

Transport and Environment Committee

10am, Tuesday, 25 August 2015

Assessing Supported Bus Services

Item number	7.15
Report number	
Executive/routine	
Wards	

Executive summary

On 13 January 2015, the Committee approved a set of criteria to evaluate supported bus services, and agreed to develop a tool to assess value for money and non-financial benefits provide by these services.

This report provides an update on the development of the assessment tool and proposes to hold workshops for elected members to enable them to review the outputs and finalise the weightings given to the assessment criteria.

This report also considers a number of issues associated with the procurement of supported bus services.

Links

Coalition pledges	
Council outcomes	CO9 , CO10 , CO22
Single Outcome Agreement	SO1

Assessing Supported Bus Services

Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 approves the new assessment methodology which can be used to evaluate value for money and the social, economic and transport related benefits of supported bus services;
 - 1.1.2 agrees to hold a workshop for members to consider and finalise the assessment criteria weightings; and
 - 1.1.3 agrees to receive a further report at its meeting on 27 October 2015 on the outcome of the assessment of supported bus services.

Background

- 2.1 Policy **PubTrans3** in the Local Transport Strategy 2014–19 states: ‘The Council will investigate a budget proposal for increasing funding for supported bus services; to maintain or enhance bus services where commercial provision is not viable’.
- 2.2 The Council’s Public and Accessible Transport Action Plan (PATAP), commits to ‘Review the methodology for prioritising supported services, and identify improvements in procurement processes’ (Action B11).
- 2.3 However, constraints on the Council’s budget led to the Council, at its budget meeting on 12 February 2015, reducing the supported service budget for 2015-16 by £200,000.
- 2.4 In 2014-15 the Council spent £1.3 million on supporting bus services. This supported 15 services: a mixture of standalone services, part funding to improve frequencies and operating hours, route extensions, and Christmas and New Year routes. Five are contributions to cross boundary services managed by neighbouring authorities.
- 2.5 Supported services have evolved over many years on an ad hoc basis, often in response to a demand from communities where commercial services are perceived not to meet local needs.

- 2.6 The majority of supported services have been procured through a four year framework agreement which was established in 2013. A number of services are operating through contracts which pre-date the framework agreement but which have been extended to allow the services to continue until the evaluation and review of all supported bus services has been completed. Details of all supported bus service contracts can be found in Appendix 2.
- 2.7 As the city's population increases, particularly the number of elderly people, demand for bus services is likely to increase. Some of this demand can be met by commercial services, but some will require financial support. Recent tenders for supported services have been at a significantly increased cost and it is therefore imperative that the Council's investment in bus services is targeted at those routes that deliver the greatest benefits at an affordable price.
- 2.8 On 13 January 2015, Transport and Environment Committee approved a set of criteria to evaluate supported bus services, and agreed to develop a methodology to assess value for money and the transport, social and economic related benefits provided by these services.

Main report

- 3.1 On 13 January 2015, the Transport and Environment Committee approved the following four broad criteria for assessing supported bus services:
- enhancing access and social inclusion;
 - protecting the environment;
 - reducing congestion; and
 - developing the economy.
- 3.2 The WSP consultancy was commissioned to develop a methodology and a tool that would assist the Council to review and prioritise services and to ensure value for money. The remit required that they :
- provide a framework and methodology for assessing supported services, including non-monetary benefits, using the criteria approved by Committee;
 - consult with key users and stakeholders;
 - assess existing supported bus services; and
 - report on the outcome of the assessment.

3.3 The Transport and Environment Committee at its meeting on 13 January 2015 approved four broad criteria to be used in the assessment of supported bus services. There were:

- Enhancing access and social inclusion
- Protecting the environment
- Reducing congestion
- Function of service subsidy

3.4 Following consultation with bus operators, community representatives and an inter-departmental group of Council officers these four broad headings were subdivided into more specific criteria and given weightings to reflect their relative relevance to the Council's key strategies and policies. 'Developing the economy' is addressed by several criteria which also feature in 'Enhancing access and social inclusion' and 'Reducing congestion'. The table below contains the individual criteria and the weightings that they have been given.

