

# Finance and Resources Committee

10.00am, Thursday, 27 November, 2014

## Bus Service 38: Renewal of Supported Bus Service Contract

Item number	7.19
Report number	
Executive/routine	
Wards	4 – Forth 5 – Inverleith 6 – Corstorphine/Murrayfield 7 – Sighthill/Gorgie 9 – Fountainbridge/Craiglockhart 10 – Meadows/Morningside 15 – Southside/Newington 16 – Liberton/Gilmerton

### Executive summary

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The frequency of bus service 38 is enhanced with Council funding. The contractual basis of this funding needs to be renewed.

A report to this Committee on 5 June 2014 sought approval for waiving Contract Standing Orders and directly implementing a new two-year contract, at an increased rate, to continue the enhanced frequency. Committee continued consideration pending further information.

### Links

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Coalition pledges	<a href="#">P19</a>
Council outcomes	<a href="#">CO9</a> , <a href="#">CO10</a> , <a href="#">CO22</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a>

## Bus Service 38: Renewal of Supported Bus Service Contract

### Recommendations

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- 1.1 It is recommended that Committee:
  - 1.1.1 authorises the waiving of the tendering procedure laid out in the Council's Contract Standing Orders (CSO);
  - 1.1.2 authorises the implementation of a new one year contract covering the enhancement of service 38; and
  - 1.1.3 notes that Transport and Environment Committee will receive a report in January 2015 proposing development of a tool to help assess non-monetary benefits of supported services, with a further report in March providing an assessment of existing services, including the 38.

### Background

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- 2.1 The Council currently funds a service enhancement of Lothian Buses' commercial service 38. The current contract ended on 1 October 2014, however, Lothian Buses have agreed to extend current arrangements until 31 January 2015.
- 2.2 This report seeks Committee authorisation to waive the tendering procedure laid out in the Council's Contract Standing Orders, to let a one year contract.
- 2.3 A report was submitted to Finance and Resources Committee on 5 June 2014. It was continued pending further information on the need for the Council to continue to fund the enhancement to this bus service. A further report was considered at the meeting of the Finance and Resources Committee on 30 July 2014 and was again continued pending further information.

### Main report

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- 3.1 Lothian Buses service 38 (Granton-Ravelston-Balgreen-Morningside-King's Buildings-Cameron Toll-RIE) is a commercial service operating seven days per week, connecting the south of the city to the Royal Infirmary of Edinburgh (RIE), Craigmyle Retail Park and the Western General Hospital (WGH) amongst others.

- 3.2 During peak hours, Lothian requires one additional vehicle to operate the service, to mitigate the impact of congestion. Outwith peak hours, this vehicle would return to depot, were it not for the Council's financial support. This support allows the service to operate at a 20 minute, instead of 30 minute, weekday off-peak frequency.
- 3.3 This currently costs £1,741 per week (£90,532/year). Lothian Buses has indicated that the current funding no longer covers the cost of the off-peak enhancement. It has offered to continue it for £2,090 per week (£108,680/year); an increase of 20%. The increased subsidy equates to £0.35 per passenger journey.
- 3.4 Comparison with other supported services shows that this is a comparable rate for, in effect, a single bus and driver. The cost of supported services in general has risen over recent tenders, this is in line with experience throughout the UK.
- 3.5 The service connects areas where many residents have low incomes and others where there are a large number of elderly residents, with further education, two major shopping centres, and two hospitals. It also provides an alternative to car-based school travel. Over the past 12 months, the enhanced 38 carried 307,420 passengers, of which 141,525 (46.1%) were concessionary.
- 3.6 The Scottish Government's formula for reimbursing bus operators for carrying concessionary travel permitholders means that they do not receive the same as they would receive for carrying a fare-paying passenger. Patronage on a cross city route, bypassing the city centre, depends heavily on specific journey purpose (eg hospital appointments). Many trips cannot be made by any other public transport, or would require at least one change, taking very much longer.
- 3.7 When Finance and Resources Committee on 5 June 2014 continued a report pending further information, it was anticipated that officers would have further discussions with Lothian Buses to request detailed information on the use of the 38. Detailed patronage data, including average passenger off peak numbers, is not readily available. Data from ticket machines indicates where a passenger boards, but not where he/she disembarks. Only a comprehensive on-board survey, asking passengers to indicate their destination (not just disembarkation point) would establish detailed travel patterns.
- 3.8 The Council funded service enhancement is embedded within the commercial service, such that it would be impossible to isolate the subsidised element for tendering purposes. Permission is therefore sought, under section 9 of the Contract Standing Orders, to enter directly into a new contract with Lothian Buses Ltd on the grounds that:
- (CSO Section 9d): entering into the contract is in the Council's best interests; and
  - (CSO Section 9e): there are other circumstances that are genuinely exceptional.

- 3.9 Supported bus service contracts are usually let for three year periods. The one year contract proposed in this case will allow for value for money monitoring.
- 3.10 A wider review will also be undertaken with all supported bus service contracts. This will include development of assessment criteria with an associated scoring matrix. A report detailing progress on this will be presented to the Transport and Environment Committee in January 2015.

## Measures of success

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- 4.1 Continued Council support for the bus network leads directly to improvements in health and accessibility for many sections of the community, particularly the elderly and those on low incomes.

## Financial impact

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- 5.1 The cost of the new contract is an increase of £18,148 *per annum* (20%) over the previous arrangement.
- 5.2 This sum can be met from within the existing Supported Bus Services budget.

## Risk, policy, compliance and governance impact

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- 6.1 The risk of challenge from other bus providers is low as the subsidised enhancement is embedded within a commercial service and cannot be tendered for separately. Furthermore there are no commercial services on or near this route that compete for the same passengers.
- 6.2 The recommendation in this report is consistent with existing policies and aspirations of the Council.
- 6.3 Objective *PubTrans3* of the current Local Transport Strategy applies to the issues addressed in this report.

## Equalities impact

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- 7.1 Continued provision or enhancement of existing subsidised bus services, and the provision of new ones, enhance the quality of life of users through the enhancement of access to employment, educational, leisure and shopping opportunities.
- 7.2 Withdrawing services which are proportionately heavily used by concessionary travel permit holders would disadvantage several protected groups.

## Sustainability impact

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8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:

- The report's proposal to implement a new one year contract enhancing service 38 will contribute to reduced carbon emissions.
- The need to build resilience to climate change impacts is not relevant.
- This report's proposals will help achieve a sustainable Edinburgh.
- Reducing dependence on transport by private car by providing subsidised bus services contributes to the Council's sustainability aims.

## Consultation and engagement

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9.1 The Council's Procurement Service was consulted on this report.

## Background reading/external references

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None.

### **John Bury**

Acting Director of Services for Communities

Contact: Chris Day, Project Officer

E-mail: [chris.day@edinburgh.gov.uk](mailto:chris.day@edinburgh.gov.uk) | Tel: 0131 469 3568

## Links

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<b>Coalition pledges</b>	<b>P19</b> - Keep Lothian Buses in public hands and encourage the improvement of routes and times
<b>Council outcomes</b>	<b>CO9</b> - Edinburgh residents are able to access job opportunities <b>CO10</b> - Improved health and reduced inequalities <b>CO22</b> - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible
<b>Single Outcome Agreement</b>	<b>SO1</b> - Edinburgh's economy delivers increased investment, jobs and opportunities for all <b>SO2</b> – Edinburgh's citizens experience improved health and well being with reduced inequalities in health
<b>Appendices</b>	None