

**The Highland Council**  
**Community Services Committee**

**4 June 2015**

Agenda Item	9
Report No	COM/22/15

**Transport Programme**

**Report by Director of Community Services**

**Summary**

As part of the Council's Transport Programme, tenders have been invited for public bus service and school transport contracts in Sutherland to commence in October 2015. This report informs Members of the consultation and tendering process to date, and recommends that delegated authority is given to the Director in consultation with the Chair and Vice Chair of Community Services Committee to agree the awards of contract within the available budget.

**1. Background**

1.1 Highland Council's Transport Programme has emerged from the process of identifying ways to reduce expenditure over 2015-19. Led by Highland Council, under the sponsorship of the Director of Community Services, the Programme has participation from NHS Highland, Scottish Ambulance Service, Highland Third Sector Interface, Community Transport Association, Voluntary Action Lochaber and Highlands and Islands Transport Partnership.

**2. Transport Programme's Focus**

2.1 The primary focus for 2015-19 savings activity is reducing the cost of providing for mainstream school and public bus services whilst maintaining statutory obligations. The aggregated 2014-15 budget for these services is £15.003m. The target is to save £2.246m through the Transport Programme (as agreed by Council in December 2014).

2.2 The most substantial set of activity to be undertaken is the retendering of school transport and public bus services. As recorded in the Transport Programme's paper to Community Services Committee of 5<sup>th</sup> February 2015 ([Report No. COM 10/15, Item 13](#)) this is firstly being conducted in Sutherland.

**3. Sutherland Re-tendering**

3.1 Within Sutherland the value of current contracts for mainstream schools and public bus services (which includes dial-a-bus services) is £1,677,000 and the savings target from the contracts is £252,236.

3.2 Through a consultation running over February – April 2015, current and prospective suppliers, the general public, ward councillors, community councils and community groups, and Transport Programme partners have been informed of the budgetary circumstances and of Highland Council's intention to re-tender the Sutherland transport services. Views and ideas have been

sought from these stakeholder groups during the consultative process and reports capturing these have been fed into the design of route specifications. The resulting Invitation to Tender documentation was published on Public Contracts Scotland on 8<sup>th</sup> May and the deadline for submitting tenders is noon on 4<sup>th</sup> June 2015.

3.3 Tenders have been invited for 30 school transport routes, 13 public bus service routes and 7 dial-a-bus or subsidised taxi routes in Sutherland. Key features of the Invitation to Tender are:

- Many of the routes include options for different service levels, in order to assess savings from potential service reductions as well as the cost of alternatives proposed in the public consultation.
- On all public routes, if wheelchair accessible vehicles are not already in use, options are invited for accessible vehicles.
- An increase of approximately 5% on the Council's maximum fare scale has been applied, with the increase being slightly biased towards longer journeys.
- In the consultation process it was suggested that all school routes could be opened to the public. This is unlikely to be feasible in all cases, but where there is a known public need, school routes have been converted to public routes or school and public contracts have been merged.
- Routes have been combined into single contracts where there was an operational benefit from doing so. Options have also been designed for different methods of operation, in order to compare prices and enable the most cost-effective method to be chosen.
- Flexibility has been built into the Conditions of Contract to allow for future changes in needs such as changing pupil numbers requiring larger or smaller vehicles, or lengthened or shortened routes.

3.4 In preparing the contract specifications for the current tendering exercise for Sutherland, there was a need to examine whether tenders should be invited for our current in-house routes. The present operation comprises:

- 3 coaches, used on 2 routes, with the third coach being a spare;
- 7 minibuses, used on 6 routes, with the seventh minibus doing a significant amount of curricular and other transport, some of which coincides with home to school journeys and therefore cannot be done by another bus.

3.5 The costs of the in-house routes have been analysed and 4 of the 6 minibus routes have been found to be cost-effective. Of the other two minibus routes, in one case the pupil numbers have declined to the point where a taxi would be more appropriate; whilst in the second case there is an opportunity to merge the route with another contract. Analysis of the cost of the coach routes has not provided a justification for retaining them without tendering. Wards 1 and 5 Councillors have been briefed on this analysis. The results of the tender will determine whether there are cost and service-delivery efficient options available from the market for those in-house routes being tendered.

