

**ANGUS COUNCIL**

**INFRASTRUCTURE SERVICES COMMITTEE - 20 JANUARY 2009**

**SUBJECT: RESULTS OF LOCAL BUS SERVICE TENDERING EXERCISE**

**REPORT BY DIRECTOR OF INFRASTRUCTURE SERVICES**

**Abstract: This report details the results of a recent tender renewal exercise for local bus service contracts due to expire on 31 March 2009.**

**1 RECOMMENDATION**

It is recommended that the Committee –

- 1 agree that the current contracts be extended for 2 months to 31 May 2009 as detailed in this report; and
- 2 consider the award of the local bus service contracts as detailed in Appendices 1, and 2 to this report as part of the budget process; and
- 3 note that a further report will be brought to the Committee reviewing the criteria for the award of local bus service contracts.

**2 INTRODUCTION**

- 2.1 A number of local bus service contracts are due for renewal on 31 March 2009. These contracts have been the subject of consultation and re-tendering/re-negotiation - this report details the results of this exercise.

**3 LOCAL BUS SERVICES DUE FOR RENEWAL**

- 3.1 Contracted journeys on the following local bus service corridors have been the subject of a recent re-tendering exercise undertaken in line with EU tendering requirements:

- Arbroath – Auchmithie
- Stracathro – Auchmithie
- Arbroath – Condor
- Kirriemuir Demand Responsive Transport Services
- Montrose – Arbroath
- Forfar – Montrose – Brechin – Stracathro – Edzell (Sun)
- Forfar – Brechin – Stracathro/Edzell
- Forfar – Brechin
- Monifieth – Forfar
- Forfar – Fern – Forfar
- Bogindollo – Little Brechin – Brechin
- Friockheim – Montrose – Glens Est.
- Downfield – Auchterhouse/ Murroes – Inveraldie

- Montrose – Brechin – Stracathro/Edzell
- Brechin Town Service
- Glenesk – Brechin (Fri)
- Inveraldie – Westhall Terrace – Dundee
- Monifieth – Monikie – Forfar
- Friockheim – Brechin – Stracathro
- Arbroath – Brechin – Stracathro

In addition, a number of contracts secured under 'Best Value' provisions, as outlined in Appendix 11a of Angus Council's Financial Regulations, were the subject of re-negotiation. These 'Best Value' contracts were:

- Letham – Forfar (early a.m. bus Mon - Fri)
- Dundee – Murroes – Tealing
- Dundee – Forfar – Glamis (Sun)
- Arbroath – Forfar – Westfield (Daily)
- Brechin Town Service (Mon – Fri p.m.)
- Lunanhead – Forfar (morning peak)
- Dundee – Monifieth (Sun a.m.)
- Dundee – Monifieth (Sun p.m.)

3.2 Prior to re-tendering/re-negotiation of the contracts a rigorous consultation exercise was undertaken to establish the service levels required, timetables and routes for the replacement contracts. While the previous contract timetables could have simply been re-tendered it was recognised that over time peoples' travel patterns change e.g. their place or time of work may alter, there may be new developments they wish to access etc. The consultation exercise sought to identify any changes required to the current service provision and involved:

- passenger surveys;
- consultation with operators;
- consultation with Community Councils;
- consultation with Local Members;
- notices on buses inviting comments; and
- editorial in newspapers inviting comments.

3.3 The results of this consultation exercise were taken into account when determining the timetables for the revised services. This approach is in line with Sections 3.1, 3.2 and 4.2.2 of the Council's Public Transport Policy Statement. This states that the Council will "seek the provision of socially necessary public transport services not provided commercially, commensurate with the demand for such services and the cost of provision" that "the Council will maximise the economic, environmental and social benefits from expenditure on public transport within the limits of the available resources" and that "the Council will determine the overall level of support for bus services over and above the commercial network, on a basis of an on-going review of needs and a continuous monitoring of existing facilities".

3.4 The consultation exercise confirmed that the contracts were meeting the needs of the majority of the users, however, it highlighted that improvements could be made to the current services to meet additional demands identified and to better serve existing users.

## 4 RESULTS OF TENDER

- 4.1 Details of the tenders sought are available in the Members' Lounge. The offers received are detailed in [Appendix 1, 1a](#) to this report. In total 71 bids were received for the 37 contracts put out to tender.
- 4.2 For some services alternative tenders were sought; these were as follows:

### A215 and A216 : Ferryden – Montrose – Hillside (Sun)

Tenders were sought for the existing timetable (A215) and for an alternative option in A216 with an additional journey at 08:26 from Ferryden to Sunnyside Hospital and return to meet workers requests.

