

ITEM No ...10.....

REPORT TO: CITY DEVELOPMENT COMMITTEE – 10 MAY 2021
REPORT ON: SUPPORTED BUS SERVICES TENDERS RECEIVED
REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT
REPORT NO: 144-2021

1 PURPOSE OF REPORT

1.1 This report details the outcome of the local supported bus service procurement exercise undertaken in January 2021. The Council's current local bus service contracts are due to expire in August 2021. It is also noted that there have been significant changes to the city's commercial network.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

- a approves the award of six local bus service contracts as detailed in Appendix 1, which consist of four off peak routes and two awards associated with the outer circle service; and
- b delegates authority to the Head of Sustainable Transport and Roads to negotiate enhancements and amendments to the supported bus network within the available budget.

3 FINANCIAL IMPLICATIONS

3.1 Four of the six local supported bus service contracts are tendered on a minimum cost basis. This means that all income generated from the service will revert to the Council. Patronage of these services will therefore determine the income received and the exact level of financial support required. Consequently, there is a degree of uncertainty over the net cost of each contract. Dundee City Council has undertaken an assessment of the income likely to be generated from each of the routes based on the historic patronage data for these services and then applied a 30% reduction to these figures. The 30% decline in income that has been estimated has been applied in recognition of current reduced demand, and the future recovery position anticipated by the bus industry over the next two years.

3.2 The annual value (gross) of contracts recommended for award is £340,203.80 per annum (full year effect) and the anticipated income from fares associated with these routes is £102,410. Therefore, the net cost to the Council is £237,793.80. This will be met from the Sustainable Transport revenue budget (local bus supported services). Any shortfall in projected income will be accommodated within the wider Sustainable Transport revenue budget.

Bus Operator	Route	Days of Operation	Annual Amount (£)
Xplore Dundee	Outer Arc Sunday	Sunday	19,825.00
	Outer Arc Evenings	Mon - Sat	80,916.20
Moffat & Williamson	Kirkton - Downfield - Lawside - City Centre	Mon - Sat	60,350.80
	Mill O Mains - Stobswell - City Centre	Mon - Sat	59,315.40
Stagecoach East Scotland	Dryburgh - Lochee - West End - City Centre	Mon - Sat	60,056.30
	Broughty Ferry circular	Mon - Sat	59,740.10
	Overall Gross costs		340,203.80

	Anticipated income from bus fares		(102,410.00)
	Overall Net costs		237,793.80

4 BACKGROUND - REVIEW OF LOCAL BUS SERVICES

4.1 The Transport Act 1985 which deregulated the bus industry, allows local authorities to supplement the commercial bus network by procuring socially necessary journeys from the market.

4.2 Dundee City Council currently has contracts with Xplore Dundee, Stagecoach Strathtay and Moffat & Williamson to provide local bus services. These contracts are all due to expire by 15 August 2021. The services currently contracted, along with the approximate level of financial support they each receive, is listed below:

Service 9/10 – (Outer Circle) Sundays and Evenings – £89,000 per annum
 Service 202 – Kirkton to City Centre – £41,000 per annum
 Service 206 – Broughty Ferry circular – £63,000 per annum
 Service 236 – Mill O Mains to City Centre – £47,000 per annum

4.3 The approximate numbers of passengers carried annually on each service along with the subsidy per passenger trip is provided below. The passenger data shown is pre-pandemic,

Service 9/10 (Sunday) – 26,000 passengers – £0.60 per passenger trip
 Service 9/10 (Evenings) – 57,000 passengers – £1.30 per passenger trip
 Service 202 – 48,000 passengers – £0.85 per passenger trip
 Service 206 – 30,000 passengers – £2.10 per passenger trip
 Service 236 – 57,000 passengers – £0.82 per passenger trip

4.4 In late 2020, Xplore Dundee notified Dundee City Council that they intended to undertake an extensive review of their commercial network in response to the COVID-19 impact on patronage numbers. Bus operators are required to undertake engagement with the local authority in advance of any permanent change to their commercial bus services. There is also an expectation that bus operators will engage with their bus passengers. Engagement with Council officers, elected members and the wider public was undertaken in Autumn 2020.

4.5 Some of the route changes proposed by Xplore Dundee would result in commercial services and supported services operating along the same streets, e.g. the revised Service 32/33 would operate through the centre of Linlathen, also served by Moffat & Williamson Service 236. The Transport Act requires that supported bus services, funded by a local authority, do not compete with commercially operated services. Such situations lead to an issue known as extraction where the viability of commercial services is placed at risk because the passenger revenue is shared with the supported buses operating in the same area.

4.6 The network review also created some new gaps in the city's bus network and Xplore Dundee notified the Council that Service 4 would be de-registered in 2021. These new gaps in the commercial network were in addition to the gaps that were already being filled by the Council's existing supported services detailed in paragraph 4.2.

4.7 Throughout the process of public engagement in November 2020, Council officers garnered views from members of the public and community groups. The Dundee Transport Forum bus group was also convened to discuss the changes and this engagement informed the Council's response to Xplore Dundee. This engagement supplemented the information already held by Council officers which identified areas of the city with unmet demand for bus services.

4.8 Following assessment of gaps in the revised commercial bus network, a number of off-peak routes (operating between 0900 and 1600, Monday to Saturday) were designed and included in the Invitation to Tender (ITT). In addition, the evening and Sunday operation of the Outer Circle (northern section) were also included in the ITT. Route maps of these off-peak services

are shown in Appendix 2 of this report. It is noted that for the routes detailed in the tender can be amended and the services eventually registered with the Traffic Commissioner may be varied from those shown in Appendix 2. It is the intention of Council officers to undertake further dialogue on this matter with successful tenderers once contract awards are made.

