



**Proposed renewal of subsidised local bus service contracts**

**Committee**            Operations

**Date of meeting**    24 June 2016

**Date of report**    02 June 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 South Ayrshire council area.*

**2.     Background**

SPT subsidises bus 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 option which would offer efficiency savings to SPT. Operators are also invited to package contracts where this may provide better value for money.

In certain instances, 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 increase of £48,214 per annum against current expenditure.

**3.     Outline of proposals**

Copies of all timetables are available on request.

**(a) Girvan Hospital/Girvan - Pinmore - Colmonell (service 362)**

Tenders were invited for a replacement of the current contract for service 362, which provides a Monday to Saturday daytime service between Girvan Hospital/Girvan and

Colmonell, via Pinmore or Lendalfoot and incorporates school journeys for pupils attending Girvan Academy.

The best value tender for contract LS078D was submitted by Shuttle Buses as an optional tender. The tender stipulates a reduced number of journeys to that specified. The optional tender price of £264,996 for the contract period 18 July 2016 until 13 July 2019 is equivalent to an annual cost of £88,332. The current annual cost to operate this service is £37,097 within contract LS078, which was the apportioned amount within a previous package award.

Based on the above, it is recommended that contract LS078D should be awarded to Shuttle Buses at a cost of £264,996. This contract is funded by both SPT and South Ayrshire Council Education Department, with the cost currently apportioned 55.37% and 44.63%, respectively. The funding allocation of this contract has been reconsidered to take account of the indicative costs for providing standalone school transport, the result of which allocates an annual cost of £42,732 (48.38%) to SPT and £45,600 (51.62%) to South Ayrshire Council. Therefore, the award of this tender would represent an annual increase of £22,191 in SPT funding.

The award of this contract will require ratification from South Ayrshire Council.

**(b) Ayr – Girvan/Stranraer (Services 358/360)**

Tenders were invited for replacements of the current contracts for services 358 and 360, which are provided with partial subsidy, in the form of 2 return journeys daytime and an hourly evening service, Monday to Saturday between Ayr and Girvan, and an hourly daytime and evening service between Ayr and Girvan on Sundays; the route between Girvan and Stranraer is delivered with full subsidy and provides a 2 hourly daytime and evening service Monday to Saturday and a 3 hourly service daytime and early evening on Sundays. Combined within these services are journeys which provide free home to school transport for pupils attending Girvan Academy.

The best value tenders received for contracts 6169F and 6985G, were submitted by sole tenderer Western Buses, and amounted to £324,945 and £452,889 respectively, for the period of the contracts, 18 July 2016 and 13 July 2019, these amounts having been reduced from previous tender exercises through post tender negotiations. The annual equivalent of these tender bids equate to £108,315 and £150,963, a saving of £14,450 and an increase of £30,902 per annum, respectively over the cost of current contracts 6169B and 6985C, which are £122,765 and £120,061 per annum.

As a consequence of the cross boundary nature of the route and provision of school transport journeys on contract 6985G, funding for this contract is currently apportioned between SPT (23.48%), SWestrans (31.89%) and South Ayrshire Council Education Department (44.63%), but these allocations have been adjusted to reflect the removal of local service mileage within SWestrans boundary and also the indicative cost of providing standalone school transport. At point of contract renewal, allocation of the annual cost of contract 6985G will be SPT, £68,664 (45.48%), SWestrans £36,699 (24.31%) and South Ayrshire Council £45,600 (30.21%).

Based on the above, it is recommended that contracts 6169F and 6985G should be awarded to Western Buses at cost of £324,945 and £452,889. The award of both of these tenders would represent an annual increase of £26,023 in SPT funding.

The award of these contracts will require ratification from SWestrans and South Ayrshire Council Education Department.

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

The Committee is recommended to agree to:

(a) the award of contract LS078D (service 362) to Shuttle Buses at a cost of £264,996 for the contract period 18 July 2016 until 13 July 2019, subject to agreement by South Ayrshire Council in respect of its contributions;

and

(b) the award of contract 6169F, at a cost of £324,945 and contract 6985G, at a cost of £452,889, (services 358 and 360) to Western Buses, subject to agreement by SWestrans and South Ayrshire Council in respect of their contributions.

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: *Award will be subject to SPT's terms and conditions for transport contracts and agreement from South Ayrshire Council and SWestrans.*

Financial consequences: *The renewal of the contracts detailed in the committee paper will result in additional costs of £31,728 to SPT in 2016/17.*

Personnel consequences: *None.*

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

Risk consequences: *None.*

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Gordon MacLennan  
**Chief Executive**

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

