



### Proposed renewal of subsidised local bus services

**Committee**            Operations

**Date of meeting**    20 January 2017

**Date of report**    18 January 2017

#### 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, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, 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. It is also permissible for operators 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 £55,324 to the subsidised bus budget.

##### 3.    **Outline of proposals**

Copies of all timetables are available on request.

The Committee is asked to consider the under noted packages of contracts for award:

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**(a) North Motherwell – Motherwell Rail Station – Bellshill (service 209)**

**Dumbarton – Tullichewan/ Haldane (service 206)**

**Glasgow City Centre – Milton - Stobhill Hospital (service 128)**

**Glasgow City Centre – Springburn - Stobhill Hospital (service M3)**

**Glasgow City Centre – Carmunnock – East Kilbride (service 31)**

**Hairmyres Hospital – East Kilbride Bus Station – Elphinstone Crescent / Coatshill – Blantyre – Hamilton – Silvertonhill / Bellshill – Strathclyde Business Park (services M1/230/299)**

**Maryhill – Riddrie / Knightswood (service 8/94)**

The best value tender price for the above services, operated within contracts 4898Z, LS009D, LS040K, LS081B, LS082C, W023B and W058B was received in the form of optional package 17036, submitted by First Glasgow (No.1). The total package price is £1,001,378 and acceptance of this package will result in an annual saving of £48,853 against the current cost of these contracts, with SPT vehicle utilisation remaining at current levels.

*(i) North Motherwell – Motherwell Rail Station - Bellshill (service 209)*

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

The cost apportioned to contract 4898Z by First Glasgow, within package 17036, is £104,664 for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £34,888. The current annual cost to operate this service is £37,964. This award would represent an annual saving of £3,076 against the current cost of this contract.

*(ii) Dumbarton – Tullichewan/ Haldane (service 206)*

Tenders were invited for a replacement of the current contract for service 206, which provides an hourly, daily, evening service, between Dumbarton and Tullichewan and 3 journeys on Sunday mornings between Haldane, Tullichewan and Westcliff Terminus.

The cost apportioned to contract LS009D by First Glasgow, within package 17036, is £93,087 for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £31,029. The current annual cost to operate this service is £27,972.

This award would represent an annual increase of £3,057 against the current cost of this contract.

*(iii) Glasgow City Centre – Milton - Stobhill Hospital (service 128)*

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

The cost apportioned to contract LS040K by First Glasgow, within package 17036, is £257,005 for the contract period 16 July 2017 until 16 July 2022, equivalent to an annual cost of £51,204. The current annual cost to operate this service is £54,554. This award would represent an annual saving of £3,350 against the current cost of this contract.

This contract currently utilises one SPT vehicle, and the optional tender specifies that, at time of its replacement, and, prior to end 2018, it should be replaced through the fleet renewal programme with an Optare Solo or equivalent type vehicle.

(iv) *Glasgow City Centre – Springburn - Stobhill Hospital (service M3)*

Tenders were invited for a replacement of the current contract for service M3, which provides 2 return journeys in the evening, Monday to Saturday, between Glasgow City Centre and Stobhill Hospital via Springburn.

The cost apportioned to contract LS081B by First Glasgow, within package 17036, is £72,195 for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £24,065. The current annual cost to operate this service is £20,250. This award would represent an annual increase of £3,815 against the current cost of this contract.

(v) *Glasgow City Centre – Carmunnock – East Kilbride Bus Station (service 31)*

Tenders were invited for a replacement of the current contract for service 31, which provides an hourly evening service, Monday to Saturday, between Glasgow City Centre and Carmunnock/East Kilbride Bus Station and an hourly, daytime and evening service, between Glasgow City Centre and East Kilbride via Carmunnock.

The cost apportioned to contract LS082C by First Glasgow, within package 17036, is £217,347 for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £72,449. The current annual cost to operate this service is £78,995. This award would represent an annual saving of £6,546 against the current cost of this contract. This tender is based on an optional timetable which incorporates minor timetable alterations and a number of commercially operated journey extensions between Glasgow City Centre and Carmunnock.