- 4.9 During the period that the tender was live, Xplore Dundee notified Council officers that the off-peak Service 23 serving Woodside would be retained within their commercial network. This means that the route shown as Service 208 in Appendix 2, if awarded, will require to be rerouted away from Woodside, as this area will be served by a commercial service. The alternative route between Mill O Mains and Stobswell will be agreed with the successful tenderer.
- 4.10 In addition to the routes included in the tender, there is opportunity for the Council to support low value enhancements to the commercially operated network where nominal financial support is required to enable a minor extension to the operation of a commercial service.

5 PROCUREMENT PROCESS

- 5.1 Tender submissions were evaluated on an 80% price and 20% quality basis. Quality criteria included age of bus fleet, offer of community benefits and ability to provide cover in the event of breakdowns or accidents. A minimum vehicle specification standard was included in the tender which included a minimum requirement for buses to be compliant with EURO 5 emissions standards. All operators are required to have systems that are compatible with the city's real time information system.
- 5.2 The contract period will be for an initial duration of two years, with the option of extending on an annual basis, up to a maximum of 5 years. This approach offers flexibility, allowing the Council to respond to any future change to the supported bus service budget or other external factors.
- 5.3 The Council received tender submissions from four bus operators, with bids being received from Fife Scottish Omnibuses Ltd trading as Stagecoach East Scotland, Tayside Public Transport Company Ltd trading as Xplore Dundee, Moffat & Williamson Ltd and Fishers Tours Ltd.
- 5.4 The contracts are proposed to be awarded to Tayside Public Transport Company Ltd trading as Xplore Dundee, Fife Scottish Omnibuses Ltd trading as Stagecoach East Scotland and Moffat & Williamson and are detailed in Appendix 1 of this report.
- 5.5 If approved by committee, the Council will enter a 10 day standstill period, after which, assuming that there have been no challenges to the procurement process, registration documents will then be submitted to the Office of the Traffic Commissioner.
- 5.6 It is anticipated that the new contracts will take effect on 16 August 2021. Currently, the Scottish Government is supporting commercial bus services with the COVID-19 Support Restart Grant and this creates some uncertainty on the timing of when Xplore Dundee will progress their planned withdrawal of the commercially operated Service 4.
- 5.7 Transport Scotland has also agreed that during the pandemic the budget allocated to the National Concessionary Fares Scheme will be distributed to operators on the basis of historic passenger data rather than current patronage. While these arrangements are in place, the minimum cost contracts operated on behalf of Dundee City Council benefit from this agreement. Concessionary fares income from Over 60s accounts for a high percentage of total passenger income from these off-peak services. Council officers will work with successful tenderers to agree a start date that helps maximise the financial support attainable from the Scottish Government through these emergency arrangements.

6 POLICY IMPLICATIONS

- 6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. A copy of the integrated Impact Assessment is available on the council's website at www.dundee.gov.uk/ia

7 CONSULTATIONS

- 7.1 The Council Management Team were consulted in the preparation of this report and are in agreement with its content.

8 BACKGROUND PAPERS

- 8.1 None.

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21 April 2021

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APPENDIX 1

DETAILED TENDER RESULTS BY CONTRACT

Contract DCC/LB/202: Kirkton - Downfield - Lawside - City Centre: Monday to Saturday			
Tenderer	Tender Value (Annualised)	Quality Rank	Cost & Quality Rank
Fife Scottish Omnibuses Ltd	£70,608.70	2	3
Tayside Public Transport Company Ltd	£89,546.60	1	4
Fishers Tours Ltd	£62,000.00	4	2
Moffat & Williamson Ltd	£60,350.80	3	1

Contract DCC/LB/204: Dryburgh – Lochee – West End – City Centre: Monday to Saturday			
Tenderer	Tender Value (Annualised)	Quality Rank	Cost & Quality Rank
Fife Scottish Omnibuses Ltd	£60,056.30	2	1
Tayside Public Transport Company Ltd	£88,945.20	1	4
Fishers Tours Ltd	£62,000.00	4	3
Moffat & Williamson Ltd	£59,132.50	3	2

Contract DCC/LB/206: Broughty Ferry Circular: Monday to Saturday			
Tenderer	Tender Value (Annualised)	Quality Rank	Cost & Quality Rank
Fife Scottish Omnibuses Ltd	£59,740.10	2	1
Tayside Public Transport Company Ltd	£92,919.40	1	4
Fishers Tours Ltd	£62,000.00	4	2
Moffat & Williamson Ltd	£71,591.40	3	3

Contract DCC/LB/208: Mill O Mains - Stobswell - City Centre: Monday to Saturday			
Tenderer	Tender Value (Annualised)	Quality Rank	Cost & Quality Rank
Fife Scottish Omnibuses Ltd	£83,055.20	2	3
Tayside Public Transport Company Ltd	£87,265.00	1	4
Fishers Tours Ltd	£62,000.00	4	2
Moffat & Williamson Ltd	£59,315.40	3	1

Contract DCC/LB/OAS-1: Outer Arc: Sunday			
Tenderer	Tender Value (Annualised)	Quality Rank	Cost & Quality Rank
Fife Scottish Omnibuses Ltd	£25,421.76	2	2
Tayside Public Transport Company Ltd	£19,825.00	1	1
Fishers Tours Ltd	£27,300.00	3	3

Contract DCC/LB/OAE-3: Outer Arc: Monday to Saturday Evening			
Tenderer	Tender Value (Annualised)	Quality Rank	Cost & Quality Rank
Fife Scottish Omnibuses Ltd	£85,243.80	2	2
Tayside Public Transport Company Ltd	£80,916.20	1	1
Fishers Tours Ltd	£162,750.00	3	3

APPENDIX 2