Criteria	Weighting
<i>Enhancing access and social inclusion (total 45%)</i>	
Access to Employment	1%
Early career access	1%
Access to Retail	2%
Access to Hospitals	2%
Access to GP surgeries	2%
Access to Education	2%
Access for older and disabled people	4%
High unemployment in areas served	3%
Social deprivation in areas served	3%
Accessibility & Usage (population within 400m of all bus stops on a route, annual usage of service)	25%

<i>Protecting the environment (total 5%)</i> Impacts on carbon emissions (also other air pollutants)	5%
<i>Reducing congestion (total 40%)</i> Travel alternatives (ie absence of alternatives)	40%
Function of service subsidy (frequency extension/route extension, standalone service) NB although built into the software, this is subtracted from analysis as it is no longer considered relevant to assessment	10%

- 3.5 Using the criteria above, WSP has developed a GIS based assessment tool that draws on a range of data sets to map the populations, amenities and facilities (schools, colleges, health facilities, retail centres etc...), centres of employment and other public transport options that are in close proximity to the supported bus service routes. This then allows each supported bus service to be assessed and scored against the individual criteria and ranked or prioritised on the basis of their overall assessment scores.
- 3.6 Although costs are not included as part of the assessment criteria, they are analysed and included in the overall evaluation. This means that each bus service can be evaluated on the basis of how it performs against a range of socio-economic and transport related criteria and how much it costs. The Council is then able to, on a reasonably objective basis, make a judgement on whether money it is investing in a supported bus service is making a return in terms of the benefits delivered. It is important to remember that routes with high total cost or cost per passenger may have relatively high assessment scores ie the level of financial support from the Council is high but the service delivers significant transport and socio-economic benefits.
- 3.7 Councils are empowered to finance bus services that are 'socially necessary'. The legislation does not define social necessity, but it is generally assumed to mean the kinds of needs reflected in the table. The table reflects the balance that emerged from consultation with stakeholders and reflects Council policies as expressed in the Council's strategic outcomes, Capital Coalition Pledges and Single Outcome Agreement. However, while the criteria have effectively been built into the assessment tool, the weightings given to each criterion can be adjusted.

- 3.8 It is important that Committee members are comfortable with the assessment tool methodology and the weightings given to the assessment criteria before they are applied to a review of supported bus services. It is therefore proposed to hold a workshop for members of the Committee which will give them opportunity to consider the weighting of criteria in more detail, review the outputs from the assessment tool when different weightings are applied and agree a finalised set of weightings to be used in the review of supported bus services. Once agreed, these weightings would then be applied to existing supported services and the outcomes reported back to Committee in October.
- 3.9 Four supported bus service contracts which were due to expire in July 2015 were extended for six months. The assessment of the supported bus services will help inform decisions as to whether the contracts for these routes should be re-procured or amended or have their financial support withdrawn.

Procurement

- 3.10 WSP also reviewed the Council's current procurement process to assess the scope for efficiency savings (Appendix 1). WSP could not identify any major immediate efficiency savings. There is scope for modest improvement by:
- more regular and open dialogue with operators;
 - operators being more involved in designing the supported bus network;
 - considering group tendering of services;
 - introducing a bus service level policy or objective;
 - providing services that feed into hubs to connect with the commercial network;
 - introducing demand responsive services (sometimes replacing buses); and
 - integrating supported bus services with community transport.

However, these improvements will take time to work through, and cannot deliver immediate financial savings.

Measures of success

- 4.1 A finalised assessment methodology and tool is agreed and applied.
- 4.2 The Council's investment in supported bus services is targeted at those routes that deliver the greatest social, economic and transport related benefits

Financial impact

- 5.1 The cost of the study was just under £20,000, which was met from within the Transport budget (2014/15 financial year).
- 5.2 The Council invested approximately £1.3 million in supported bus services in 2014/15, and the budget for 2015/16 has been reduced to £1.1m. The review will help to ensure that spend prioritised is prioritised on services that deliver the greatest benefits and value for money.

Risk, policy, compliance and governance impact

- 6.1 Development of criteria and a methodology for assessing supported bus services will ensure that the services the Council supports align with its strategic transport objectives, and represent value for money.
- 6.2 Any delay in assessing supported bus services may affect re-procurement of contracts for supported services, which are due to expire in 2015.

Equalities impact

- 7.1 The outcomes of this report in relation of the ten areas of rights and the delivery of the three Public Sector Equality Duties (PSED) have been considered. The Council's Equalities and Rights Impact Assessment Record will be kept updated and referenced throughout the project and consultation processes to ensure the project meets the Council's requirements in relation to Public Sector Equalities duties.