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- (vi) *Hairmyres Hospital – East Kilbride Bus Station – Elphinstone Crescent (service M1)*

*Coatshill – Blantyre – Hamilton – Silvertonhill (service 230)*

*Bellshill – Strathclyde Business Park (service 299)*

Tenders were invited for a replacement of the current contract for services M1, 230 and 299, which provide an hourly daytime service, Monday to Saturday, between Hairmyres Hospital and Elphinstone Crescent, with lunchtime journey curtailed at East Kilbride Bus Station as service M1, a 70 minute frequency daytime service, Monday to Saturday, between Coatshill and Silvertonhill via Hamilton as service 230 and an a.m. and p.m. peak time service, Monday to Friday, between Bellshill and Strathclyde Business Park, as service 299.

The cost apportioned to contract W023B by First Glasgow, within package 17036, is £45,940 for the contract period 16 July 2017 until 16 July 2022, equivalent to an annual cost of £9,153. The current annual cost to operate these services is £17,450. This award would represent an annual saving of £8,297 against the current cost of this contract.

This contract currently utilises two SPT vehicles, and the tenders specifies that, at time of replacement, and prior to end 2018, it should be replaced through the fleet renewal programme with Optare Solos or equivalent type vehicles.

- (vii) *Maryhill – Riddrie / Knightswood (services 8/94)*

Tenders were invited for a replacement of the current contract for services 8 and 94, which provide 3 evening journeys Monday to Saturday and an hourly, daytime and evening service on Sundays, between Maryhill and Riddrie, as service 8 and an hourly daytime service, Monday to Saturday, between Maryhill and Knightswood, as service 94.

The cost apportioned to contract W058B by First Glasgow, within package 17036, is £211,140 for a contract period 16 July 2017 until 16 July 2022, extended through an option from the tendered 3 years, equivalent to an annual cost of £42,066. The current annual cost to operate these services is £76,522. This award would represent an annual saving of £34,456 against the current cost of this contract. This tender is based on an optional timetable which incorporates minor timetable alterations and a commercially operated extension of some journeys between Partick Bus Station and Maryhill Shopping Centre.

Whilst this contract was tendered on the basis of the operator utilising its own vehicles, this tender is based on delivery of the services using one operator vehicle and one SPT vehicle, which will be accommodated through existing fleet redeployment and will remain with this contract until the time of its replacement, prior to end 2018, when it should be replaced through the fleet renewal programme with an Optare Solo or equivalent type vehicle.

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## **(b) Kilsyth - Cumbernauld - Airdrie - Monklands Hospital (service 147/A)**

Tenders were invited for a replacement of the current contract for service 147/A, which provides an hourly, evening service Monday to Saturday and an hourly Sunday daytime and evening service on Sundays between Kilsyth and Monklands Hospital via Cumbernauld Town Centre and Airdrie.

The best value tender for contract 2827M was submitted by McGill's Buses at a cost of £237,000 for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £79,000, utilising the operators own vehicles. The current annual cost to operate this service is £69,623, utilising two SPT vehicles.

Based on the above, it is recommended that contract 2827M should be awarded to McGills Buses at a cost of £237,000. This award would represent an annual increase of £9,377 against the current cost of this contract.

The SPT vehicles currently allocated to this contract will be redeployed to alternative contracts or disposed of.

## **(c) Royal Alexandra Hospital - Paisley (service 60)**

Tenders were invited for a replacement of the current contract for service 60, which provides a late evening service, Monday to Saturday, and a half hourly, evening Sunday service, between the Royal Alexandra Hospital and Paisley.

McGill's Buses were the sole bidder, for contract 5645S, with a tender price of £22,194, for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £7,398. The current annual cost to operate this service is £10,224.

Based on the above, it is recommended that contract 5645S should be awarded to McGill's Buses at a cost of £22,194. This would represent an annual saving of £2,826 against the current cost of this contract.

## **(d) Millport Pier - Cumbrae Slip (service 320)**

Tenders were invited for a replacement of the current contract for service 320, which provides a late evening return journey on Fridays, during the recognised summer periods, and a Monday to Saturday evening and all day Sunday service during the recognised winter period, between Millport Pier and Cumbrae slip.

