

## **Bus Services on the Isle of Arran - contract award**

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**Date of meeting** 13 June 2025

**Date of report** 28 May 2025

**Report by Head of Bus Strategy & Delivery**

### **1. Object of report**

The purpose of this report is to seek approval from the committee for the award of contract for the operation of supported local bus services on the island of Arran and for the purchase of replacement buses to operate these services.

### **2. Background to report**

As previously reported to the Committee<sup>1</sup> all registered local bus services and school transport on the island of Arran are commissioned by SPT and operated by Stagecoach Western. The services are scheduled to serve the local communities on the island, connecting with ferry departures and arrivals at Brodick where possible, and providing a Home to School Transport (HST) service. The latter is funded by North Ayrshire Council (NAC) providing HST to around 200 pupils serving six primary schools and one secondary school.

Members will be aware that there has been considerable disruption to the ferry service between Arran and the mainland over recent years, due to the planned introduction of two new vessels on this route, the MV Glen Sannox and MV Glen Rosa. The MV Glen Sannox was introduced in January 2025, with sailings departing from Troon as the new vessels cannot yet be accommodated at Ardrossan. CalMac has intimated that sailings will temporarily recommence from Ardrossan to Brodick in June 2025, when legacy vessel, MV Caledonian Isles, is anticipated to return to service. Construction of the MV Glen Rosa is anticipated to be completed during 2026 although the final date is not yet confirmed. Such disruption has impacted on Arran ferry patronage, visitor numbers and usage of local bus services on the island. Uncertainty and the possibility of further delays and disruption create a further challenge for the island as a whole, and for transport operators in predicting future passenger levels on both the ferry and local bus services.

The uncertainty and subsequent impacts are further compounded as a result of the delay to the Ardrossan harbour project.

The current contract (already extended) to Stagecoach Western for the Arran bus services is due to end on 12 July 2025. The total value of the contract extension was £1,710,304 for a period of 67 weeks (equivalent of £1,327,400 per annum).

By way of background, members are advised SPT purchased 12 diesel buses in 2015 for use on the Arran services at a total cost of £1.5M, which are leased to Stagecoach Western on a full

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<sup>1</sup> [https://www.spt.co.uk/media/oc1nk4lg/ops260124\\_agenda7.pdf](https://www.spt.co.uk/media/oc1nk4lg/ops260124_agenda7.pdf)

repair and maintenance lease basis. The buses are approaching end of life and require to be replaced going forward.

A tendering exercise for the renewal of contracts was undertaken during September/October 2024, inclusive of revised timetable options to accommodate the future ferry services (as known at that time) and options for supply of new buses to serve on these routes. Tender returns were received by the incumbent operator only. However, the offers received did not appear to offer best value and were subsequently rejected. It is understood the uncertainty of revised ferry operations, resulted in challenges for the operator in projecting the consequential impact on future operations, resulting in significantly higher prices being submitted to SPT.

Given this, and further to discussions with North Ayrshire Council (NAC), it was agreed with NAC that SPT would continue to work towards securing contractual arrangements for the continuation of the local bus services and dedicated school transport on Arran to commence on 13 July 2025. Direct negotiation has been held with the current operator in an attempt to agree a way forward.

Further details on the Arran local bus services can be found at the following link; <https://www.spt.co.uk/travel-with-spt/bus/bus-timetables/>

### **3. Outline of proposals**

Direct negotiation identified two fleet scenarios, and these were discussed with the operator:

1. SPT to source and supply 12 x replacement buses for operation on the island of Arran. Exact bus type(s) and models to be confirmed by SPT via a separate procurement exercise. Total cost anticipated to be c£2.4M based on market feedback. This would be on a full repair and maintenance lease basis for the duration of the contract, with SPT retaining title of the buses.
2. Operator option to source and supply 12 x replacement buses for operation on the island of Arran. Bus models and types confirmed by the operator as x8 new 74 plate Volvo B8RLE eVoRa and x4 Optare Solo 24 plate. This would be on a full repair and maintenance lease basis for the duration of the contract, with SPT funding purchase of the buses and retaining title.

