



Proposed renewal of subsidised local bus service contracts

Committee Operations

Date of meeting 11 March 2016

Date of report 01 March 2016

Report by Assistant Chief Executive (Operations)

1. **Object of report**

To recommend the Committee approves the award of contracts for the renewal of a number of subsidised local bus services.

This paper affects the East Renfrewshire, Glasgow City, North Lanarkshire, Renfrewshire, South Ayrshire and South Lanarkshire council areas.

2. **Background**

SPT subsidises bus services which are not provided by the commercial market but which are considered socially necessary in accordance with adopted guidelines. A proportion of these contracts are shortly due to expire and tenders have been sought for their renewal.

Operators wishing to bid must submit compliant tenders, but optional prices are also considered, whereby the operator may submit an optional vehicle specification, route or timetable change which would offer efficiency savings to SPT. Operators are also invited to package contracts where this may provide better value for money.

Tenders were also invited for optional contracts where the vehicle would be provided by SPT. In such circumstances the vehicle(s) would be provided to the operator on a full repairing lease basis for the lifetime of the contract, thereby reducing revenue costs.

The pressure on capital budgets is likely to inhibit opportunities for future vehicle purchases under the fleet replacement strategy. In order to safeguard the revenue budget savings achieved by services which are operated by SPT vehicles, it is proposed that any vehicles which become surplus to requirements will be retained and, where appropriate, redeployed, as a transitional measure aimed at managing ongoing capital spend.

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This report details the results of the tenders received and the recommended action.

Based on recommendations within this report there will be an annual increase of £72,542 against current expenditure.

3. Outline of proposals

Copies of all timetables are available on request.

Operators were given the flexibility to package contracts. As a result, the Committee is asked to consider the under noted package of contracts for award:

(a) *Toryglen - Croftfoot (service M2)*
Toryglen - Castlemilk (service 74) SPT vehicles

Newton Mearns - Mansewood - Shawlands - Glasgow (service 29) SPT vehicles

Hairmyres Hospital - East Kilbride - Hamilton - Torr Farm (service 205) SPT vehicles

The best value tender price for the above services, operated within contracts W030C1, W031D1 and W039D2 was received in the form of optional package 16838 submitted by First Glasgow, and is conditionally based on SPT supplying Optare Solo or equivalent vehicles by July 2018 for the delivery of the services contained within this package. The total package price is £570,960 and acceptance of this package will result in an annual saving of £31,152 on the lowest best value individual prices submitted for these contracts. This award would represent an annual saving of £21,498 against the current cost of these contracts.

(i) *Toryglen - Croftfoot (service M2)*
Toryglen - Castlemilk (service 74) SPT vehicles

Tenders were invited for a replacement of the current contract for services M2 and 74, which provide an hourly, Monday to Saturday daytime service between Toryglen and Croftfoot as service M2, and an hourly, Monday to Saturday daytime service between Toryglen and Castlemilk, as service 74.

The cost apportioned to contract W030C1 by First Glasgow, within package 16838, is £141,960 for the contract period 17 July 2016 until 10 July 2021, equivalent to an annual cost of £28,392, utilising SPT vehicles. The current annual cost to operate these services is £38,354, utilising SPT vehicles. This award would represent an annual saving of £9,962 against the current cost of this contract.

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(ii) *Newton Mearns - Mansewood - Shawlands - Glasgow (service 29) SPT vehicles*

Tenders were invited for a replacement of the current contract for service 29, which provides a Monday to Saturday daytime service between Newton Mearns and Shawlands, via Hillpark/Mansewood with additional daytime journeys operating between Hillpark and Shawlands, and an hourly, evening and Sunday service between Mansewood and Glasgow.

The cost apportioned to contract W031D1 by First Glasgow, within package 16838, is £338,000 for the contract period 17 July 2016 until 10 July 2021, equivalent to an annual cost of £67,600, utilising SPT vehicles. The current annual cost to operate this service is £64,924, utilising SPT vehicles. This award would represent an annual increase of £2,676 against the current cost of this contract.

(iii) *Hairmyres Hospital - East Kilbride - Hamilton - Torr Farm (service 205) SPT vehicles*

Tenders were invited for a replacement of the current contract for service 205, which provides an hourly, Monday to Saturday daytime service between Hairmyres Hospital and Torr Farm via East Kilbride and Hamilton.

The cost apportioned to contract W039D2 by First Glasgow, within package 16838, is £91,000 for the contract period 17 July 2016 until 10 July 2021, equivalent to an annual cost of £18,200, utilising SPT vehicles. The current annual cost to operate this service is £32,413, utilising SPT vehicles. This award would represent an annual saving of £14,213 against the current cost of this contract.

