



Proposed renewal of subsidised local bus service contracts

Committee Operations

Date of meeting 22 January 2016

Date of report 14 January 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 Argyll and Bute, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire 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 contract specification which offers 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 the ongoing revenue costs.

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

Based on recommendations within this report there will be an annual saving of £7,375 against current prices.

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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 undernoted for award:

(a) **Bellshill - Harthill (service 235/236)**

Monklands Hospital - Upperton (service 101/181A)

Wishaw – Airdrie/Monklands Hospital (service 248A/248B)

Harthill/Torbothie – Shotts - Wishaw General Hospital/Netherton Industrial Estate/Ravenscraig Sports Centre (services 365/366/367)

The best value tender price for the above services, operated within contracts 4199D, 4841L, W010C and W022D was received in the form of package 16587, submitted by Stuarts Coaches. The total package price is £1,055,700 and acceptance of this package will result in an annual saving of £38,675 on the lowest individual prices submitted for the tenders. The award would represent an annual saving of £34,189 against the current cost of these contracts, with an SPT vehicle being returned and subsequently redeployed to an alternative contract to foster further budgetary savings.

(i) *Bellshill - Harthill (service 235/236)*

Tenders were invited for a replacement of the current contract for services 235/236, which together provide an hourly, daytime and evening service between Bellshill and Harthill, with evenings, Sundays and one early morning journey extending to serve Chapelhall.

The cost apportioned to contract 4199D by Stuarts Coaches, within package 16587, is £321,300 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £107,100. The current annual cost to operate these services is £107,349. This award would represent an annual saving of £249 against the current cost of this contract.

(ii) *Monklands Hospital - Upperton (service 101/181A)*

Tenders were invited for a replacement of the current contract for services 101/181A, which together provide an hourly, Monday to Saturday daytime service between Monklands Hospital and Upperton via Airdrie.

The cost apportioned to contract 4841L by Stuarts Coaches, within package 16587, is £93,600 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £31,200. The current annual cost to operate these services is £34,406. This award would represent an annual saving of £3,206 against the current cost of this contract.

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(iii) *Wishaw - Airdrie/Monklands Hospital (service 248A/248B)*

Tenders were invited for a replacement of the current contract for service 248A, which provides Monday to Friday daytime journeys between Monklands Hospital/Airdrie and Wishaw and service 248B which provides Monday to Friday daytime journeys between Monklands Hospital/Airdrie and Law via Wishaw.

The cost apportioned to contract W010C by Stuarts Coaches, within package 16587, is £154,800 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £51,600, which includes additional journeys. The current annual cost to operate this service is £58,602. This award would represent an annual saving of £7,002 against the current cost of this contract.

(iv) *Harthill/Torbothie - Shotts - Wishaw General Hospital/Netherton Industrial Estate/Ravenscraig Sports Centre (service 365/366/367)*

Tenders were invited for a replacement of the current contract for services 365, 366 and 367, which provide a Monday to Saturday 90 minute daytime service between Torbothie and Wishaw General Hospital as service 365, am and pm Monday to Saturday peak journeys and a two hourly daytime Sunday service between Harthill and Wishaw General Hospital, with weekday am journeys extending to Netherton Industrial Estate and pm journeys extending to Ravenscraig Sports Centre as service 366, and a daily hourly evening service between Harthill and Ravenscraig and a two hourly daytime Sunday service between Shotts and Wishaw General Hospital as service 367.

The cost apportioned to contract W022D by Stuarts Coaches, within package 16587, is £486,000 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £162,000 and is based on the use of operator vehicles and a slightly revised timetable. The current annual cost to operate this service is £185,732, utilising an SPT vehicle. This award would represent an annual saving of £23,732 against the current cost of this contract. The SPT vehicle allocated to this contract will be redeployed to an alternative contract to foster further budgetary savings.

(b) Shawlands - Silverburn (service 49)

Govan - Cardonald (service 124)

City Centre/Cessnock - Silverburn (service 153)

Tenders were invited for a replacement of the current contract for services 49, 124 and 153, which provide an hourly, Sunday daytime and early evening service between Silverburn and Shawlands via Thornliebank as service 49, a Monday to Saturday daytime service between Govan (Asda) and Cardonald via Mossbank as service 124, and a daily, evening and early Sunday morning service between Silverburn and Glasgow city centre with an hourly, Sunday daytime service between Silverburn and Cessnock as service 153.

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The opportunity has been taken to reassess the requirements of subsidised provision within sections of route provided by service 153 and therefore invite tenders for a slightly revised specification within contract W045B, which removes the earliest service 153 Monday to Saturday evening journey between Silverburn and Glasgow, since alternative commercial provision exists which satisfies SPT Guideline Criteria.

Passenger analysis prior to tendering indicated that late Sunday evening journeys of service 49 were very lightly used, and therefore the last two journeys in each direction were consolidated into one, which allows a more economical use of resources in delivery of the service.

A similar degree of low patronage was identified on service 153 on Sunday evenings and one trip in each direction between Silverburn and Cessnock was removed, thereby matching service levels more closely to actual demand.