In terms of option one, the operator confirmed that it would not be possible to operate the new contract with the existing vehicles and that new / alternative buses would be required. SPT therefore conducted market testing and identified a cost of circa £2.4 million. However, SPT acknowledge that timeously securing replacement buses to align with a new contract in July 2025, would not be possible. It was also acknowledged that any buses supplied by SPT may differ from those already in the operator's current fleet, which the operator must consider from a maintenance and repairs perspective. Additionally, it was acknowledged that purchasing 12 buses alone, as opposed to larger fleet orders, may result in a premium cost to SPT.

In terms of option two, the operator confirmed that they could timeously supply replacement buses of the necessary scope and specification for operation on the island. The operator further confirmed that the proposed bus types in question were common amongst their fleet and were suitable for operation on the island, offering some advantages from a maintenance and repairs perspective. Stagecoach agreed to provide a quotation for the 12 replacement buses, as part of their wider fleet orders. Stagecoach also confirmed SPT and NAC branding could be incorporated.

Given the above, SPT progressed further direct negotiations with Stagecoach with the view to agreeing a contract based on scenario two solely.

Further to these discussions, Stagecoach provided a revised quotation for the provision of local bus services on Arran for the period 13 July 2025 until 12 July 2031 (313 weeks) with a total

contract value of £9,172,700 (equivalent of £1,528,783 per annum). This will result in an annual increase of £201,383 when compared to the current annual contract value. Stagecoach also confirmed the total cost of the 12 buses to be £2,348,000, which is consistent with expected market values.

#### 4. Committee action

The Committee is recommended to approve;

- The award of contract AR006 to Stagecoach Western, for the period 13 July 2025 until 12 July 2031 (313 weeks) with a total contract value of £9,172,700 (equivalent of £1,528,783 per annum). Noting that the award of the contract is subject to the approval of North Ayrshire Council and confirmed associated funding.
- The purchase of 12 buses by SPT, to be supplied by Stagecoach Western, at a total cost of £2,348,000, to be leased to the operator on a full repair and maintenance lease basis for the duration of contract AR006.

#### 5. Consequences

Policy consequences	<i>In line with the Regional Transport Strategy and SPT's framework for local bus services.</i>
Legal consequences	<i>Suitable terms &amp; conditions for the purchase of vehicles: SPT's terms and conditions for Transport contracts; and Vehicle lease agreements.</i>
Financial consequences	<i>Provision is contained within the 2025/2026 supported service budget for the increased costs of these contracts from a SPT perspective. The funding share for these contracts relevant to North Ayrshire is still subject to approval.</i>  <i>There is a category 1 capital budget in 2025/2026 for the purchase of operational vehicles which can be utilised to fund the purchase of the 12 buses as detailed above.</i>
Personnel consequences	<i>None directly.</i>
Equalities consequences	<i>The proposals support continued operation of local bus services and as such no impact assessment is required</i>
Risk consequences	<i>Lack of certainty on the Arran Ferry timetable increases risks in respects of operation of the local bus services and associated contracts.</i>
Climate Change, Adaptation & Carbon consequences	<i>Provision of supported local bus services supports modal shift and efforts to reduce transport emissions</i>

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**Title** **Head of Bus Strategy & Delivery**

**Name** Valerie Davidson  
**Title** **Chief Executive**

For further information, please contact *Gordon Dickson, Head of Bus Strategy & Delivery* on 0141 333 3407.

# APPENDIX 1

contract	service no	service description	operator	comments	bus (proposed)	bus (current)	term (years)	contract price	annualised price (proposed)	annualised price (current)	variance
AR006 (Arran group of contracts)	321/322/ 323A/324	Brodick - Blackwaterfoot - Whiting Bay Kilmory Primary School - Corriecravie/Shannochie - Shiskine Primary School - Brodick Primary School	Western Buses (Option) (Sole Bidder)	Optional Farescale. Funding partnership with NAC 55%, SPT 45%.	SPT (12)	SPT (12)	6	£9,172,700	£1,528,783	£1,327,400	£201,383
								£9,172,700	£1,528,783	£1,327,400	£201,383