(b) *Rutherglen - Fernhill (service 14)*

Tenders were invited for a replacement of the current contract for service 14, which provides an hourly, Monday to Saturday daytime service between Rutherglen and Fernhill via Burnside.

The best value tender price for contract 4980G, was £76,400, from McGill's Buses, for the contract period 17 July 2016 until 14 July 2018, equivalent to an annual cost of £38,200. The current annual cost to operate this service is £17,973.

Based on the above, it is recommended that contract 4980G should be awarded to McGill's Buses, at a cost of £76,400. This award would represent an annual increase of £20,227 against the current cost of this contract.

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**(c) Moodiesburn - Coatbridge (service 245)
Moodiesburn - Glasgow Fort - Shettleston (service 310)**

Tenders were invited for a replacement of the current contract for services 245 and 310, which provides an hourly, Monday to Saturday daytime and early evening service between Moodiesburn and Coatbridge via Gartcosh as service 245, an hourly, Monday to Saturday daytime and early evening service between Moodiesburn and Shettleston via Gartcosh, and an hourly, evening and Sunday service between Gartcosh Station and Shettleston via Easterhouse, as service 310.

The best value tender price for contract LS074N, was £1,111,835, from McGill's Buses, for the contract period 17 July 2016 until 10 July 2021, equivalent to an annual cost of £222,367, utilising the operators own vehicles. The current annual cost to operate these services is £220,691, utilising SPT vehicles.

Based on the above, it is recommended that contract LS074N should be awarded to McGill's Buses, at a cost of £1,111,835. This award would represent an annual increase of £1,676 against the current cost of this contract.

(d) Coatbridge - Airdrie - Plains - Caldercruix (service 312)

Tenders were invited for a replacement of the current contract for service 312, which provides an hourly, daily evening service between Coatbridge and Caldercruix via Airdrie and Plains, and a 70 minute, Sunday daytime service between Coatbridge and Caldercruix via Airdrie and Plains.

The best value tender for contract LS076M, was £99,106 from McGill's Buses, for the contract period 17 July 2016 until 14 July 2018, equivalent to an annual cost of £49,553, utilising the operators own vehicle. The current annual cost to operate this service is £38,799, utilising an SPT vehicle.

Based on the above, it is recommended that contract LS076M should be awarded to McGill's Buses at a cost of £99,106. This award would represent an annual increase of £10,754 against the current cost of this contract.

(e) Rutherglen - Cathkin - Cairns (service 165)

Tenders were invited for a replacement of the current contract for service 165, which provides an hourly, Monday to Saturday evening and all day Sunday service between Rutherglen and Cairns via Cathkin.

The best value tender for contract LS083G, was £110,000, from McGill's Buses, for the contract period 17 July 2016 until 14 July 2018, equivalent to an annual cost of £55,000, utilising the operators own vehicle. The current annual cost to operate this service is £42,160, utilising an SPT vehicle.

Based on the above, it is recommended that contract LS083G should be awarded to McGill's Buses at a cost of £110,000. This award would represent an annual increase of £12,840 against the current cost of this contract.

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(f) Paisley - Hunterhill - Todholm - Dykebar - Lochfield (service 70)

Tenders were invited for a replacement of the current contract for service 70, which provides an hourly, Monday to Saturday daytime service between Paisley and Lochfield, via Hunterhill, Todholm and Dykebar.

The best value tender price for contract W038E was £61,551, from Gibson Direct, for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £20,517. The current annual cost to operate this service is £13,517.

Based on the above, it is recommended that contract W038E should be awarded to Gibson Direct at a cost of £61,551. This award would represent an annual increase of £7,000 against the current cost of this contract.

(g) Paisley - Royal Alexandra Hospital - Johnstone (service 20)

Tenders were invited for a replacement of the current contract for service 20, which provides an hourly, Sunday daytime service between Paisley and Johnstone via the Royal Alexandra Hospital.

The best value tender price for contract W047D was £18,009, from McGill's Buses, for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £6,003. The current annual cost to operate this service is £3,321.

Based on the above, it is recommended that contract W047D should be awarded to McGill's Buses at a cost of £18,009. This award would represent an annual increase of £2,682 against the current cost of this contract.

(h) Johnstone - Bridge of Weir - Linwood (service X6A)

Tenders were invited for a replacement of the current contract for service X6A, which provides an hourly, daily, evening service between Johnstone and Linwood via Bridge of Weir.

The best value tender price for contract W048D was £59,991, from Gibson Direct, for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £19,997. The current annual cost to operate this service is £15,459.

Based on the above, it is recommended that contract W048D should be awarded to Gibson Direct at a cost of £59,991. This award would represent an annual increase of £4,538 against the current cost of this contract.

