

<b>Procurement Title</b> Provision of Local and School Bus Services in Lancashire
<b>Procurement Option</b> OJEU – Dynamic Purchasing System
<b>New or Existing Provision</b> Existing – currently as a framework agreement with a contract end date 31 December 2019
<b>Estimated Contract Value and Funding Arrangements</b> Approximately £14 million per annum, total contract value £140 million. Revenue funding is managed by the Public and Integrated Transport Service.
<b>Contract Duration</b> The Dynamic Purchasing System (DPS) will be open for a period of up to ten years and three months, commencing on or around 1 October 2019 to 31 December 2029.  Individual service contracts will vary in length dependent upon service user requirements. The majority of contracts will be awarded for 3 to 5 years.
<b>Lotting</b> The DPS will be split into two Lots.  Lot 1: Local Bus Services Lot 2: School Bus Services
<b>Evaluation</b>  A DPS has two stages of evaluation:  <b>Stage One</b> invites suppliers to submit applications to join the DPS. The application process assesses a potential supplier against a series of exclusion and selection criteria in the form of a supplier selection questionnaire (SQ). Under the Public Contracts Regulations 2015, every supplier that passes the SQ must be admitted onto the DPS.  <b>Stage Two</b> is the evaluation of mini-competitions for individual service contracts (services). All suppliers that have passed Stage One are invited to submit a bid for bus services as and when they are tendered. Only suppliers appointed to the applicable Lot may bid for services. Mini-competitions will be evaluated on a lowest price basis using a request for quote format. It is expected the vast majority of mini-competitions will follow this format, although there may be some instances where there is healthy competition (i.e. a reasonable number of suppliers likely to bid for the service) where an auction format may be better suited. The council will also reserve the right to evaluate using a most economically advantageous tender (MEAT) if it is deemed necessary to do so in any particular instance during the lifetime of the DPS (for example if there are special circumstances that require the council to assess a suppliers service offering as opposed to just accepting lowest price).  Due to the nature of the supply base, some of which are small, medium sized enterprises (SMEs) and the way services are tendered (i.e. mini-competition based

on lowest price), social value may be incorporated into the evaluation criteria depending upon the size of the organisation bidding.

### **Contract Detail**

The Public and Integrated Transport Service procure local and school bus services in Lancashire to carry a wide range of service users including children and elderly persons, in addition the services include local bus services across the county and into adjoining local authority areas that are complimentary to bus services provided on a commercial basis, and the provision of home to school journeys within Lancashire and surrounding areas.

Services are developed by the Public and Integrated Transport Service and let as individual contracts. There are 69 suppliers on the current framework, of those 47 suppliers are delivering approximately 237 contracts.

This procurement initiative is to develop a dynamic purchasing system (DPS) which will replace the current framework agreement that is due to expire 31 December 2019.

Mini-competitions are to be completed from the DPS from 1 January 2020, upon expiry of the current framework and suppliers may apply to join the DPS at any time during the term of the DPS.

To be accepted onto the DPS, suppliers will be required to meet minimum selection criteria and vehicles must comply with current public service vehicle/passenger carrying vehicle (PSV/PCV) legislation. Suppliers will be required to provide documented evidence, including the appropriate operator licences, insurance and policies and procedures to be admitted onto the DPS, and the council may upon request and throughout the lifetime of the DPS require suppliers to provide this evidence to confirm validity.

Utilising a DPS approach for the service will allow for a substantial, varied and flexible supply base to be built up over time. This will help increase competition for services and drive better value for the council over the longer-term, whilst meeting the council's key objective of providing a safe and reliable passenger transport service.

**Procurement Title**

Lancashire Urban Development Fund (UDF) – Procurement of Fund Manager

**Procurement Option**

OJEU open tender procedure

**New or Existing Provision**

New provision

**Estimated Contract Value and Funding Arrangements**

Approximately £330,000 per annum with a maximum contract value of £1,650,000.

The Fund Manager fees will be funded by European Regional Development Funding (ERDF) and the county council for the duration of the ERDF project up to March 2023. This will be at a rate of 60% ERDF and 40% county council funds. The investment interest will fund the Fund Managers fees in the longer-term after the ERDF project delivery has ended.

The council will cash flow the Fund Manager's fees until the ERDF funds and investment interest are received.

**Contract Duration**

The contract will be let for a period of 5 years.

Timescales for commencing the contract are indicative at this stage. It is anticipated that the Urban Development Fund will be formally launched in November 2019, although this timescale may change. It is dependent on a number of factors, in particular the approval of the ERDF funding by MHCLG and the establishment of the Limited Partnership structure for the UDF. Procurement of the Fund Manager cannot commence until the formal ERDF Grant Funding Agreement is signed.

**Lotting**

The tender will not be divided into lots as a single supplier is required to manage the fund.

**Evaluation****Quality Criteria 60%****Financial Criteria 40%**

Social value will account for 5% of the quality criteria. A requirement of ERDF funding is support for sustainable development and equality and diversity and the UDF will reflect these principles in relation to the loan investments and development of the industrial premises. The Fund Manager will be required to ensure that these principles are adhered to in the delivery of the UDF.

The remuneration of the Fund Manager will be a combination of fixed fees to cover operating costs and payment by results.