Sustainability impact

- 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. Any change to supported public transport provision is likely to affect these elements. Therefore planned works will take into consideration these elements to minimise negative impacts, whilst seeking to increase positive impacts. The impact that supported bus services have on carbon emissions and air pollution is one of the criteria built into the assessment methodology.
- 8.2 Access to health facilities, shopping and employment for older people, disabled people and those from areas of social deprivation and high unemployment are significant factors that have been taken into account in the development of the assessment tool.

Consultation and engagement

- 9.1 Consultation with bus users and stakeholders including bus operators was undertaken on the criteria used in developing the methodology and the tool used for assessing existing Supported Bus Services.
- 9.2 A briefing was also held for elected members on the development of the assessment tool to date.

Background reading/external references

Assessing Supported Bus Services – Transport and Environment Committee, 13 January 2015

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Links

Coalition pledges

Council outcomes **CO9** - Edinburgh residents are able to access job opportunities

CO10 - Improved health and reduced inequalities

CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible

Single Outcome Agreement

SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all

Appendices

1. Options for Bus Procurement; WSP paper
2. Route details

Options for Bus Procurement/Service Models and Operations City of Edinburgh Council

Introduction

This technical note presents a review of the City of Edinburgh Council's (CEC's) current procurement process for tendering supported bus services. It also identifies best practice examples from other local bus service providers in Scotland and across the UK and presents a number of recommendations for further enhancing CEC's existing good procurement practice.

CEC's Existing Procurement Framework

CEC introduced their current Commercial & Procurement Plan for Supported Bus Services Framework in 2013. The framework is due to run for a four year period terminating in August 2017.

A pre-qualification process for multiple suppliers was undertaken at the start of the framework period with each supplier evaluated against a set of quality parameters. This process removes the burden of undertaking further quality evaluations during the framework period for each new service that is required to be supplied.

This new approach to procuring supported bus services, which also allows for involvement from neighbouring local authorities (eg East Lothian and Midlothian) has a number of benefits compared to the previous individual contract approach whilst retaining much needed flexibility. The 4 year framework reduces tendering administration for both the Council and potential operators and it possible to more quickly obtain prices for new or improved services from operators who have already satisfied the quality criteria and are on the framework. This can be a major benefit with any unforeseen changes to the commercial network such as deregistration of certain journeys or even full services. The simplified tendering requirements retain a high quality threshold, for example the use of low floor, accessible vehicles but should encourage involvement from smaller operators. The holding of a bidders workshop session at the commencement of the framework process is an important element in encouraging such involvement by SME organisations.

WSP has undertaken consultation with a number of pre-qualified bus service providers operating supported services within the CEC area as part of this commission. During these discussions there was broad support of the revised procurement process.

Review of Local Bus Service Procurement Best Practice

WSP has undertaken past reviews of best practice in local bus service procurement. This section examines a number of options that have emerged through these best practice reviews but also intelligence gained through this study and engaging with CEC officers and bus operators; a number of recommendations are then proposed.

1. More regular and open dialogue with operators through the bus operator liaison group meetings and other workshops

The Council undertakes regular bus operator liaison group meetings with all service providers (as well as the bidders workshop at the commencement of the framework procurement process). Whilst it is acknowledged that there are limits to the level of dialogue that CEC can undertake with bus operators, given competition law, it is recommended that these sessions are used more proactively as an opportunity to engage with operators to share objectives and reach a better shared understanding outside any tender process. The workshops could be an opportunity for CEC to present to operators their aspirations for a future set of bus services that are to be tendered, with the GIS based tools emerging from the present commission being used as a basis to present to operators and inform these discussions. This could encourage operators to think what else they can offer, and allow the Council to explain what they are trying to achieve. The workshop/s could be led by CEC officers or through independent facilitation which could also help promote innovative thinking and provide appropriate parallels from other areas and also encourage greater openness by operators whilst retaining the impartial position of the Council.

2. Provide opportunity for operators to have a greater involvement in the design of the supported bus service network

In the majority of tendering situations there is no clear means by which Bus Operators can play an integrated and active part in the design of the tendered bus network or the process of tender preparation. This may be partly due to concerns over impartiality, although there is evidence that a more open process exists in at least some other authority areas. Consultation with all operators or more effective partnership working could help optimise the contribution that the existing and future commercial network could provide as a platform from which to build a more effective and integrated tendered supporting network, rather than the Council providing more of a reactive service to fill gaps. The workshops identified above should assist this.