Millport Motors were the sole bidder, for contract 6801K, with a tender price of £126,000, for the contract period 16 July 2017 until 16 July 2022, equivalent to an annual cost of £25,103. The current annual cost to operate this service is £23,029.

Based on the above, it is recommended that contract 6801K should be awarded to Millport Motors at a cost of £126,000. This would represent an annual increase of £2,074 against the current cost of this contract.

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**(e) Kilbirnie - Beith (service 32)**

**Irvine - Kilwinning - Dalry - Beith (service 125)**

Tenders were invited for a replacement of the current contract for services 32 and 125, which provide an hourly, daytime service Monday to Saturday between Kilbirnie and Beith via Glengarnock, as service 32, and an early morning, hourly evening and all day Sunday service between Irvine and Beith via Kilwinning and Dalry, as service 125.

Analysis of journey patterns prior to tendering identified that there were no passengers using the first journey on service 125, between Irvine and Dalry and so this section of the route has been removed.

The best value tender, for contract LS060D, was submitted by Shuttle Buses at a cost of £313,638 for the contract period 16 July 2017 until 13 July 2019, equivalent to an annual cost of £156,819 which is equivalent to the current cost to operate these services.

Based on the above, it is recommended that contract LS060D should be awarded to Shuttle Buses at a cost of £313,638. This award would be cost neutral.

**(f) Kilmarnock - Galston (service 332)**

**Kilmarnock - Moorfield Industrial Park (service 333) Kilmarnock - Grange Estate/Southcraigs (service 334)**

Tenders were invited for a replacement of the current contract for services 332,333 and 334, which provide a daytime service Monday to Saturday between Kilmarnock town centre and Galston via Southcraigs as service 332, peak time service Monday to Friday between Kilmarnock and Moorfield Industrial Park as service 333 and a daytime Monday to Saturday service between Kilmarnock town centre and the Grange Estate, with a Monday to Friday am and pm peak hour extension to Southcraigs as service 334,

The best value tender, for contract W040B was submitted by Western Buses at a cost of £256,056 for the contract period 16 July 2017 until 11 July 2020, equivalent to an annual cost of £85,352. The current annual cost to operate these services is £84,942.

Based on the above, it is recommended that contract W040B should be awarded to Western Buses at a cost of £256,056. This would represent an annual increase of £410 against the current cost of this contract.

**(g) Greenock - Wemyss Bay - Largs (services 576, 578)**

Tenders were invited for a replacement of the current contract for services 576 and 578, which provide an evening service, daily, between Greenock and Largs, via Wemyss Bay.

The process of contract renewals offers the opportunity for comprehensive analysis of the services and their patronage. As a result, the timetables were streamlined to consolidate journeys on service 578 and to remove the last Sunday evening journey between Largs and Greenock, on service 576.

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McGill's Buses were the sole bidder, for contract W060B1, with a tender price of £70,000, for the contract period 16 July 2017 until 13 July 2019, equivalent to an annual cost of £35,000. The current annual cost to operate these services is £37,162.

Based on the above, it is recommended that contract W060B1 should be awarded to McGill's Buses at a cost of £70,000. This would represent an annual saving of £2,162 against the current cost of this contract.

**(h) Kilmacolm - Quarriers Village - Bridge of Weir - Johnstone (service X7A)  
Kilmacolm - Greenock (service 530)**

Tenders were invited for a replacement of the current contract for services X7A and 530, which provides a daytime service, Monday to Saturday between Kilmacolm and Johnstone via Quarriers Village and Bridge of Weir as service X7A, and an hourly, Monday to Saturday evening and Sunday service between Kilmacolm and Greenock as service 530.

The process of contract renewals offers the opportunity for comprehensive analysis of the services and their patronage. As a result, the timetables were streamlined to consolidate journeys on service X7a and to remove an early morning return journey, Monday to Saturday between Bridge of Weir and Johnstone, on service X7a.

The best value tender, for contract W065B4 was submitted by McGill's Buses at a cost of £205,175 for the contract period 16 July 2017 until 16 July 2022, equivalent to an annual cost of £40,878, utilising one SPT vehicle. The current annual cost to operate these services is £52,903, utilising the operators own vehicle.