### A217 and A218 : Ferryden – Montrose – Hillside (Mon - Sat)

Tenders were sought for a two bus operation as present in the early evening on contract A217 while contract A218 was for a slightly reduced one bus operation. Throughout the day a half-hourly service is provided on this corridor until approx 19:00 when it decreases to hourly. By implementing the hourly service from 18:00 (Contract A218) it is possible to operate this contract with one bus saving £12,168 in a full financial year. Usage of the current higher frequency journeys between 18:00 and 19:00 is however substantial at 234 passengers per week.

### A225, A226, A227 and A249 : Forfar – Brechin – Stracathro/Edzell (Mon - Sat)

Tenders were sought for journeys in contract A225 operating from 06:28 to 23:15. A226 added a 22:35 journey on Friday evenings from Forfar to Brechin. A227 added journeys at 22:35 on Friday and Saturday evenings, while A249 at the request of Aberdeenshire Council sought bids for services to continue beyond Edzell to Edzell Woods.

### A229 and A230 : Forfar – Noranside – Forfar (Sat)

Tenders were sought for two options A229 where the first journey would operate as a scheduled bus service but later journeys would only operate on request, while A230 is for a wholly demand responsive transport (DRT) service with passengers having to pre-book their journeys. Contract A230 was sought as an alternative to the conventional service as it was considered that this may provide a cheaper option as it would only operate if required and possibly would also not incur the maximum mileage costs. The tender price for the DRT option was higher than the conventional contract price therefore it is not considered that the DRT option should be considered in this instance.

### A236, A237, A238 and A239 : Friockheim – Montrose (Mon – Sat)

Tenders were sought for A236 the current morning shoppers service between Friockheim and Montrose. A237 included an afternoon journey, A238 included morning and evening peak journeys while A238 added in additional evening peak journeys.

### A243 and A244 : Glenesk – Brechin – (Montrose) (Fri)

Tenders were sought under A243 for the current Friday shoppers service between Glenesk and Brechin while A244 extended the journey once a month from Invermark to Montrose.

#### A245, A246, A247 and A248 : Arbroath – Brechin – Stracathro (Daily)

Tenders were sought under A245 for the current service between Arbroath, Brechin and Stracathro. A246 provides for an additional workers journey at 07:50 from Arbroath to Brechin. In tender A247 the first bus to Brechin commences from Friockheim rather than Arbroath, while A248 provides later buses between Friockheim and Brechin on Saturdays.

- 4.3 The re-tendering exercise showed significant increases in the tender prices received for like-for-like contracts, these averaged 58.55%.
- 4.4 Appendix 2 details the results of the Best Value Contract re-negotiation. These contract prices have increased approximately 7%.

### **5 OPTIONS FOR THE AWARD OF CONTRACTS**

- 5.1 Tenders were sought for one poorly performing contract, A251 to determine the costs of continuing this contract which operates on a DRT basis in the Kirriemuir area on Tuesday and Thursday evenings. The average weekly usage is only 4 passenger journeys while costs are £14,040 in a full year representing a £67.50 subsidy per passenger journey – it is not considered that this contract represents good value for money and it is recommended that this service should cease to be provided.

#### Option 1 to maintain the existing level of services

- 5.2 The cost of awarding contracts to maintain the current level of service (with the exception of Contract A251 detailed above) will result in expenditure on tendered local services amounting to £1,402,513 in a full financial year. This cost takes into account not only the increase in tender prices from this contract renewal exercise but also the impact of the inflationary increases applied throughout 2008 in respect of the annual inflationary increase and additional fuel related payments. The 2008-09 tendered services budget is £1,147,471, if the 08/09 budget is maintained at this level then there would be a budget shortfall of £255,042 - it should also be noted that no provision has been made within this figure for the annual inflationary price increase in 2009-10.

#### Option 2 to provide additional journeys to meet passenger requirements

- 5.3 The re-tendering exercise sought a number of alternative tenders to enhance the network to meet passenger requests. Should these contracts be awarded then the cost for delivering these would result in total expenditure of £1,558,182.34 in a full financial year.

#### Option 3 to contain service provision within available resources

- 5.4 In setting the 2009/10 revenue budget there will be a need for the Council to consider the relative priority of providing additional resources for tendered services as against the other budget pressures that will be evident for the Infrastructure Services Department itself and other Departments of the Council. In light of this prioritisation process it may be that there is insufficient funding to facilitate an increase in the tendered services budget from the level evident for 2008/09. In such circumstances consideration would require to be given to how service provision for 2009/10 and beyond could be aligned with available resources.