3.6 Tenders will be evaluated between 10<sup>th</sup> June and 14<sup>th</sup> July, including a period for running some routes through an e-auctions process, before a report being prepared by staff for consideration by the Tender Board which will involve the Director of Community Services, the Head of Procurement and the Head of Resources at Care and Learning Directorate.

- 3.7 Approval on which tenders to accept is scheduled for 20-23 July which permits time to issue contract documentation by 4<sup>th</sup> August 2015 with services becoming operational on Monday 26<sup>th</sup> October. Under this timetable 42% (£105,098) of the savings target (£252,236) could be generated in 2015-16.
- 3.8 Following on from the recommendations emerging from the Tender Board and to enable decisions on the discretionary public transport options to be made in time to issue contract documentation by 4<sup>th</sup> August this paper seeks Committee approval for delegated authority to the Director in consultation with the Chair and Vice Chair of Community Services Committee over the period 20-23 July 2015 to decide the level of public transport provision and therefore on which public transport options to award. This process is likely to require the decision-makers to exercise judgement in prioritising purchase decisions in order to keep as close as possible to the intended budget (£1,424,764).
- 3.9 It is intended that:
- Following the decisions made under delegated authority standstill letters will be emailed to all successful/unsuccessful contractors on 23<sup>rd</sup> July.
  - Sutherland Wards Councillors should be notified by email of the routes which have been approved and are being advised to suppliers under the standstill letters. The purpose being for information and knowledge should there be early contact from their constituents (for example, from transport providers) regarding the decisions being notified through the standstill letters.
  - A report should be prepared for Community Services Committee of 20<sup>th</sup> August 2015 to detail the outcomes of the Sutherland tender process in terms of expenditure, savings accomplished and contracted service provision.

## **4. Implications**

### **4.1 Resource**

Procurement and Transport Unit staff will be involved in the initial evaluation phases to prepare a report for consideration by the Tender Board. Then the Director of Community Services, the Head of Procurement and the Head of Resources at Care and Learning Directorate are the key Tender Board resource input. Subsequently, with the approval of Community Services Committee, the key resource input will be the Director of Community Services and the Chairman and Vice-Chairman of Community Services Committee to provide approval for expenditure on the public routes.

### **4.2 Legal**

Contract award documentation will be prepared and issued on the basis of decisions made.

### **4.3 Equalities and Rural**

Equality and rural impact assessment reports will be published by 30<sup>th</sup> June to inform the Tender Board and delegated authority deliberations. The services operate in a deeply rural area, and if contracts were not awarded there would be no public transport in Sutherland other than along the east coast. The consultation has taken account of rural issues. The perspectives of current transport providers, community groups and community councils, and of the

general public with regard to equalities issues were also actively sought during the consultation process. The protected characteristics which consultees drew attention to were age (particularly young people and elderly people), disability, pregnancy and maternity.

4.4 Climate Change/Carbon Clever

Decisions will be based on the most effective utilisation of vehicles to develop service delivery and cost efficiencies.

4.5 Risk

The main risk is that tender prices returned by the market are such that difficult decisions may need to be made to hold expenditure at the intended budget for public bus services and school transport contracts (£1,424,764). There is also a subsequent risk that decisions may stimulate complaints from suppliers not securing contracts, and from the public and community representative groups should they be disappointed at the range of service provision determined through the tender process.

4.6 Gaelic

School transport required for Gaelic Medium education is included in the tenders invited.

**Recommendation**

Members are invited to:

- i. **AGREE** the delegation of authority to the Director of Community Services in consultation with the Chair and Vice Chair of Community Services Committee for the sole purpose of the Sutherland contract award decisions.
- ii. **AGREE** the notification of agreed decisions to Sutherland Councillors on 23<sup>rd</sup> July.
- iii. **NOTE** that a follow-up paper will be presented at Community Services Committee on 20<sup>th</sup> August 2015.

Designation: Director of Community Services

Date: 21 May 2015

Author: Stephen Graham