



## Proposed award of subsidised local bus service contracts

**Committee** Operations

**Date of meeting** 25 January 2019

**Date of report** 9 January 2019

### Report by Assistant Chief Executive

#### 1. Object of report

To recommend the Committee approves the award of a number of subsidised local bus service contracts.

This paper affects Argyll & Bute, East Ayrshire, East Dunbartonshire, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire council areas.

#### 2. Background

SPT currently subsidises 152 local bus services, connecting communities not served by the commercial market. These are considered socially necessary in accordance with SPT adopted guidelines. 62 of the current local bus service contracts will expire during 2019 – in total these contracts received subsidy in excess of £27m over the life of the contracts due to expire.

Prior to seeking replacement contracts SPT will always complete a needs analysis, reviewing patronage data for each specified journey. This assesses total patronage but also considers the value for money of all journeys. In addition, the opportunity is also taken to determine whether contracts can be amalgamated in situations where this may improve connectivity or reduce costs.

Operators must submit compliant tenders, but optional tenders are also considered, whereby the operator may submit an option which offers efficiency savings to SPT and added value to the customer. It is also permissible for operators to propose to package contracts where this may provide better value for money to SPT.

#### 3. Outline of proposals

Of the 62 advertised contracts, it is proposed to award 39 at this stage with a total contract value of £15,613,498 as detailed in Appendix 1. This will result in an annual saving of £142,711 to the subsidised bus budget when compared to the current annual contract value.

Whilst this initial set of contracts due for renewal represents a reduction in costs compared with the current position, it should be noted that the prices submitted for the remaining 23 contracts were considered excessive, with additional costs of £842,000. Notwithstanding the savings on contract costs in respect of those

recommended in this paper, and given that the budget for subsidised bus services is yet to be agreed, it is likely that acceptance of all of the bids received thus far would exceed the draft funding available for 2019/20. With that in mind, those contracts not yet recommended will be re-tendered in an effort to achieve a more satisfactory outcome.

Members are also advised that a number of contracts currently utilising SPT vehicles will be operated from the renewal date by operator-owned vehicles, resulting in vehicles being returned to SPT. These will be reallocated to other SPT services where vehicles are nearing or are beyond the replacement life, and where surplus will be disposed of.

Copies of all timetables are available on request.

Specific details of individual contracts are attached at Appendix 1, with the current cost and revised cost shown.

#### **4. Committee action**

The Committee is recommended to approve the contract awards as detailed in Appendix 1, noting that a further test of the market will be undertaken for the remaining contracts.

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:     | <i>In line with Regional Transport Strategy.</i>   |
| Legal consequences:      | <i>All contracts will be awarded subject to SPT's terms and conditions for transport contracts, together with vehicle lease agreement, where applicable.</i>   |
| Financial consequences:  | <i>The award of the contracts detailed in the committee paper will result in net savings of £143,826 in 2019/20. £155,092 is a saving against SPT's budgeted contract costs for 2019/20 with the balance of £11,266 being additional costs for other bodies (Dumfries and Galloway Council, South Ayrshire Council, Argyll and Bute Council and North Ayrshire Council).</i> |
| Personnel consequences:  | <i>None directly.</i>  |
| Equalities consequences: | <i>Seeks to reduce the incidence of social exclusion by supporting socially necessary services.</i>  |
| Risk consequences:       | <i>None directly.</i>  |

