Proposed renewal of subsidised local bus service contracts

Committee  Operations

Date of meeting  31 January 2014  Date of report  22 January 2014

Report by Assistant Chief Executive (Operations)

1. Object of report

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

This paper affects East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow, North Ayrshire, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire council areas.

2. Background

SPT subsidises services 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 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 £199,937 against current prices.
3. **Outline of proposals**

Copies of all timetables are available on request.

In an attempt to achieve lower tender prices, operators were given the flexibility to package contracts. As a result, the Committee is asked to consider the under noted for award:

(a) **Kilsyth - Cumbernauld - Airdrie - Monklands Hospital (service 147)**
    Torrance - Glasgow (services 68, 71, 71A)

**Glasgow - Kirkintilloch/Torrance (service 72)**

**Moodiesburn - Kirkintilloch (service 178) SPT Vehicles**

**Glasgow - Stobhill Hospital (service 329) SPT Vehicles**
**Greenhills - Hairmyres Station (service 399)**
**East Kilbride - Eaglesham - Uplawmoor (services 395/396) SPT Vehicles**
**East Kilbride - Strathaven - Hamilton (service 13)**
**North Motherwell - Bellshill (service 209)**
**Glasgow - Stobhill Hospital (service 128) SPT Vehicle**
**Rutherglen - Cambuslang - Cairns (service 165)**

**Cambroie - Airdrie - Chapelhall/ Salsburgh (service 16) SPT Vehicle**
**Hamilton - Hillhouse/Little Earnock (service 226)**
**Hamilton - Whitehill (service 227) Hamilton - High Earnock (service 228)**

**Motherwell - Holytown - Aidrie (service 211)**
**Silvertonhill - Hamilton (service 230)**

The lowest tender prices for the above contracts were received in the form of package 15890, submitted by Henderson Travel. This package contains options on contracts 2838G, 3164F1 and 4833J which are noted below in further detail. The total package price received was £2,369,799 and acceptance of this package will result in an annual saving of £24,926 against the lowest individual prices submitted for the tenders, and an annual saving of £98,033 on current prices. The award of this package will result in surplus SPT vehicles from current contracts, being reallocated to alternative contracts to achieve further budgetary savings.

Details of contract W064 also contained within package 15890 can be found within a separate paper before this Committee, relating to the proposed award of subsidised local bus service contracts.

(i) **Kilsyth - Cumbernauld - Airdrie - Monklands Hospital (service 147)**

Tenders were invited for a replacement of the current contract for service 147, which provides an hourly, Monday to Saturday evening and all day Sunday service between Kilsyth and Monklands Hospital via Cumbernauld and Airdrie.

The cost apportioned to contract 2827K within this package is £196,197 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £65,399. The current annual cost to operate this service is £67,414 and is based on SPT supplying vehicles. This would represent an annual saving of £2,015 to the local bus budget, with the SPT vehicles being redeployed to alternative contracts.
**Torrance - Glasgow (services 68, 71, 71A)**

Tenders were invited for a replacement of the current contract for services 68 and 71/71A, which provides a Monday to Friday, peak hour commuter service between Torrance and Glasgow via Balmore as service 68 and a Monday to Sunday early morning and hourly evening service, between Torrance and Glasgow via Bishopbriggs as service 71/71A.

The cost apportioned to contract 2829J within this package is £67,173 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £22,391. The current annual cost to operate this service is £28,806. This would represent an annual saving of £6,415 to the local bus budget.

**(iii) Glasgow - Kirkintilloch/Torrance (service 72)**

Tenders were invited for a replacement of the current contract for services 72 and 178, which provides an hourly, Monday to Saturday daytime service between Glasgow and Kirkintilloch via Robroyston and Lenzie, with early evening extensions to Torrance, and an hourly, Monday to Saturday daytime service between Moodiesburn and Kirkintilloch via Chryston and Lenzie, as service 178.

The cost apportioned to the optional tender for contract 2838G within this package is £310,578 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £103,526. The current annual cost to operate this service is £124,678 and is based on SPT supplying three vehicles. The optional tender offers to operate services 72 and 178 as specified, using two SPT Vehicles and one operator owned vehicle and would represent an annual saving of £21,152 to the local bus budget, with the residual SPT vehicle being redeployed to an alternative contract.