The best value tender for contract W045B was submitted by Glasgow Citybus at a cost of £246,731 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £82,244. The current annual cost to operate this service is £76,428.

Based on the above, it is recommended that contract W045B should be awarded to Glasgow Citybus at a cost of £246,731. This award would represent an annual increase of £5,816 against the current cost of this contract.

(c) Paisley - Renfrew - Braehead (service 21)

Tenders were invited for a replacement of the current contract for service 21, which provides an hourly, Monday to Saturday evening and all day Sunday service between Paisley and Braehead, via Renfrew.

The sole tender for contract W049B was submitted by McGill's Buses at a cost of £45,000 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £15,000. The current annual cost to operate this service is £12,762.

Based on the above, it is recommended that contract W049B should be awarded to McGill's Buses at a cost of £45,000. This award would represent an annual increase of £2,238 against the current cost of this contract.

(d) Troon - Muirhead - Dundonald - Kilmarnock (service 110)

Tenders were invited for a replacement of the current contract for service 110, which provides a 90 minute, Monday to Saturday evening, and all day Sunday service between Troon and Kilmarnock via Muirhead and Dundonald.

The best value tender for contract 6917H was submitted by sole tenderer, Western Buses, as an optional tender. The optional tender offers a slightly revised timetable to that specified, providing improved connections to Crosshouse Hospital at visiting times.

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Furthermore, the option stipulates that Western Buses will revise the timetable of commercial service 10 (Barassie - Troon - Kilmarnock) to provide a Monday to Saturday early evening journey which serves Crosshouse Hospital grounds at visiting times. The optional tender price of £111,609, for the contract period 17 July 2016 until 13 July 2019, is equivalent to an annual cost of £37,203. The current annual cost to operate this service is £32,315.

Based on the above, it is recommended that contract 6917H should be awarded to Western Buses at a cost of £111,609. This award would represent an annual increase of £4,888 against the current cost of this contract.

(e) Paisley - Ferguslie Park - Phoenix Retail Park (service 264)

Tenders were invited for a replacement of the current contract for service 264, which provides two, Monday to Friday late evening return journeys between Paisley town centre and Phoenix Retail Park, via Ferguslie Park.

The sole tender for contract W043B was submitted by McGill's Buses at a cost of £22,968 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £7,566. The current annual cost to operate this service is £9,875.

Based on the above, it is recommended that contract W043B should be awarded to McGill's Buses at a cost of £22,968. This award will result in an annual saving of £2,309 against the current cost of this contract.

(f) Carrick Castle - Lochgoilhead - Arrochar - Helensburgh (service 302)

Tenders were invited for a replacement of the current contract for service 302, which provides a Monday to Saturday daytime service between Carrick Castle and Helensburgh via Lochgoilhead and Arrochar. At the request of funding partners Argyll and Bute Council, service 302 has been specified to operate on all public holidays throughout the contract term with the exception of 25th and 26th December and 1st and 2nd January, with the additional cost being funded wholly by Argyll and Bute Council.

The sole tender for contract 8811E was submitted by Garelochhead Coaches at a cost of £186,620 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £62,207. The current annual cost to operate this service is £55,977.

Based on the above, it is recommended that contract 8811E should be awarded to Garelochhead Coaches at a cost of £186,620. As noted above, this contract is funded by both Argyll and Bute Council and SPT and award is subject to agreement by Argyll and Bute Council of its contribution of £27,782 per annum to the cost of operation of this service, this would represent an increase of £3,479 per annum in SPT funding.

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(g) Newarthill - Motherwell - North Lodge (service 355)

Tenders were invited for a replacement of the current contract for service 355, which provides an hourly, daily, evening service between Newarthill and North Lodge, via Motherwell town centre and an hourly, Sunday daytime service between North Lodge and Motherwell town centre.

The best value tender for contract 4800D was £116,865 from First Glasgow, for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £38,955. The current annual cost to operate this service is £33,875.

Based on the above, it is recommended that contract 4800D should be awarded to First Glasgow at a cost of £116,865. This award would represent an annual increase of £5,080 against the current cost of this contract.

(h) Paisley - Clydebank (service 757)

Tenders were invited for a replacement of the current contract for service 757, which provides an hourly, Monday to Saturday evening, Saturday morning, and all day Sunday service between Paisley and Clydebank via Glasgow Airport and Inchinnan..

The sole tender for contract LS045C was submitted by McGill's Buses at a cost of £201,601 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £67,200. The current annual cost to operate this service is £64,009.

Based on the above, it is recommended that contract LS045C should be awarded to McGill's Buses at a cost of £201,601. This award would represent an annual increase of £3,191 against the current cost of this contract.

(i) Largs - Ardrossan - Stevenston (service 585A)

Tenders were invited for a replacement contract for service 585A which provides an hourly, Monday to Saturday evening service between Largs and Stevenston via Ardrossan.

The best value tender for contract W041B was submitted by Western Buses at a cost of £157,110 for the contract period 17 July 2016 until 13 July 2019, equivalent to an annual cost of £52,370. The current annual cost to operate this service is £51,112.