- 5.5 The Council has to date used criteria set in it's Public Transport Policy Statement to determine the award of contracts – the criteria being that contracts should meet a maximum subsidy of £1.25 per mile or £2.50 subsidy per passenger. These criteria, while originally set in 1996, have been monitored by Officers in the intervening period. Until now they have acted well to balance service provision with the budget available. To continue to apply these criteria would result in some communities being unserved by public transport and with workers unable to access employment. The services not meeting the current criteria are detailed below:

CONTRACT NUMBER	ROUTE	ANNUAL COST (£)	NOTES
A252	LETHAM – FORFAR (EARLY A.M. MON – FRI)	6,684.00	WORKERS SERVICE
A253	DUNDEE – MURROES – TEALING –(GLAMIS)	25,100.40	SHOPPERS, SCHOLARS AND EVENING PEAK WORKERS SERVICE
A257	LUNANHEAD – FORFAR – (FORFAR ACADEMY) MON – FRI A.M.	15,877.40	WORKERS SERVICE PLUS CONVEYANCE ON SCHOOLDAYS OF NON-ENTITLED SCHOLARS
A259	DUNDEE – MONIFIETH (SUN P.M.)	5,994.04	EVENING SERVICE – PROVIDES SERVICE TO ASHLUDIE HOSPITAL
A258	DUNDEE – MONIFIETH (SUN A.M.)	7,004.40	EARLY MORNING SERVICES PROVIDING TRANSPORT FOR STAFF TO ASHLUDIE HOSPITAL
A228	FORFAR – NORANSIDE – FORFAR (MON/WED/FRI)	17,190.00	SHOPPERS SERVICE
A229	FORFAR – NORANSIDE – FORFAR (SAT)	1,976.00	SHOPPERS SERVICE
A231	BOGINDOLLO – BRECHIN (TUES/THURS)	6,000.00	SHOPPERS SERVICE
A234	INVERALDIE – MURROES – DUNDEE (MON-FRI)	15,600.00	WORKERS SERVICE
A236	FRIOCKHEIM – MONTROSE (MON – SAT)	17,430	MAIN SERVICE ON THE CORRIDOR
A241	DOWNFIELD – BRIDGEFOOT - AUCHTERHOUSE	61,875.84	WORKERS/SHOPPERS/HOSPITAL SERVICE
A243 /A244	GLEN ESK – BRECHIN (FRI)	2,860.00 / 3,120.00	SHOPPERS SERVICE
A251	KIRRIEMUIR DRT	14,040.00	EVENING LEISURE JOURNEYS

- 5.6 The subsidy per mile and subsidy per passenger figures are shown in [Appendix 3](#) to this report
- 5.7 On the basis of awarding contracts as detailed in [Appendices 1, 1a](#) and [2](#) to this report total expenditure on local bus services will be between £1,402,513 and £1,558,182 in a full financial year. The 2008/09 budget is £1,147,471 representing a budget shortfall of £255,042 to £410,711 in a full financial year.

## **6 TIMESCALE FOR AWARD OF CONTRACTS**

- 6.1 As the Departmental budget for 2009/10 is still to be set this has delayed the programme for the award of contracts. This has a knock-on effect for operators and in order to allow them sufficient time to put in place vehicles to operate the contracts awarded and register the services with the Traffic Commissioner it is requested that Members agree that the current contracts are extended until 31 May 2009.

## **7 FINANCIAL IMPLICATIONS**

- 7.1 The cost of providing the replacement contracts as recommended in Appendices 1 and 2 to this report for the services due to expire in March 2009 results in tendered service budget expenditure of between £1,402,513 and £1,558,182 in a full financial year. Members should note that no account is taken in this figure for inflationary increases due in July 2009 or for any on-going additional fuel related payments should this be an issue over the next year.

## **8 CONSULTATION**

- 8.1 The Chief Executive, Director of Corporate Services, Head of Finance and Head of Law & Administration have been consulted in the preparation of this report.

## **9 HUMAN RIGHTS IMPLICATIONS**

- 9.1 There are no human rights implications arising from this report.

## **10 EQUALITIES IMPLICATIONS**

- 10.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

## **11 CONCLUSION**

- 11.1 The local bus service network is subject to rigorous review and services are revised where necessary to meet passenger demand.

### **NOTE**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

P&T/LEM/IAL  
12 January 2009

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