**(iv) Glasgow - Stobhill Hospital (service 329) SPT Vehicles**

Tenders were invited for a replacement of the current contract for service 329, which provides a 30 minute, Monday to Sunday daytime and early evening service, between Glasgow and Stobhill Hospital via Roystonhill and Springburn.

The cost apportioned to the optional tender for contract 3164F1 within this package is £157,794 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £52,598 and is based on SPT supplying two vehicles. The current annual cost to operate this service is £118,878 utilising SPT Vehicles. This would represent an annual saving of £66,280 to the local bus budget.

**(v) Greenhills - Hairmyres Station (service 399)**

Tenders were invited for a replacement of the current contract for service 399, which provides Monday to Friday, morning and evening peak journeys between Greenhills and Hairmyres Station via Lindsayfield.

The cost apportioned to the optional tender for contract 4833J within this package is £53,125 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £17,708. The current annual cost to operate this service is £18,510.
The optional tender requests that permission is granted for the evening peak journeys on this service to be operated with an SPT vehicle operating on another contract. The award of this contract would represent an annual saving of £802 to the local bus budget.

**(vi) East Kilbride - Eaglesham - Uplawmoor (services 395/396) SPT Vehicles**

Tenders were invited for a replacement of the current contract for services 395/396, which provides an hourly Monday to Saturday daytime service between East Kilbride and Uplawmoor via Eaglesham.

The cost apportioned to contract 4840F1 within this package is £545,114 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £181,705 and is based on SPT supplying three vehicles. The current annual cost to operate this service is £169,702 utilising SPT Vehicles. The award of this contract would represent an annual increase of £12,003 to the local bus budget.

**(vii) East Kilbride - Strathaven - Hamilton (service 13)**

Tenders were invited for a replacement of the current contract for service 13, which provides an hourly, Monday to Saturday evening and all day Sunday service between East Kilbride and Hamilton via Strathaven.

The cost apportioned to contract 4846N within this package is £192,988 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £64,329. The current annual cost to operate this service is £63,013 and would represent an annual increase of £1,316 to the local bus budget.

**(viii) North Motherwell - Bellshill (service 209)**

Tenders were invited for a replacement of the current contract for service 209, which provides an hourly, evening service between North Motherwell and Bellshill via Motherwell and New Stevenston.

The cost apportioned to contract 4898V within this package is £82,154 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £27,385. The current annual cost to operate this service is £39,540 and would represent an annual saving of £12,155 to the local bus budget.

**(ix) Glasgow - Stobhill Hospital (service 128) SPT Vehicle**

Tenders were invited for a replacement of the current contract for service 128, which provides an hourly, Monday to Saturday daytime and early evening service between Glasgow and Stobhill Hospital via Possilpark and Milton.

The cost apportioned to contract LS040D within this package is £92,867 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £30,956 and is based on SPT supplying a vehicle. The current annual cost to operate this service is £56,086 utilising the operators own vehicle. The award of this contract would represent an annual saving of £25,130 to the local bus budget.
(x) Rutherglen - Cambuslang - Cairns (service 165)

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

The cost apportioned to contract LS083B within this package is £61,024 for the contract period 13 July 2014 until 16 July 2016, equivalent to an annual cost of £30,512. The current annual cost to operate this service is £29,924 and would represent an annual increase of £588 to the local bus budget.

(xi) Cambroe - Airdrie - Chapelhall/Salsburgh (service 16) SPT Vehicle Hamilton - Hillhouse/Little Earnock (service 226) Hamilton - Whitehill (service 227) Hamilton - High Earnock (service 228)

In an attempt to achieve lower prices, tenders were invited for the replacement of the current contracts for services 16, 226, 227 and 228 within consolidated contract W061, maximising the use of an SPT vehicle. Within contract W061, service 16 provides an hourly, Monday to Friday daytime service between Carnbroe and Chapelhall via Airdrie and Gartness, which extends to Salsburgh and operates via Coatbridge on a Saturday. Also within contract W061, service 226 provides an hourly, evening service between Hamilton, Hillhouse and Little Earnock and also service 227, which provides an hourly, Sunday daytime service between Hamilton and Whitehill, and service 228 which provides an hourly, Sunday daytime service between Hamilton and High Earnock.

