

## Cabinet

10 October 2012

### Bus Service Retendering



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## Report of Corporate Management Team

**Ian Thompson, Corporate Director Regeneration and Economic Development**

**Councillor Neil Foster, Cabinet Portfolio Holder for Economic Regeneration**

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### Purpose of the Report

- 1 To advise Cabinet on the outcome of the retendering of bus services, which had been the subject of a report to Cabinet in March 2012 and regarding the key issues and risks.

### Background

- 2 The County Council has a budget of £3.3 million to spend on securing bus services that would otherwise not operate, as the fares revenue is insufficient to make them commercially viable. (The MTFP implemented a reduction from the former provision of £4.5m as a single step in 2011, with the reduced budget then remaining unchanged in cash terms for the remainder of the MTFP period.)
- 3 Local bus service contracts are awarded following a competitive tender process under EU procurement rules. About 80% of the current contracts (by value) expire in October 2012 and, as previously reported, a procurement exercise has been under way, and is now complete.

### Procurement Outcome

- 4 There has been considerable competition for the new contracts, and a number of services will change to a different operator. We have received a wide variation in tender prices, some lower than existing, some offers to take tendered work on a commercial basis and some prices as much as 90% higher than the current contracts. However, the overall net cost of the contracts is similar to the cost of the expiring contracts.
- 5 This means that the risks reported to Cabinet in March regarding pressure on the budget provision and/or a potential need for material cuts in services have not materialised. However, there will remain some pressures in coming years as it will be necessary to absorb the impact of cost inflation and any new demands for secured services arising from any further cuts in services formerly operating on a purely commercial basis.

6 All contracts have now been awarded with a monetary split across operators of

- Arriva 15%
- Go North East 13%
- “Other operators” 73%

This represents a significant swing towards “other operators” compared to the previous contracts.

7 A full, detailed list of the tender outcome is contained in Appendix 2.

8 Members should also be aware that Arriva are making changes to their commercial services which will be implemented in parallel with our new contracts on 28 October.

9 All members have been notified of the outcome of this tendering process via a briefing note last month. In addition two drop in sessions were held in early September in order to give members an opportunity to feed back, discuss and fully understand the impact of the changes in their area,

### **Future Plans**

10 This tendering exercise focused on the south, central and east of County Durham. A further round of tendering will take place in 2013 focussing on the north and west of the county. It is hoped that this exercise will have similar results in terms of impact on the current budget. However, it is proposed that reports on the progress of this process be brought to Cabinet nearer the time.

11 As part of this future round of tendering, it is proposed to carry out a review of tendering practices and processes to ensure that value for money and efficiencies are maintained for the County Council. To that end, alternative tendering options will be explored, potentially with the aid of external consultants.

### **Recommendations**

12 Cabinet is recommended to note the successful outcome of the re-tendering of bus contracts.

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## **Appendix 1: Implications**

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### **Finance**

The current budget of £3.3m to support bus services will be sufficient to maintain current services.

### **Staffing**

None

### **Risk**

It is possible that some contractors may give notice on the new contracts, with increased costs arising from the next best alternative.

### **Equality and Diversity**

Equalities issues are built into the tender specification for public transport and home to school transport contracts.

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

None

### **Consultation**

None

### **Procurement**

EU procurement in line with the Council's corporate procurement procedures

### **Disability Discrimination Act**

None

### **Legal Implications**

Legal services involved in procurement exercise

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**Appendix 2: Award of tendered bus service contracts commencing September/ October 2012**

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<b>Service No. &amp; Days</b>	<b>Terminals</b>	<b>Notes on tender specification</b>	<b>Operator</b>	<b>Comments</b>
1b M-S eve	Tow Law - Darlington	As current service	Arriva	Combined tender including ref 3276; late evening timetable varied.
5a M-S eve	Bishop Auckland- Darlington	As current service	Arriva	Combined tender - see 3275
6 M-S eve	Cockfield – Bishop Auckland	As current service	JSB Travel	
7 M-F daytime	Shildon - Spennymoor	As current service	Weardale Motor Services	
50a/86a M-S eve	Willington/Toft Hill – Bishop Auckland	Revised. Spennymoor – Willington section of current eve 50a now with 104; remaining timetable revised slightly	Arriva	
22 M-S eve	Durham - Hartlepool	As current service, incorporating journeys currently in de minimis contract	Arriva	
23 M-S eve	Sunderland - Hartlepool	Revised timetable	Arriva	
24/24a M-S eve	Durham - Peterlee - Sunderland/ Hartlepool	Similar to current service	Arriva	Lowest tenderer had insufficient capacity
33 M-S daytime	Ferryhill - Hartlepool	As current service  See alternative version Ferryhill - Sedgfield only	Scarlet Band	Lowest tenderer misunderstood requirements; next lowest tender awarded.  This version preferred to alternative version