## **Contract Detail**

The contract is for a Fund Manager to manage the affairs of the Lancashire Urban Development Fund, including investment decisions.

## **Background to the Lancashire Urban Development Fund**

The creation of a new £25 million Urban Development Fund (UDF) vehicle that will undertake loan investment in industrial and commercial workspace in the Lancashire Local Enterprise Partnership area. The fund will comprise of £15 million of European Regional Development Fund (ERDF) grant funding, alongside a further £10 million of private sector, deal level matched co-investment.

Current market conditions are appropriate for the launch of a UDF in Lancashire primarily targeted at industrial workspace, especially for developments of smaller units up to 10,000sqft (930sqm) in size and for a small number of larger units. The Urban Development Fund will operate on the basis of investing in developments to bring forward activity that the market would not otherwise invest in.

To deliver the UDF, the county council will establish a new Special Purpose Vehicle (SPV) that will include the procurement of a professionally qualified Fund Manager to manage all the affairs of the fund, including the making of investment decisions in line with an agreed Investment Strategy. A Limited Partnership will be created by the SPV and a Holding Company Management Board will be established to oversee the management of the fund. An Investment Advisory Panel will be convened as a platform for stakeholders to review and advise on strategic direction of the fund and the way that the Fund Manager operates in Lancashire.

The ERDF funded UDF project will run from June 2019 to March 2023, with the fund anticipated to be launched in autumn 2019. After this period the ERDF funding will end and the UDF will operate on the basis of a recyclable fund, reinvesting the returns and interest in new schemes in Lancashire in the longer-term.

The Urban Development Fund will stimulate the growth and productivity of Small and Medium Sized Enterprises (SME's) in Lancashire by delivering quality fit-for-purpose industrial premises for businesses and help to unlock key strategic employment sites to support growth. The focus of the Fund will be set by an Investment Strategy supporting the key industrial sectors promoted by the Lancashire Enterprise Partnership.

The primary benefits of the UDF will be:

- An increased supply of quality industrial space for eligible SMEs in priority sectors;
- The potential unlocking of stalled and marginal developments;
- The stimulation of a more active developer and development finance market;
- The development of 6,000sqm of industrial workspace;
- £10 million of private sector investment in Lancashire; and
- The recycling of investment returns to create an 'evergreen' investment fund.

### **Procurement of UDF Fund Manager**

A professionally qualified and authorised Fund Manager will be procured to manage all the affairs of the fund, including marketing the fund, identifying and bringing forward deals and making investment decisions at all stages through to term, disposal or exit/realisation. The Fund Manager will act as 'General Partner' to the Limited Partnership under the proposed UDF delivery model.

The Fund Manager will use the ERDF capital to provide loan investments to develop quality fit-for-purpose industrial premises and secure £10 million matched co-investment from developers at a deal level. These investments will be in accordance with an agreed UDF Investment Strategy set by the Holding Company Management Board. The Investment Strategy will be subject to review by the Board and the Investment Advisory Panel during the lifetime of the UDF scheme.

It is anticipated that the UDF will invest at an average rate of approximately £3.5 million per year, realistically bringing forward circa 5 deals during the ERDF delivery period up to March 2023.

The Fund Manager will operate to a set of Investment and Operational Guidelines (IOGs) that set out terms for eligibility and investment type, range, risk profile, pricing and general conduct and will report to the UDF Holding Company Management Board. Key Performance Indicators (KPIs) will be contracted with the Fund Manager and will include achievement of investment targets, level of private sector investment secured and quantity of floor space built.

The output targets for the ERDF funding are 6,000sqm of commercial floor space built and £10 million of private sector investment matching public support.

**Procurement Title**

Supply of Asphalt Materials – Framework Agreement

**Procurement Option**

OJEU – Open tender procedure

**New or Existing Provision**

To replace an existing contract which expires in October 2019.

**Estimated Annual Contract Value and Funding Arrangements**

The estimated annual value is between £6,000,000, and £8,000,000, which will be funded by capital and revenue budgets.

**Contract Duration**

Four year period commencing 1 November 2019.

**Lotting**

Lot 1 – Materials to be delivered

Lot 2 – Materials to be collected

**Evaluation**

Stage One: In order for a supplier to join the framework each must complete and pass all parts of the industry standard Selection Questionnaire published by Crown Commercial Services;

Part 1 of the questionnaire gathers basic information about the supplier,

Part 2 of the questionnaire establishes if there are grounds for exclusion and

Part 3 of the questionnaire determines that the supplier meets criteria in respect of financial standing, technical capacity and mandatory requirement to meet the specification. All suppliers who pass Stage One of the evaluation will be appointed to the framework.

Stage Two: Calling-off materials from the framework will be based on the lowest price of fixed ranked prices for quantities up to 200 tonnes or the lowest price of a mini-competition for quantities over 200 tonnes.

**Contract Detail**

This contract is for the supply, delivery and collection of asphalt materials for Highway Services. Asphalt materials are currently purchased through an existing Framework Agreement, which is due to expire on 31 October 2019.

It is proposed that this will be a multi provider Framework Agreement which provides no guarantee of spend and no commitment to use. Purchases will be made on a call-off basis as and when required and the supplier will be selected on the lowest price of fixed ranked prices for quantities up to 200 tonnes or the lowest price of a mini-competition for quantities over 200 tonnes.