**Name** Valerie Davidson

**Name** Gordon MacIennan

**Title** Assistant Chief Executive

**Title** Chief Executive

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| contract | service no     | service description                                    | operator                               | bus<br>(proposed) | bus (current) | term<br>(years) | contract price | annualised price<br>(proposed) | annualised price<br>(current) | variance       |
|----------|----------------|--|--|-------------------|---------------|-----------------|----------------|--------------------------------|-------------------------------|----------------|
| 4800E    | 355            | Newhouse - Motherwell - North Lodge                    | First Glasgow (No.2)                   | Operator          | Operator      | 3               | £135,020.00    | £44,720.00                     | £41,279.68                    | £3,440.32      |
| 6169H    | 358/360        | Ayr - Girvan - Ballantrae - Stranraer                  | Western Buses - sole tenderer (option) | Operator          | Operator      | 3               | £350,484.00    | £116,083.87                    | £116,827.88                   | -£744.01       |
| 6485P    | X76            | Muirkirk - Cumnock - Kilmarnock                        | Western Buses - sole tenderer (option) | Operator          | Operator      | 3               | £274,038.00    | £90,764.18                     | £86,546.72                    | £4,217.46      |
| 6487H    | 219/319        | Stewarton Local  | Shuttle Buses - sole tenderer (option) | Operator          | Operator      | 3               | £66,222.00     | £21,933.40                     | £22,608.56                    | -£675.16       |
| 6917J    | 110            | Kilmarnock - Troon                                     | Western Buses - sole tenderer (option) | Operator          | Operator      | 2               | £89,188.00     | £44,594.00                     | £39,594.36                    | £4,999.64      |
| 6979K    | 113            | Irvine - Stewarton                                     | Shuttle Buses - sole tenderer          | Operator          | Operator      | 3               | £112,320.00    | £37,201.53                     | £34,027.76                    | £3,173.77      |
| 6985H    | 358/360        | Ayr - Girvan - Ballantrae - Stranraer                  | Western Buses - sole tenderer (option) | Operator          | Operator      | 3               | £486,165.00    | £161,022.80                    | £162,054.88                   | -£1,032.08     |
| 7918H    | 545            | Greenock - Inverclyde Royal Hospital - McInroy's Point | McGill's Bus Service - sole tenderer   | Operator          | Operator      | 3               | £135,000.00    | £44,713.38                     | £51,403.56                    | -£6,690.18     |
| 8811F    | 302            | Carrick Castle - Lochgoilhead Primary - Helensburgh    | Garelochhead Coaches                   | Operator          | Operator      | 3               | £225,000.00    | £74,522.29                     | £66,860.04                    | £7,662.25      |
| LS045E   | 757            | Paisley - Erskine - Clydebank                          | McGills Bus Service                    | Operator          | Operator      | 3               | £221,631.00    | £73,406.45                     | £69,923.36                    | £3,483.09      |
| LS060F   | 25             | Irvine - Kilwinning - Dalry - Beith/Kilbirnie - Beith  | Western Buses - sole tenderer (Option) | Operator          | Operator      | 3               | £421,269.00    | £139,528.59                    | £145,047.24                   | -£5,518.65     |
| W010D    | 248A/248B/248C | Law/Wishaw - Airdrie/Monklands Hospital                | Stuarts Coaches                        | Operator          | Operator      | 3               | £172,800.00    | £57,233.12                     | £58,011.20                    | -£778.08       |
| W041C    | 585A           | Largs - Ardrossan - Stevenston                         | Western Buses - sole tenderer (Option) | Operator          | Operator      | 3               | £157,875.00    | £52,289.81                     | £55,686.80                    | -£3,396.99     |
| W046C    | 507            | Greenock - Midton                                      | McGill's Bus Service - sole tenderer   | Operator          | Operator      | 3               | £80,943.00     | £26,809.15                     | £25,072.84                    | £1,736.31      |
| W049C    | 21             | Paisley - Renfrew - Braehead                           | McGill's Bus Service                   | Operator          | Operator      | 3               | £45,000.00     | £14,904.46                     | £16,294.20                    | -£1,389.74     |
| W050D1   | 27/27A/29/29A  | Irvine - Montgomery Park - Kilwinning Whitehirst Park  | Shuttle Buses                          | Operator          | Operator      | 3               | £265,200.00    | £87,836.94                     | £121,553.12                   | -£33,716.18    |
| W118B    | 4B             | Croy - Cumbernauld                                     | First Edinburgh                        | Operator          | Operator      | 1.5             | £3,276.00      | £2,184.00                      | £1,144.00                     | £1,040.00      |
| 6525J    | 322/323/324    | Brodick- Blackwaterfoot (Late Ferries)                 | Western Buses - sole tenderer          | SPT               | SPT           | 5               | £2.30 per mile | £2.30 per mile                 | £2.21 per mile                | £0.09 per mile |