Bus service tenders have a tendency to be very prescriptive, and as outlined earlier, output based. This leads to a much more closed response from operators where, if given the opportunity, there may be a more effective solution that could be proposed. Taking a step even further back, it may also be more constructive to identify what the real demand is that generates the request for transport. This in turn defines the objectives that the tender submission would be expected to meet (therefore becoming outcome based). The GIS based tool developed as part of this commission could greatly assist in defining desired outcomes for example in terms of journey alternatives.

3. Group tendering of services

Tendering of services in batches or groups can offer greater value for money not only to the procurement process, but where there is overlap in service provision then operators may be able to make cost savings, applying the principles of economies of scale. It is acknowledged that to some extent this approach is adopted by CEC, however greater application of this approach going forward through any changes to the supported bus network following this commission and potentially in conjunction with points one and two above could realise greater benefits. However, the disadvantage of this approach is that it can be seen to favour the larger operators and thus have potential impacts on the scale of competition for contracts in the longer term.

4. Introduce a bus service level policy or objective

Introduction of a clear target based bus service level policy can help define and guide supported bus service provision. Some authorities have for example set targets for the proportion of the population served by certain frequencies of services. Whilst this can help give clarity to bus users and planners as to the level of bus service provision that is required, this type of single measure is a fairly coarse target and may also not be fully monitored. By definition, supported services are likely to be filling the gaps for those people who do not have access to such frequent services. The new tool developed for CEC should enable much more sophisticated targets to be set more directly linked to appropriate policies.

5. Provide bus services that feed into hubs to connect with the commercial bus service network

Supported bus services do not have to operate along long routes across the city. There is an opportunity for the supported bus service network to operate from less accessible areas of the city into hubs where there are opportunities to interchange on to other bus or public transport services. These interchange points could be park and ride sites, tram stops, rail stations, district/regional shopping centres (eg Gyle Centre) and hospitals. An example of this is in Sheffield where Stagecoach (in 2007) introduced three Supertram Link services (SL1, SL2 and SL3) to connect three areas of Sheffield to the main Supertram network. The new tram network, combined with integrated ticketing, opens up new opportunities for this approach.

6. Introduce demand responsive services

Consideration could be given to replacing some supported bus services with Demand Responsive Transport (DRT) bus services where levels of use are low but other travel options very limited. This is more likely to be in the rural areas of the CEC area. DRT models have been trialled in different operational environments across the UK with some success including in some of the more rural areas of West Lothian (Carlink) and also in the Stirling Council area. See also the section below on possible integration with community transport services.

7. Integrate supported bus services with community transport

It is understood that CEC currently manage supported bus services and community transport separately (and also the Taxicard scheme). Greater integration of these areas of provision could generate the following benefits:

- Economies of scale in officer coordination of both areas of provision;
- Opportunity for integration of services with community transport services providing a bus accessibility function that would normally be provided by supported bus services and vice versa;
- Enhanced knowledge and understanding of the supported bus and community transport provision by officers, operators and passengers;
- The potential for demand responsive services to be trialled where the scale and disparate nature of demand does not lend itself to fully scheduled services. The booking service could be through an existing DRT service such as HcL (formerly Handicabs Lothian) with service delivery also taking place through such a community provider (subject to appropriate operational licensing) or through bus or taxi providers.

The above points could help ensure that a higher value for money is derived from both areas of provision and is worthy of further investigation.

Recommendations

CEC already operate a tightly run procurement process for the relatively limited number of supported local bus services required to supplement the generally strong commercial bus service network in the Council area. This process was improved through the Commercial & Procurement Plan for Supported Bus Services Framework in 2013 and already represents good practice as is demonstrated by the interest from other neighbouring local authorities to participate in the framework process. However, with increasing pressure on revenue budgets and a range of wider policy agendas that supported bus services need to support, it is vital to ensure that the benefits of the revised process introduced are monitored and that the approach to prioritising and procuring services continues to be optimised. The following recommendations are thus made:

- It is recommended that CEC use the supported bus services tool developed in this commission as the basis for a policy for prioritising the procurement and funding of services. The Council should prioritise the subsidy of local bus services on the basis of the weighting of criteria/objectives within the tool, based on wider transport, economic development and inclusion policies with these being put to a future committee meeting. This will provide flexibility of support linked to budget availability and value for money but critically will also allow a real understanding of the implications of service provision on existing/future users including potential equality impacts. Adopting this approach would provide a transparent, straightforward but rigorous framework for prioritising scarce revenue funding.
- The existing dialogue with operators through regular meetings and the bidders workshop at the start of the framework period needs to be built on with carefully facilitated workshop sessions with operators to promote their more active engagement. Independent facilitation should be considered for these sessions. This workshop approach would encourage real input from operators, with their considerable operational knowledge, in how best to shape services to meet the Councils objectives within tightly constrained budgets. Outputs from the new supported services tool could be used very effectively to help inform these workshops and indeed individual tenders, with more of an emphasis on outcomes rather than just service specifications i.e. outputs.
- Greater consideration should be given to services feeding into hubs to link with the commercial bus network and tram services where this would provide efficiency and cost benefits whilst maintaining a good quality service for users. This could be combined with a review of the key interchange locations in the CEC areas and the level of passenger facilities provided (eg real time information and high quality shelters).
- Further consideration should be given to the opportunities to more closely integrate supported bus services and community transport provision – for example the current Dial a Bus services. This will need to include consideration of appropriate operational licensing issues. This could in due course extend to wider co-ordination with other CEC passenger transport service provision such as Social Work and Special Needs Education Transport although the various difficulties and barriers to wider coordination are appreciated.

Appendix 2

Operator	Service Number	Annual Subsidy excluding inflation	Contract Route and description	Due to expire
Horsburgh	7	£66,352	Winchburgh – Queensferry. Links to St John's Hospital at times when no other direct link. Part commercial, part WLC funded	31/3/16
Edinburgh Coach Lines	13	£193,387	Craighleith-Blackhall-Ravelston-West End-New Town-Broughton-McDonald Rd-Dalmeny St-Lochend-Findlay Gdns. Wholly subsidised. Sole public transport to Dean Galleries, and the only service in parts of the New Town	Jan 2016*
First	18	£86,360	Gyle - Fairmilehead – RIE. Off-peak links across south Edinburgh to employment, education, leisure, RIE. Commercial service in peak	26/7/16
Lothian Buses	20	£152,928	Chesser-Wester Hailes-Hermiston Gait. Shopping, employment, leisure, for communities isolated from main bus network. Provides a service outwith main bus corridors, connecting to them and out-of-centre activities. Subsidy includes Tesco contribution	Jan 2016*
Lothian Buses	20 extn	£154,168	Ratho-Gyle. Extension to provide link between Ratho and Gyle and services to/from City Centre	31/5/18
Lothian Buses	38	£98,910	Muirhouse-WGH-City Centre – RIE. Frequency enhancement ensures commercial viability	Monthly extensions
Lothian Buses	42	£60,008	City Centre-Portobello (evenings and Weekend) Evening/weekend journeys	Jan 2016*
Various		£30,700	Xmas/Hogmanay Buses	
Lothian Buses	60	£41,600	Scottish Parliament-Southside-Bristo. Provides a service outwith main bus corridors, connecting to them and out-of-centre activities	4/10/18
Lothian Buses	63	£60,385	Queensferry-Kirkliston-Newbridge-RBS-Gyle-Edinburgh Pk-Stevenson Coll-Hermiston Gait- Sighthill-Hermiston P&R-Riccarton Campus Hourly links to employment, educational, leisure, shopping	27/7/18
Horsburgh	64	£26,346	D Mains-Cramond-Maybury-Gyle-Edinburgh Pk Stn. Hourly frequency most of the day. Access mainly to employment, shopping, leisure	Monthly extensions
Waverley Travel	68	£73,320	Turnhouse - Gyle- Corstorphine - Parkgrove – Clermiston. Off-peak service, providing shopping opportunities for mainly elderly users. Sole public transport link for Turnhouse	31/3/18
Waverley Travel	70	£15,329	Balerno-Currie-Riccarton-Gyle. Shopping opportunities, mainly for elderly residents not n a bus route. One return journey Wednesday and Friday, two returns Saturday	Jan 2016*
Horsburgh	40/X40	£6,968	St John's - Ratho – RIE. WLC contract. 4 return journeys per day Ratho-Hospitals	31/3/16
Blue Bus	24	£50,528	Currie - St John's Hospital WLC contract. Six return journeys per day	31/3/16

* contracts expired July 2015; extended for six months as set out in paragraph 3.10