<b>Service No. &amp; Days</b>	<b>Terminals</b>	<b>Notes on tender specification</b>	<b>Operator</b>	<b>Comments</b>
35A M-S eve	Bishop Auckland - Ferryhill - Spennymoor	Currently runs as 2b/c. All to run 2b route, renumbered 35A and slightly reduced in late eve	Scarlet Band	
47/47a M-S daytime	Ushaw Moor - Brandon - New Brancepeth	as current service	Scarlet Band	
48A/49/ 50 M-S eve	Durham - New Brancepeth – Brandon / Durham - Brandon	Similar to current service	TGM	
56a M-S eve	Durham - Ferryhill	as current service	Arriva	
58 M-Sat daytime	Durham - Kelloe - Peterlee	Similar to current svc 57, but omitting Kelloe	Scarlet Band	Combined tender including ref 3289
57A/24A M-S eve	Durham – Peterlee/ Peterlee - Hartlepool	Similar to current service	Scarlet Band	Combined tender - see 3288
65 M-S eve	Durham - Seaham	as current service	Go North East	
70/71/72 M-F daytime	Barnard Castle local services	as current service	Hodgson	Non-conforming tender: non-smart ticket machine.
73 Wed	Langdon Beck - Barnard Castle	as current service	Hodgson	Non-conforming tender (non-smart ticket machine)
80/81/89 M-F daytime	Bishop Auckland local services	Revised route and timetable details, but similar to current services	Scarlet Band	
83 M-S	Cockfield – Barnard Castle - Stainton Grove	Slightly revised timetable at start and end of day	Scarlet Band	Combined tender including ref 3296,3297 and 3298 Enhanced timetable; slightly smaller buses than specified on 3296/97
84 M-S daytime	Crook local services	as current service	Weardale Motor Services	
84 sch	Darlington - Evenwood	as current service except terminates at Evenwood - not required beyond that due to GoNE OK1 )	Scarlet Band	Combined tender - see 3294

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85/85A M-S daytime	Barnard Castle - Bishop Auckland/ Darlington	as current service	Scarlet Band	Combined tender - see 3294
95/96 M-S daytime	Barnard Castle - Middleton in Teesdale	as current service	Scarlet Band	Combined tender - see 3294
101 M-S daytime and eve	Cowhill – Stanhope - Crook	As current service	Weardale Motor Services	
104/88 M-S	Bishop Auckland - Newfield/ Hamsterley	104 revised at sch times; DRT evening journeys added, replacing journeys currently in 50a. 88 to be mainly DRT except at school times	Scarlet Band	
201 209/ 210 M-S daytime	Peterlee - Bracken Hill, Peter – Horden circular	as current service	none	Contract not awarded due to notification of commercial operation of most M-F journeys
202, 207/208 M-S daytime and eve	Peterlee - Dalton Park – Sunderland, Peterlee – Easington Colliery circular	as current service; see also alternative spec 3303	none	Contract not awarded due to notification of commercial operation of most M-F journeys
202, 207/208, 206 M-S daytime and eve	Peterlee –Dalton Park, Peterlee – Easington Colliery circular, Peterlee – Hutton Henry	202 revised, to shorter route, 207/8 revised times; 206 revised. Alternative to 3302 and 3305	none	Contract not awarded due to notification of commercial operation of most M-F journeys
203 M-S daytime	Peterlee - Houghton le Spring	as current service	none	Contract not awarded due to notification of commercial operation of most M-F journeys
206 M-S daytime and eve	Peterlee - Hutton Henry	as current service (alternative to revised version included in 3303)	none	Contract not awarded due to notification of commercial operation of most M-F journeys
not app	ref not used	Not app	-	-

<b>Service No. &amp; Days</b>	<b>Terminals</b>	<b>Notes on tender specification</b>	<b>Operator</b>	<b>Comments</b>
213 M-F	Fishburn - Bracken Hill	Slightly reduced timetable	Ferryhill Village Travel	
214 M-F	Haswell- Bracken Hill	Slightly reduced timetable	Tony's Taxis	
239 M-S eve	Sedgefield - Easington	as current service	Go North East	
877-807 sch	Parkside - Seaham RC and Peterlee - Shotton Hall Academy	877 slightly revised; former service 207 sch spls to run as 807.	None	Lowest tenderers had insufficient capacity. Replacement contract to be arranged.
879 sch	Woodham – Newton Aycliffe primary schools	As current service	Scarlet Band	
881 sch	West Auckland - Witton Park St Chad's	as current service	Garnett's	
891 sch	Butterknowle - Teesdale School	As current service	Scarlet Band	(combined tender with sch baths contract; value of svc 891 element £20,064.28)
952 plus sch run 5005 M-F/ sch	Trimdon Colliery - Darchem / Morden- Sedgefield	As current service	Ferryhill Village Travel	
969 M-F	Wingate - Spennymoor	As current service	Scarlet Band	
945 M-F	New Brancepeth - Spennymoor	as current service	Ferryhill Village Travel	
Bracken Hill taxibus (DRT) M- F eve & Sat	Bracken Hill – east Durham area	as current service	none	Contract to be arranged.
895 sch	Barnard Castle - Staindrop	revised route and timetable incorporating former school contract	Garnett's	
801/802 sch	Tow Law / Crook - St John's Sch	As current service, Special arrangement with St John's	Garnett's	

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803/5/6 sch	Newton Aycliffe - St John's Sch	Special arrangement with St John's replaces equivalent sch bus contracts 3003 and 3005	Garnett's	Lowest tenderer had misunderstood requirement. Next lowest: two tenders at same price; selected on basis of better buses offered.
804 sch	North Close - St John's Sch	Special arrangement with St John's replaces equivalent sch bus contracts 3004		<i>To be confirmed</i>
808 sch	Ferryhill - St John's Sch	Special arrangement with St John's replaces equivalent sch bus contracts 3008		<i>To be confirmed</i>
809 sch	Evenwood - St John's School	Special arrangement with St John's replaces equivalent sch bus contracts 3202	Garnett's	
810 sch	Toft Hill - St John's School	Special arrangement with St John's replaces equivalent sch bus contracts 3203	Garnett's	
33 M-S daytime	Ferryhill - Sedgefield	Alternative to 3283; Ferryhill - Sedgefield section only, same frequency as current, revised timetable	none	Alternative specification 3283 preferred