The cost apportioned to contract W061 within this package is £273,747 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £91,249. The current annual cost to operate these services individually is £87,739 and would represent an annual increase of £3,510 to the local bus budget.

(xii) Motherwell - Holytown - Airdrie (service 211)

Tenders were invited for a replacement of the current contract for service 211, which provides an hourly, Monday to Saturday evening and all day Sunday service between Motherwell and Airdrie via Holytown.

The cost apportioned to contract W062 within this package is £101,426 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £33,809. The current annual cost to operate this service within South Lanarkshire DRT contract 9593C is £24,003. The award of this contract would represent an annual increase of £9,806 to the local bus budget.

(xiii) Silvertonhill - Hamilton (service 230)

Tenders were invited for a replacement of the current contract for the Monday to Saturday, early morning and early evening elements of service 230, which operate between Silvertonhill and Hamilton. The award of the Monday to Saturday daytime service is detailed separately within this paper under contract W023A.

The cost apportioned to contract W063 within this package is £34,055 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £11,352. The current annual cost to operate this service within South Lanarkshire DRT contract 9593C is £2,659. The award of this contract would represent an annual increase of £8,693 to the local bus budget.
(b) Royal Alexandra Hospital - Paisley (service 60)

Tenders were invited for a replacement of the current contract for service 60, which provides an hourly, evening service between the Royal Alexandra Hospital and Paisley.

McGills Buses were the sole bidder, with a tender price of £32,198 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £10,733. The current annual cost to operate this service is £10,909.

Based on the above, it is recommended that contract 5645R should be awarded to McGills Buses at a cost of £32,198. This would represent an annual saving of £176 to the local bus budget.

(c) Mosspark - Glasgow (service 59)

Tenders were invited for a replacement of the current contract for service 59, which provides a half hourly, Monday to Friday daytime service, and hourly, evening and all day Saturday and Sunday service between Mosspark and Glasgow City Centre.

The lowest compliant tender for contract LS005F was submitted by McGills Buses at a cost of £62,400 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £20,800. The current annual cost to operate this service is £50,966.

Based on the above, it is recommended that contract LS005F should be awarded to McGills Buses at a cost of £62,400. This would represent an annual saving of £30,166 to the local bus budget.

(d) Dumbarton - Tullichewan/Balloch (service 206)

Tenders were invited for a replacement of the current contract for service 206, which provides an hourly, evening service between Dumbarton and Tullichewan, and hourly, Sunday morning journeys between Dumbarton and Haldane via Balloch.

First Glasgow were the sole bidder, with a tender price of £91,870 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £30,623. The current annual cost to operate this service is £30,640.

Based on the above, it is recommended that contract LS009C should be awarded to First Glasgow at a cost of £91,870. This would represent an annual saving of £17 to the local bus budget.

(e) Stobhill Hospital - Glasgow (service M3)

Tenders were invited for a replacement of the current contract for service M3, which provides an hourly, Monday to Saturday early evening service between Stobhill Hospital and Glasgow City Centre via Springburn.

The lowest compliant tender for contract LS081A was submitted by First Glasgow at a cost of £64,222 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £21,407. The current annual cost to operate this service is £19,983.
Based on the above, it is recommended that contract LS081A should be awarded to First Glasgow at a cost of £64,222. This would represent an annual increase of £1,424 to the local bus budget.

(f) **East Kilbride - Carmunnock - Glasgow (service 31)**

Tenders were invited for a consolidated replacement of the current contracts for service 31/131, providing an hourly, Monday to Saturday evening and all day Sunday service between East Kilbride and Glasgow via Carmunnock.

The lowest compliant tender for contract LS082A was submitted by Henderson Travel at a cost of £205,069 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £68,356. The current annual cost to operate these services within contracts is LS082 and 4860F is £81,183.