## Package 17251

| contract | service no       | service description   | operator                      | bus<br>(proposed) | bus (current) | term<br>(years) | contract price | annualised price<br>(proposed) | annualised price<br>(current) | variance   |
|----------|------------------|---|-------------------------------|-------------------|---------------|-----------------|----------------|--------------------------------|-------------------------------|------------|
| 6517H    | 322/323/324      | Brodick - Blackwaterfoot  | Western Buses - sole tenderer | SPT               | SPT           | 5               | £4,198,000.00  | £836,383.14                    | £839,899.32                   | -£3,516.18 |
| 6518H    | 323/323A         | Brodick - Whiting Bay   | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6519H    | 322/323/324      | Brodick - Blackwaterfoot  | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6520H    | 322/323/323A/324 | Brodick - Blackwaterfoot  | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6521H    | 322              | Brodick - Blackwaterfoot  | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6522H    | 322/323/324      | Brodick - Whiting Bay/Blackwaterfoot                              | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6524H    | 322/323/323A/324 | Brodick - Blackwaterfoot  | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6628K    | 321/323          | Brodick Primary School - Corriegills Whiting Bay - Blackwaterfoot | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 6747N    | 323              | Kilmory Primary School - Corriecravie/Shannochie                  | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |
| 9609B    | 324              | Machrie - Shiskine Primary School                                 | Western Buses - sole tenderer | SPT               | SPT           | 5               |                |                                |                               |            |

## Package 17316

| contract | service no                     | service description  | operator           | bus<br>(proposed) | bus (current) | term<br>(years) | contract price | annualised price<br>(proposed) | annualised price<br>(current) | variance     |
|----------|--------------------------------|--|--------------------|-------------------|---------------|-----------------|----------------|--------------------------------|-------------------------------|--------------|
| 4199E    | 235/236                        | Bellshill - Holytown - Harthill  | JMB Travel Limited | Operator          | Operator      | 7               | £5,976,026.00  | £851,379.05                    | £958,189.96                   | -£106,810.91 |
| 9597E1   | DRT                            | Cumbernauld DRT  | JMB Travel Limited | Operator          | SPT           | 7               |                |                                |                               |              |
| 9603G1   | 344/344A/348/349/403/403A/403B | Lanarkshire Area DRT M19/M90/M98/M99/400 + Croy Local                              | JMB Travel Limited | Operator          | SPT           | 7               |                |                                |                               |              |
| W022E    | 365/366/367                    | Harthill - Shotts - Newmains - Wishaw General Hospital - Ravenscraig Sports Centre | JMB Travel Limited | Operator          | Operator      | 7               |                |                                |                               |              |
| W130     | 147/147A/247                   | Monklands Hospital - Cumbernauld - Kirkintilloch/Kilsyth                           | JMB Travel Limited | Operator          | Operator      | 7               |                |                                |                               |              |

## Package 17317

| contract     | service no | service description                              | operator            | bus<br>(proposed) | bus (current)   | term<br>(years) | contract price     | annualised price<br>(proposed) | annualised price<br>(current) | variance   |
|--------------|------------|--|---------------------|-------------------|-----------------|-----------------|--------------------|--------------------------------|-------------------------------|------------|
| <b>4841N</b> | 101/181    | Monklands Hospital - Upperton via<br>Glenmavis   | McNairn Coaches Ltd | <b>Operator</b>   | <b>Operator</b> | 3               | <b>£640,347.00</b> | £212,089.45                    | £221,939.12                   | -£9,849.67 |
| <b>W131</b>  | 213        | Airdrie - Coatbridge - Bargeddie - Glasgow       | McNairn Coaches Ltd | <b>Operator</b>   | <b>Operator</b> | 3               |                    |                                |                               |            |
| <b>W134</b>  | 16/117     | Cambroe - Coatbridge - Chapelhall -<br>Salsburgh | McNairn Coaches Ltd | <b>Operator</b>   | <b>Operator</b> | 3               |                    |                                |                               |            |
| <b>W138</b>  | 312        | Monklands Hospital - Plains - Caldercruix        | McNairn Coaches Ltd | <b>Operator</b>   | <b>Operator</b> | 3               |                    |                                |                               |            |

## Package 17324

| contract     | service no | service description | operator      | bus<br>(proposed) | bus (current) | term<br>(years) | contract price       | annualised price<br>(proposed) | annualised price<br>(current) | variance  |
|--------------|------------|---------------------|---------------|-------------------|---------------|-----------------|----------------------|--------------------------------|-------------------------------|-----------|
| <b>9556E</b> | DRT        | East Ayrshire DRT   | Shuttle Buses | <b>Operator</b>   | <b>SPT</b>    | 5               | <b>£1,557,694.00</b> | £310,345.16                    | £308,691.24                   | £1,653.92 |
| <b>9596E</b> | DRT        | Kilmarnock DRT      | Shuttle Buses | <b>Operator</b>   | <b>SPT</b>    | 5               |                      |                                |                               |           |