Based on the above, it is recommended that contract W065B4 should be awarded to McGill's Buses at a cost of £205,175. This would represent an annual saving of £12,025 against the current cost of this contract.

This contract requires one SPT vehicle which will be accommodated through redeployment of existing vehicles.

**(i) Lomond Shores - Rosshead - Bonhill (service 207)**

Tenders were invited for a replacement of the current contract for service 207, which provides an hourly Monday to Saturday daytime service between Lomond Shores and Bonhill, via Balloch, Rosshead and Alexandria.

The best value tender, for contract W066D was submitted by Garelochhead Coaches at a cost of £75,000 for the contract period 16 July 2017 until 16 July 2022, equivalent to an annual cost of £14,943, utilising the operators own vehicle. The current annual cost to operate this service is £18,061, utilising one SPT vehicle.

Based on the above, it is recommended that contract W066D should be awarded to Garelochhead Coaches at a cost of £75,000. This would represent an annual saving of £3,119 against the current cost of this contract.

This contract is currently operated using one SPT vehicle and this will be returned to SPT and redeployed to an alternative contract or disposed of.

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## (j) Stonehouse - Strathaven (service 254)

Tenders were invited for a replacement of the current contract for service 254, which provides an hourly, daytime service, Monday to Saturday between Stonehouse and Strathaven.

The best value tender, for contract W075E1 was submitted by Whitelaw's Coaches at a cost of £46,000 for the contract period 16 July 2017 until 14 July 2018, this being an equivalent annual cost to that currently. This is an optional tender which stipulates that specified journeys will be incorporated within the timetable of commercial service 254, thereby duplicating current contractual arrangements.

The option also specifies use of the operator's own fare-scale and that a Saturday service will operate between 27 December 2017 and 31 December 2017 inclusive. The current annual cost to operate this service is £44,200.

Based on the above, it is recommended that contract W075E1 should be awarded to Whitelaw's Coaches at a cost of £46,000. This would represent an annual increase of £1,800 against the current cost of this contract.

## 4. Committee action

The Committee is recommended to agree to:

- (a) the award of optional package 17036 containing contracts 4898Z (service 209), LS009D (service 206), LS040K (service 128), LS081B (service M3), LS082C (service 31), W023B (services M1/230/299) and W058B (services 8/94) to First Glasgow (No.1) at a cost of £1,001,378 for the contract periods 16 July 2017 until 11 July 2020, or until 16 July 2022, utilising four SPT vehicles;
- (b) the award of contract 2827M (service 147/A) to McGill's Buses at a cost of £237,000, for the contract period 16 July 2017 until 11 July 2020;
- (c) the award of contract 5645S (service 60) to McGill's Buses at a cost of £22,194 for the contract period 16 July 2017 until 11 July 2020;
- (d) the award of contract 6801K (service 320) to Millport Motors at a cost of £126,000 for the contract period 16 July 2017 until 16 July 2022;
- (e) the award of contract LS060D (services 32 and 125) to Shuttle Buses at a cost of £313,638 for the contract period 16 July 2017 until 13 July 2019;
- (f) the award of contract W040B (services 332,333 and 334) to Western Buses at a cost of £256,056 for the contract period 16 July 2017 until 11 July 2020;
- (g) the award of contract W060B1 (services 576 and 578) to McGill's Buses at a cost of £70,000 for the contract period 16 July 2017 until 13 July 2019;
- (h) the award of contract W065B4 (services X7A and 530) to McGill's Buses at a cost of £205,175 for the contract period 16 July 2017 until 16 July 2022;

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- (i) the award of contract W066D (service 207) to Garelochhead Coaches at a cost of £75,000 for the contract period 16 July 2017 until 16 July 2022;

and

- (j) the award of contract W075E1(service 254) to Whitelaw's Coaches at a cost of £46,000 for the contract period 16 July 2017 until 14 July 2018;

## 5. Consequences

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

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

Financial consequences: *The renewal of the contracts detailed in the committee paper will result in savings of £40,463 in 2017/18.*

Personnel consequences: *None*

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

Risk consequences: *None.*

Eric Stewart  
**Assistant Chief Executive (Operations)**

Gordon MacLennan  
**Chief Executive**

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



### Proposed renewal of the Kilcreggan - Gourock ferry service

**Committee**            Operations

**Date of meeting**    20 January 2017

**Date of report**    18 January 2017

#### Report by Assistant Chief Executive (Operations)

##### 1.    **Object of report**

To recommend the Committee agrees to the renewal of a contract for the subsidised Kilcreggan – Gourock ferry service.

