECOMMENDATION UNDER CPR19 'PROCUREMENT VALUED AT LESS THAN £50,000'**

4.1. Some clients have job offers in the Chester or Ellesmere Port area and therefore they require travel outside of the Merseyside area. Merseyrail offer rail only passes which allow travel to these areas and in some instances separate rail only passes have to be purchased direct from Merseyrail to facilitate these journeys. It is not anticipated that the value of these rail only passes would exceed £10,000 during the LSTF time period

4.2. Merseyrail are the only organisation which sell Railpass tickets. These are season tickets for use on the Merseyrail trains in Merseyside and as far as Chester, Ellesmere Port and Ormskirk.

4.3. These tickets are the best solution to meet the needs of the clients who have job offers outside the Merseyside boundary, but that can be accessed via the Merseyrail network. Officers have determined that the Merseytravel public transport tickets are the only products that should be purchased.

4.4. As such, and based on discussions with Corporate Procurement it has been concluded that Merseyrail are the only organisation which provides the product that is required to deliver this element of the Travel Solutions Scheme. Procurement of

goods between £10,000 and £50,000 are subject to five quotations being sought. As there are no alternative suppliers of this product, the required minimum number of quotes cannot be obtained. Therefore and in accordance with CPR 19.1 applying to the procurement of goods and/or services valued between £10,000 and £50,000 it is requested that the Chief Officer shall be entitled to accept the lowest quote, which as a sole supplier in this instance is Merseyrail. .

## **5.0 RELEVANT RISKS**

- 5.1 The principal risks for the Council are attached to the failure to deliver the Travelcards and Rail Pass element of the Travel Solutions project and therefore not satisfy the requirements of the funding agreement with Merseytravel. This may result in the Council not being able to claim all of the funding from Merseytravel.

## **6.0. OTHER OPTIONS CONSIDERED**

- 6.1. There are no appropriate options to consider as Merseytravel and Merseyrail are the only suppliers of the travel card and rail pass products respectively

## **7.0. CONSULTATION**

- 7.1. There is no requirement to consult.

## **8.0. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1. The Travel Solutions Scheme works closely with numerous third sector organisations to provide additional support to members who are seeking employment.
- 8.2. If the Travel Card, and Rail Pass elements of the Travel Solutions Scheme was not delivered this would impact on the work of many voluntary, community and faith groups.

## **9.0. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 9.1 The purchase of the travelcards and the rail passes will be fully funded through LSTF and there will be no additional financial implications for the Council. The Council will be able to submit quarterly claims to Merseytravel for expenditure incurred to that date.

## **10.0. LEGAL IMPLICATIONS**

- 10.1. In order to receive the funding Wirral Council have signed up to a legal funding agreement with Merseytravel. Merseytravel, as the Integrated Transport Authority (ITA) are the accountable body for this project with the DfT.
- 10.2. In order for Merseytravel to accept the funding they have signed a legal agreement with the DfT under Section 31 of the Local Government Act 2003.

## **11.0. EQUALITIES IMPLICATIONS**

- 11.1. Has the potential impact of your proposal(s) been reviewed with regard to equality?

An EIA has been undertaken in relation to the LSTF project – refer report to Cabinet 18<sup>th</sup> October 2012

## 12.0 CARBON REDUCTION IMPLICATIONS

12.1. Encouraging and supporting the use of public transport through the Community Travel Hub and the Business Travel Support Projects will also assist in reducing carbon emissions.

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are no planning or community safety implications.

## 14.0 RECOMMENDATION/S

14.1 Cabinet is requested to:

(1) Approve the purchase of Travelcards up to a maximum value of £140,000 in total over the three financial years 2012/13 – 2014/15 from Merseytravel in accordance with Contract Procedure Rule (CPR) 21 “Exception to Procurement Procedure”.

(2) Approve the purchase of Rail Only passes up to a maximum value of £10,000 over the three financial years 2012/13 – 2014/15 from Merseyrail in accordance with Contract Procedure Rule (CPR) 19.1 “Procurement Valued at Less than £50,000 Procedure”.

## 15.0 REASON/S FOR RECOMMENDATION/S

15.1. To ensure the delivery of the LSTF Project in accordance with the LSTF Funding Agreement signed by the Council.

15.2. To comply with CPR 21.1.1 (i), and CPR 19.1. as referred to in Section 3 and Section 4 of this report.

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## APPENDICES

*None*

## REFERENCE MATERIAL

*None*

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet Agenda Item 9	24 November 2011
Cabinet Agenda Item 39	12 April 2012
Cabinet Agenda Item 12	18 October 2012