(i) Airdrie/Coatbridge - Bargeddie - Baillieston - Glasgow (service 213)

Tenders were invited for a replacement of the current contract for service 213, which provides an hourly, daily, evening service between Airdrie/Coatbridge and Glasgow via Bargeddie and Baillieston and an early, Sunday morning return journey between Airdrie and Baillieston via Bargeddie.

The best value tender price for contract W056D, was £193,947, from McGill's Buses, for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £64,649, utilising the operators own vehicle. The current annual cost to operate this service is £49,246, utilising SPT vehicles.

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Based on the above, it is recommended that contract W056D should be awarded to McGill's Buses at a cost of £193,947. This award would represent an annual increase of £15,403 against the current cost of this contract.

(j) *Halfway - Cambuslang - East Kilbride (service 172) SPT vehicle*

Tenders were invited for a replacement of the current contract for service 172, which provides an hourly, Monday to Saturday daytime service between Halfway and East Kilbride via Cambuslang.

The best value tender price for contract W083P1 was £169,320, from McGill's Buses for the contract period 17 July 2016 until 10 July 2021, equivalent to an annual cost of £33,864, utilising an SPT vehicle. The current annual cost to operate this service is £46,490, utilising an SPT vehicle.

Based on the above, it is recommended that contract W083P1 should be awarded to McGill's Buses at a cost of £169,320. This award would represent an annual saving of £12,626 against the current cost of this contract.

(k) *South Ayrshire MyBus Rural (service 700) operator vehicle*

Tenders were invited for a replacement of the current contract for the South Ayrshire MyBus Rural service, which offers bookable, door-to-door transport in the more outlying parts of the council area.

The best value tender price was submitted by sole tenderer, Shuttle Buses, at a cost of £599,750 for the contract period 17 July 2016 until 17 July 2021, equivalent to an annual cost of £119,950 and is based upon the operator supplying the vehicle for use on the service.

Tenders were also invited based upon SPT supplying the vehicle and the lowest tender price in that case, was also submitted by Shuttle Buses, at a cost of £524,750 for the same contract period, equivalent to an annual cost of £104,950.

As the £15,000 per annum saving would not offset the capital outlay for the purchase of a replacement vehicle during the lifetime of the contract, it is recommended that contract 6965E1 (operator vehicle) be awarded.

This award would represent an annual increase of £31,546 against the current cost of this contract.

4. Committee action

The Committee is recommended to agree to:

- (a) the award of package 16838, containing contracts W030C1 (services M2,74), W031D1 (service 29) and W039D2 (service 205) to First Glasgow at a cost of £570,960, for the contract periods 17 July 2016 until 10 July 2021;
- (b) the award of contract 4980G (service 14) to McGill's Buses at a cost of £76,400 for the contract period 17 July 2016 until 14 July 2018;

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- (c) the award of contract LS074N (services 245,310) to McGill's Buses at a cost of £1,111,835 for the contract period 17 July 2016 until 10 July 2021;
- (d) the award of contract LS076M (service 312) to McGill's Buses at a cost of £99,106 for the contract period 17 July 2016 until 14 July 2018;
- (e) the award of contract LS083G (service 165) to McGill's Buses at a cost of £110,000 for the contract period 17 July 2016 until 14 July 2018;
- (f) the award of contract W038E (service 70) to Gibson Direct at a cost of £61,551 for the contract period 17 July 2016 until 13 July 2019;
- (g) the award of contract W047D (service 20) to McGill's Buses at a cost of £18,009 for the contract period 17 July 2016 until 13 July 2019;
- (h) the award of contract W048D (service X6A) to Gibson Direct at a cost of £59,991 for the contract period 17 July 2016 until 13 July 2019;
- (i) the award of contract W056D (service 213) to McGill's Buses at a cost of £193,947 for the contract period 17 July 2016 until 13 July 2019;
- (j) the award of contract W083P1 (service 172) to McGill's Buses at a cost of £169,320 for the contract period 17 July 2016 until 10 July 2021;

and

- (k) the award of contract 6965E1 (MyBus Rural 700) to Shuttle Buses at a cost of £599,750 for the contract period 17 July 2016 until 17 July 2021.

It should be noted that the award of the contract[s] is subject to satisfaction of the requirements of the mandatory standstill period for EU advertised public sector contracts.

5. Consequences

Policy consequences: *In line with Regional Transport Strategy.*

Legal consequences: *Contracts will be awarded subject to SPT's terms and conditions for transport contracts amended as required to take account of the optional tender award, together with bus lease agreements.*

Financial consequences: *The renewal of the contracts detailed in the committee paper will result in additional costs of £54,758 in 2016/17*

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Personnel consequences: *None.*

Risk consequences: *None.*

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