*This paper affects the Argyll & Bute and Inverclyde Council areas.*

##### 2.    **Background**

SPT has for many years subsidised the Kilcreggan – Gourock ferry route on a socially necessary service basis. The principal users of the service are commuters travelling to and from HMNB Faslane and RNAD Coulport, along with commuters who travel to Gourock to connect with the train service to Glasgow.

Members were advised in a previous report that there has for some time been a local campaign for the service to be transferred to Scottish Government control. Following direction by the Transport Minister in this regard, Transport Scotland has confirmed to SPT and other parties that it is willing to assume responsibility for the service and has indicated that, if agreed, the most appropriate way forward is to incorporate the Kilcreggan service into the new Gourock – Dunoon ferry contract, which is scheduled to commence in July 2017 and which is awarded and controlled by Transport Scotland.

Since the current contract for the Kilcreggan – Gourock service expires on 1 April 2017 and the Dunoon - Gourock contract does not commence until July 2017, procurement was required to ensure continuation of the Kilcreggan service until such time as transfer is arranged and a timescale finalised for its incorporation into the Dunoon contract. This ensures that ferry passengers will have continued access to a service.

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In previous discussions with SPT about the timeline, Transport Scotland intimated that, to permit the new Dunoon contract to settle in and become established operationally, it did not feel it would be practical to merge the Kilcreggan service within the first year of operation. SPT therefore invited tenders for a short-term contract for Kilcreggan – Gourock on that basis, with provision for contract extension for up to a maximum of seven years should it prove necessary, in order to secure the future of the service and ensure that passengers will have continued transport while SPT awaits further details from Transport Scotland

### **3. Tendering exercise**

Tenders were invited for two options. One was based on the current timetable, whilst the other invited prices for one which included an additional return sailing from Gourock on Monday – Friday evenings. Only one contract would be awarded.

A tendering exercise took place at the end of 2016, with the closing date being 12 December. In the event, however, only one submission was received and it was therefore decided that, to ensure effective competition in the interests of the public purse, a further exercise should be undertaken. The second exercise resulted in an improved response, with three tender submissions, although one was ruled non-compliant and therefore could not be considered.

The annual cost of the current contract is £160,192.

The best value tender was submitted by Clydelink Ltd for Contract 1923E, which is based upon the existing timetable and the price submitted was £319,538 for the initial contract period from 3 April 2017 until July 2018, equivalent to an annual price of £247,999. This represents an annual increase of £87,807.

The next lowest price submitted for Contract 1923E was submitted by Garelochhead Support Services (Plant) Ltd and the price was £401,000 for the initial contract period until July 2018, equivalent to an annual price of £311,223. This represents an annual increase of £151,031.

Tender prices submitted for Contract 1923E1 were deemed unaffordable.

It is therefore recommended that Contract 1923E is awarded to Clydelink Ltd at a cost of £319,538.

### **4. Committee action**

The Committee is recommended to agree to the award of Contract 1923E to Clydelink Ltd, at a cost of £319,538 for the initial contract period commencing on 3 April 2017, with the contract extendable for up to seven years based upon the equivalent annual price submitted, and subject to any annual price adjustments provided for in the Conditions of Contract.

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## 5. Consequences

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

Legal consequences: *Contract to be awarded.*

Financial consequences: *The additional costs of this contract can be contained within the draft 2017/18 budget.*

Personnel consequences: *None.*

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

Risk consequences: *None.*

Eric Stewart  
**Assistant Chief Executive (Operations)**

Gordon MacLennan  
**Chief Executive**

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