Based on the above, it is recommended that contract LS082A should be awarded to Henderson Travel at a cost of £205,069. This would represent an annual saving of £12,827 to the local bus budget.

(g) **Millingavie - Anniesland (service 15)**

Tenders were invited for a replacement of the current contract for services 15 and 118, which provides an hourly, Monday to Saturday daytime service between Millingavie and Anniesland via Baljaffray as service 15 and hourly, Monday to Saturday evening and all day Sunday service between Duntocher or Hardgate and Gartnavel Hospital as service 118.

The lowest tender price for contract W033A was submitted by Glasgow Citybus, as an optional tender. This optional tender offers to provide an improved frequency to that specified, within an optional timetable for service 15. The optional tender price submitted was £209,806 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £69,935. The current annual cost to operate these services is £74,337.

Based on the above, it is recommended that contract W033A should be awarded to Glasgow Citybus at a cost of £209,806. This would represent an annual saving of £4,402 to the local bus budget.

(h) **Galston - Kilmarnock (service 332/A)**

Tenders were invited for a consolidated replacement of the current contracts for services 332/A and 334, which provide a Monday to Saturday daytime service between Galston and Kilmarnock via Southcraigs as service 332/A, whilst incorporating provision for Fenwick Primary School, and also a Monday to Friday daytime service between the Kilmarnock and the Grange Estate as service 334, with a evening peak hour extension to Southcraigs.

The lowest tender price for contract W040A1 was submitted by Shuttle Buses as an optional tender. This optional tender offers an alternative timetable to that specified, in addition to a new route providing a Monday to Friday peak hour service between Moorfield Industrial Estate and Kilmarnock. The optional tender price of £256,460 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of
The current annual cost to operate these services within contracts 6443B, 9596C and W040 is £95,450 and the award of this optional contract would represent an annual saving of £9,963.

This contract is funded through both SPT’s local bus and school transport budgets, with each funding element and percentage cost indicated in the table below, should this contract be awarded.

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<tr>
<th>Annual Price</th>
<th>Local Bus Budget</th>
<th>Schools Transport Budget</th>
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<td>£85,487</td>
<td>£81,687</td>
<td>£3,800</td>
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(i) **Maryhill - Riddrie (service 8)**
(ii) **Maryhill - Knightswood (service 94) SPT Vehicle**

Tenders were invited for a consolidated replacement of the current contracts for services 8 and 94, which provide an hourly, Monday to Saturday early evening and Sunday service between Riddrie and Maryhill via Springburn as service 8, and an hourly, Monday to Saturday daytime service between Maryhill and Knightswood via Anniesland as service 94.

The lowest compliant tender for contract W058A was submitted by First Glasgow at a cost of £154,322 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £51,441 and is based on SPT supplying a vehicle from its existing fleet. The current annual cost to operate service 8 and 94 within contracts 0950D and LS043A is £84,453.

Based on the above, it is recommended that contract W058A should be awarded to First Glasgow at a cost of £154,322. This would represent an annual saving of £33,012 to the local bus budget.

(j) **East Kilbride - Hamilton - Harthill - Edinburgh (service 904)**

Tenders were invited for a replacement of the current contract for service 904, which provides a Monday to Friday, peak time return journey between East Kilbride and Edinburgh, via Hamilton, Motherwell, Chapelhall and Harthill.

The lowest compliant tender price was submitted by Scottish Citylink Coaches as an optional tender. In addition to the specified festive holidays which result in no service on 25 & 26 December 2014 and 1 & 2 January 2015, the optional tender states there would also be no service between 27 December 2014 and 31 December 2014 inclusive, as is currently the case. The option offers to operate service 904 upon all public holiday Mondays through the contract period as is also currently the case. The option observes the operators own fare scale rather than SPT’s maximum permitted fare scale and also proposes that coach type vehicles will be used to deliver this service. The optional tender price of £43,551 is for the contract period 13 July 2014 until 11 July 2015. The current annual cost to operate this service is £39,149.