Based on the above, it is recommended that contract W041B should be awarded to Western Buses at a cost of £157,110. This award would represent an annual increase of £1,258 against the current cost of this contract.

(j) Muirkirk - Kilmarnock (service X76)

Tenders were invited for a replacement of the current contract for service X76, which provides an hourly, evening service between Muirkirk and Kilmarnock, an hourly, Sunday daytime service between Muirkirk and Cumnock and also a two hourly Sunday daytime service between Cumnock and Kilmarnock.

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The opportunity was taken to incorporate within the contract for this service, 6485N1, an additional Sunday morning journey between Cumnock and Kilmarnock, currently provided on contract W100T, at a cost equivalent to £2,633 per annum. The journey was introduced from October 2015 as a result of requests and subsequent agreement at a previous meeting of this Committee.

The best value tender for contract 6485N1 was submitted by sole tenderer Western Buses, within an optional tender. The optional tender offers to operate a revised timetable, with the element of the route between Muirkirk and Cumnock renumbered as service 42. The optional tender price of £240,012, for the contract period 17 July 2016 until 13 July 2019, is equivalent to an annual cost of £80,004. The current combined annual cost to operate this service is £74,032.

Based on the above, it is recommended that contract 6485N1 should be awarded to Western Buses at a cost of £240,012. This award would represent an annual increase of £5,972 against the current cost of this contract.

(k) East Dunbartonshire MyBus Rural (service 600) SPT vehicle

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

McGill's Buses submitted the most acceptable tender price, at a cost of £390,000 for the contract period 17 July 2016 until 17 July 2021, equivalent to an annual cost of £78,000, and is based upon SPT supplying an Optare Solo vehicle for use on the service. Since the current annual cost of the contract is £80,799, (based on use of an SPT bus), this represents a saving of £2,799 per annum.

Tenders were also invited based upon the operator supplying the vehicle and the lowest tender was also submitted by McGill's Buses, at a cost of £520,000 for the same contract period, equivalent to an annual cost of £104,000.

Accordingly, the option whereby SPT supplies the bus is £130,000 cheaper over the contract period and the saving to the revenue budget will offset the capital outlay of the purchase of the vehicle.

If the Committee agrees to this award, it will be necessary to purchase one Optare Solo bus at an approximate cost of £120,000. This is dealt with in a separate paper before this Committee.

4. Committee action

The Committee is recommended to agree to:

- (a) the award of package 16587 containing contracts 4199D (services 235/236), 4841L (services 101/181A), W010C (services 248A/248B) and W022D (services 365/366/367) to Stuarts Coaches at a cost of £1,055,700 for the contract periods 17 July 2016 until 13 July 2019;
- (b) the award of contract W045B (services 49,124,153) to Glasgow Citybus at a cost of £246,731, for the contract period 17 July 2016 until 13 July 2019;

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- (c) the award of contract W049B (service 21) to McGill's Buses at a cost of £45,000, for the contract period 17 July 2016 until 13 July 2019;
- (d) the award of contract 6917H (service 110) to Western Buses at a cost of £111,609, for the contract period 17 July 2016 until 13 July 2019;
- (e) the award of contract W043B (service 264) to McGill's Buses at a cost of £22,698, for the contract period 17 July 2016 until 13 July 2019;
- (f) the award of contract 8811E (service 302) to Garelochhead Coaches at a cost of £186,620, for the contract period 17 July 2016 until 13 July 2019 and subject to agreement by Argyll and Bute Council;
- (g) the award of contract 4800D (service 355) to First Glasgow at a cost of £116,865, for the contract period 17 July 2016 until 13 July 2019;
- (h) the award of contract LS045C (service 757) to McGill's Buses at a cost of £201,601, for the contract period 17 July 2016 until 13 July 2019;
- (i) the award of contract W041B (service 585A) to Western Buses at a cost of £157,110, for the contract period 17 July 2016 until 13 July 2019;
- (j) the award of contract 6485N1 (service X76) to Western Buses at a cost of £240,012, for the contract period 17 July 2016 until 13 July 2019;

and

- (k) the award of contract 2857G (MyBus Rural 600) to McGill's Buses at a cost of £390,000, 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 Regional Transport Strategy.*

Legal consequences: *All contracts will be awarded subject to SPT's terms and conditions for transport contracts and where applicable, vehicle lease agreements.*

Financial consequences: *The renewal of the contracts detailed in the paper will result in savings of £7,325 in 2016/17. The purchase of one vehicle at an approximate cost of £120,000 would impact on the 2016/17 capital budget which has not yet been approved. However, SPT's Indicative Capital Programme for 2016/17 currently shows an amount of £690,000 at Category 1 for "Purchase of buses and operational vehicles".*

Personnel consequences: *None.*

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Equalities consequences: *Seeks to reduce the incidence of social exclusion by supporting socially necessary bus services.*

Risk consequences: *None.*

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for further information please contact Alex Scott, Bus Services Manager on ext 3388