



5 Commercial Case

5.1 Introduction – market viability

5.1.1 As is typical for a Strategic Outline Business Case (SOBC), the Commercial Case will be developed further as the programme and individual schemes within the programme progress through our Transport for Norwich (TfN) assurance framework, as discussed in the Management Case.

5.1.2 We have considered the commercial viability of our proposals as follows.

Physical works

5.1.3 Assessing the commercial viability for physical works is straightforward. Cost estimates are based on consultants' databases of comparable works, whilst supply is largely based on existing framework agreements that have been used successfully for the delivery of similar requirements. In the main, the requirements are incremental – for additional bus lanes, cycle lanes, footways, junction improvements, etc. For larger schemes, such as bridges, the requirement is still comparatively modest and well understood.

Professional services

5.1.4 The market for professional services including design, traffic modelling, planning and scheme assessment is similarly mature and the council has well-established sources of supply through our design partners.

Electric vehicle charging

5.1.5 Should it be necessary to provide electric vehicle charging on street, such as for the Car Club parking locations, standards are now well developed for fast (as opposed to rapid) charging points.

5.1.6 Payment for these services will be via credit/debit card, in accordance with the government's ambitions set out in the DfT/OLEV consultation paper, *Electric vehicle smart charging*.



5.1.7 Our assessment of market viability is that:

- Standards for fast charging are now mature;
- Provision of fast charging in car parks is now mainstream;
- There are established providers of installation and maintenance services for fast charging infrastructure and – should use of the sockets be separately chargeable – for back office payment and data services.

Enhanced bus services

5.1.8 The majority of the bus network in Greater Norwich is operated on a commercial basis. The County Council supports around 40 bus services, at a cost of circa £1m per annum, which mainly covers Sunday and evening services.

5.1.9 We have firm commitments from two of our largest bus operators to invest in new vehicles and bus service provision. Letters of support outlining these commitments are presented in Annex 5. New vehicles will be procured directly by the bus operators themselves, and service provision will be delivered commercially. Bus operators will be responsible for all ongoing costs associated with operation of these vehicles. Audio and visual equipment within bus operator's vehicles will be procured directly by operators, who will also be responsible for all on-going costs.

Enhanced ticketing

5.1.10 Our two largest bus operators have committed to the roll-out of capped ticketing in line with the Moving Forward Together initiative rolled out in partnership with the Confederation of Passenger Transport by 2023. Both operators have stated that this could be accelerated in terms of bringing this forward to 2020 if external funding can be secured for additional contactless payment card readers.

Park & Ride services

5.1.11 There is an existing, mature Park & Ride service in Norwich that operates without public subsidy. Although there has been some decline in usage in recent years, the measures set out in this bid will make the service more attractive and our assessment therefore is that it will remain commercially viable.

Norfolk Car Club

5.1.12 The Norfolk Car Club is operated by Co-Wheels, a not-for-profit community interest company and is now the largest independent car club in the UK with 60 cars, doubling in size every two years. External funding is used to procure vehicles, which are then replaced by Co-Wheels at an appropriate time.



5.2 Output-based specification

- 5.2.1 The specification for physical works will be based on the specification for highway works which forms volume 1 of the Manual of Contract Documents for Highway Works (MCHW).
- 5.2.2 For electric vehicle charging, it is envisaged that the specifications will cover:
- The charging standards to be supported (and by extension the range of vehicles that can be charged and the speed of charging);
 - Payment mechanisms;
 - For any concession-based service, required up-time;
 - For maintenance of capital equipment, warranties and break-fix times.
- 5.2.3 For the Park & Ride service, parameters are likely to include routes covered, frequency, environmental standards, usage, reliability and customer satisfaction.

5.3 Procurement Strategy

- 5.3.1 The programme requires procurement of a range of works and services. The procurement strategy is to minimise risk and cost by using existing, mature supply arrangements where this is possible, and where these arrangements represent value for money. Existing arrangements include the council's term contracts for highway works, signals, highway and related professional services and construction and the collaborative arrangements via ESPO for electric vehicle charging and via the Eastern Highways Alliance (EHA) for infrastructure.
- 5.3.2 Where requirements are not in scope of these arrangements, NCC's experienced in-house sourcing team will undertake competitive tender exercises.
- 5.3.3 Consultancy support including engineering and urban design, economic modelling and environmental analysis will be provided via the council's term consultant WSP, or their sub-consultants. The term contract offers advantageous rates for the council as well as continuity of supply.
- 5.3.4 Schemes such as junction alterations, footways and cycle paths will be undertaken by the council's term contractor, Tarmac, under NEC Option C. The contract provides a stable local supply chain and delivers apprenticeships and other benefits.
- 5.3.5 Larger schemes or schemes for which Tarmac lacks capacity are likely to be procured via mini-competition under the Eastern Highways Alliance (EHA)



framework agreement, to provide effective competition whilst minimising bid costs.

- 5.3.6 The current iteration of the EHA has proven very successful, and the council has had experience of using it for a number of schemes, including the Norwich Fringe Drainage Project, valued at some £6.5m; the A148 Felbrigg roundabout (£500,000); Heath Farm access road (£750,000); the Hales Roundabout (£850,000); and the Hellesdon golf course junction redesign (£700,000). The council already has a further pipeline of projects through the EHA valued in the region of £13m.
- 5.3.7 Exceptionally, we may procure the largest schemes via an OJEU process – likely to be competitive procedure with negotiation. This is an option we may consider should we be awarded funding for our High delivery programme, along with Design and Build options via the Eastern Highways Alliance framework.
- 5.3.8 Should any of the schemes require significant building infrastructure, we will tender for this via the council's existing construction framework, which provides a stable local supply chain and additional social outcomes such as apprenticeships and training.
- 5.3.9 We would expect to procure any electric vehicle charging infrastructure through ESPO framework 636, which covers both light and heavy vehicle charging and associated back office infrastructure for monitoring and payment. However, for EV charging infrastructure on a concession basis, we would expect to procure via OJEU in accordance with the Concessions Directive.
- 5.3.10 In anticipation of a successful 'Transforming Norwich' bid, we envisage extending our current Park & Ride contract to 2022 but with an early termination provision should the service change radically before then, as a result of FMZ or TCF funding. This extension will provide us the necessary time to design and deliver any EV charging infrastructure necessary for the future Park & Ride service.
- 5.3.11 It is presently envisaged that the replacement contract will be procured via a lean competitive dialogue process – as was used for the procurement of the current service – and will incorporate requirements concerning vehicle type and integration with FMZ requirements.
- 5.3.12 We have reviewed our current relationship with the existing bus operators in the Greater Norwich Area in light of the opportunities provided by the Bus Services Act 2017. We are comfortable that these existing arrangements do not create barriers or significant risks to the successful delivery of the programme, and so it is difficult to justify pursuing use of the new Bus Services Act 2017 powers just because they are available. However, if barriers or significant risks to the successful delivery of the programme are identified, either now or in the future, we will review this position and use the most appropriate tools provided within the Bus Services Act 2017 to overcome barriers or avoid/mitigate risks to delivery.



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- 5.3.13 We would include FMZ requirements, if we are successful in that bid, in our re-procurement of our passenger transport information systems contract with Hogia, which expires in about eighteen months' time.