Based on the above, it is recommended that contract LS044J should be awarded to Scottish Citylink Coaches at a cost of £43,551. This would represent an annual increase of £4,402 to the local bus budget.
Tenders were invited for a replacement of the current contract for services M1, 230 and 299, which provides an hourly, Monday to Saturday daytime service between Elphinstone Crescent, Mossneuk, and Hairmyres Hospital via East Kilbride Bus Station as service M1, and an hourly, Monday to Saturday daytime service between Silvertownhill and Coatshill via Hamilton and Blantyre as service 230, in addition to Monday to Friday peak time journeys between Bellshill and Strathclyde Business Park as service 299.

The lowest compliant tender for contract W023A was submitted by First Glasgow at a cost of £62,400 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £20,800 and is based on SPT supplying two vehicles. The current annual cost to operate this service is £35,913 utilising SPT Vehicles.

Based on the above, it is recommended that contract W023A should be awarded to First Glasgow at a cost of £62,400. This would represent an annual saving of £15,113 to the local bus budget.

Tenders were invited for a consolidated replacement of the current contracts for services 32 and 125, providing an hourly, Monday to Saturday daytime service between Kilbirnie and Beith via Glengarnock, and hourly, early morning, evening and all day Sunday service between Irvine and Beith via Kilbirnie and Glengarnock.

Western Buses were the sole bidder, with a tender price of £515,583 for the contract period 13 July 2014 until 15 July 2017, equivalent to an annual cost of £171,861. The current annual cost to operate these services within contracts is LS060A and 6544P is £173,915.

Based on the above, it is recommended that contract LS60C1 should be awarded to Western Buses at a cost of £515,583. This would represent an annual saving of £2,054 to the local bus budget.

4. Committee action

The Committee is recommended to agree to

(a) The award of package 15890 containing contracts, 2827K (service 147), 2829J (services 68,71/71A), 2838G (services 72,178), 3164F1 (service 329), 4833J (service 399), 4840F1 (service 395/396), 4846N (service 13), 4898V (service 209), LS040D (service 128), LS083B (service 165), W061 (services 16,226,227,228), W062 (service 211), W063 (service 230) to Henderson Travel at a cost of £2,369,799;

(b) The award of contract 5645R (service 60) to McGills Buses at a cost of £32,198 for the contract period 13 July 2014 until 15 July 2017;
(c) The award of contract LS005F (service 59) to McGills Buses at a cost of £62,400 for the contract period 13 July 2014 until 15 July 2017;

(d) The award of contract LS009C (service 206) to First Glasgow at a cost of £91,870 for the contract period 13 July 2014 until 15 July 2017;

(e) The award of contract LS081A (service M3) to First Glasgow at a cost of £64,222 for the contract period 13 July 2014 until 15 July 2017;

(f) The award of contract LS082A (service 31) to Henderson Travel at a cost of £205,069 for the contract period 13 July 2014 until 15 July 2017;

(g) The award of contract W033A (services 15,118) to Glasgow Citybus at a cost of £209,806 for the contract period 13 July 2014 until 15 July 2017;

(h) The award of contract W040A1 (service 332/A,334) to Shuttle Buses at a cost of £256,460 for the contract period 13 July 2014 until 15 July 2017; subject to the approval of East Ayrshire Council in respect of its contribution of £3,800 per annum;

(i) The award of contract W058A (services 8,94) to First Glasgow at a cost of £154,322 for the contract period 13 July 2014 until 15 July 2017;

(j) The award of contract LS044J (service 904) to Scottish Citylink Coaches at a cost of £43,551 for the contract period 13 July 2014 until 11 July 2015;

(k) The award of contract W023A (services M1,230,299) to First Glasgow at a cost of £62,400 for the contract period 13 July 2014 until 15 July 2017;

(l) The award of contract LS60C1 (services 32,125) to Western Buses at a cost of £515,583 for the contract period 13 July 2014 until 15 July 2017;

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:  

_All contracts will be subject to SPT’s terms and conditions for transport contracts and when appropriate, vehicle lease agreements._

Financial consequences:  

_The award of contracts detailed in this committee paper will result in savings of £154,249 in 2014/15._

Personnel consequences:  

_None._

Social inclusion:  

_Maintains socially necessary services._

Risk consequences:  

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