

**TRANSPORT SERVICES – SERVICE REDESIGN**

Report by Director for Communities

PURPOSE OF REPORT To provide an update on the Service Redesign process for Transport Services

COMPETENCE

- 1.1 The implementation of the Comhairle's Budget Strategy will require the Comhairle to consider its compliance with statutory duties, carry out equality impact assessments and put in place appropriate risk management arrangements.

SUMMARY

- 2.1 The initial stage of the Service Redesign process has been to consider and prioritise service areas where changes can be made to reduce costs. The range of services includes Inter-Island air services, school and public bus services, community transport and Stornoway bus station.
- 2.2 For Inter-Island air services, Loganair have indicated that there would be no opportunity to make savings from service reductions and the only way to reduce costs would be to withdraw the service. As service withdrawal is unlikely to be supported at a political level, it is not proposed to consider this option at this time.
- 2.3 The Lewis and Harris school and public bus contracts are due for renewal in 2019 and this provides an ideal opportunity to introduce service changes. A service review is being carried out by transport consultants, The TAS Partnership Ltd and a draft programme has been included as an appendix to this Report.
- 2.4 It is proposed that the tender for Lewis and Harris school and public bus services includes seven pricing options. These seven options allow for five service delivery options based on fixed specification (prescribed) services, ranging from a basic provision of school transport for entitled pupils plus one morning and one late afternoon public bus services to the current service provision. The remaining two options are based on larger geographical lots, combining fixed specification school services for entitled pupils and an option to include non-entitled pupils and operator designed public bus services. These options will be based on a fixed price, which is 25% less than the current budget for the total school and public services within each geographical lot. Details of these options are provided in Table 2.
- 2.5 It is proposed that the review of Comhairle supported Community Transport and the operation of the Stornoway bus station is deferred until the Lewis and Harris bus services review has been completed and the level of public bus service in place following the review is known.

RECOMMENDATIONS

- 3.1 It is recommended that the Comhairle note the current procurement strategy for Lewis and Harris School and Public Bus Services.**

Contact Officer: David Macleod, Head of Municipal Services
Appendix: None
Background Papers: Previous Transportation Service Redesign Papers

BACKGROUND

- 4.1 The Comhairle agreed a Budget Strategy for 2018 – 2022 in February 2018. As part of the plan to achieve a balanced budget over this four year period, a Service Redesign programme identified a range of council services where a reduction target of 25% of the 2017/18 service expenditure could potentially be achieved.
- 4.2 For Transport Services, the quantum of the Service Redesign target saving is approximately £1.66m of a total revenue budget of £6.6m per annum.
- 4.3 In considering the scope for budget reductions and redesign, the following four key elements were identified with the following annual budgets: School and Public day-time Bus Services £5.6m; Inter-Island Air Services £350k; Evening Bus Services £250k; Community Transport £230k; and Stornoway Bus Station £75k.
- 4.4 Although the savings target is potentially achievable, there are likely to be significant services reductions due to the need to maintain School Transport at a level compliant with statutory and policy requirements. With limited potential for savings from School Transport services, a higher percentage of the savings target will need to be found from the discretionary public bus services budget.

SCHOOL BUS SERVICES ANNUAL BUDGET £3.1m

- 5.1 With the exception of a small number of routes provided with capacity for non-entitled pupils, School Bus services are provided on the basis of the Comhairle's Home to School policy. Therefore, the savings potential is limited.
- 5.2 School bus services are provided in some areas for non-entitled pupils on dedicated services or on public bus services. This increase in demand results in a need for additional seating capacity which can require additional buses or larger buses.
- 5.3 Many of the school bus routes are integrated with Public Bus service on a shared cost basis. As the current arrangement to share costs for integrated services with Public Bus services changes, reductions to Public Bus service provision may result in a direct increase in the School Bus services costs

PUBLIC BUS SERVICES ANNUAL BUDGET £2.5m

- 6.1 There are no commercially viable public bus services in the Western Isles. Subsidy levels range from 80% to over 90%.
- 6.2 The main core costs are drivers and buses; fuel costs are less significant making up between 15% and 20% of most route service costs. The Bus Services Operator Grant (BSOG) is available from Transport Scotland for registered routes (currently £0.14/km). For minibus based services, this will cover fuel costs.
- 6.3 The peak demand for Lewis and Harris public bus services is the "commuter" service in the morning and early evening. Services during the day are often under-utilised and operators often use larger vehicles due to availability and cost benefits (change to a smaller vehicle will often require a larger fleet and increase overall operational costs).
- 6.4 The national shortage of PCV / CPC qualified bus drivers suggests that part-time, split-shift hours would not be acceptable to the majority of drivers which may increase the risk of driver retention / availability. This would imply that, where drivers are on shift and vehicles are available to service registered bus routes that obtain BSOG, savings from discontinuation of daytime services may be limited.

EVENING BUS SERVICES ANNUAL BUDGET £250k

- 7.1 Evening bus services are currently only provided in Lewis (to and from Stornoway). Passenger numbers are extremely low and there are a very small number of regular users using evening services to access employment.
- 7.2 It would be difficult to justify the continuation of evening services based on the level of use and the cost per passenger.

COMMUNITY TRANSPORT ANNUAL BUDGET £230k

- 8.1 Current provision of funding for Community Transport is based on the Rural Community Transport Initiative, a government grant funding scheme from 2001. There was also a smaller contribution from the Rural Transport Fund to minimise the financial contribution required from community groups.
- 8.2 Both funding scheme resources were allocated to the Comhairle as enhanced direct grant in April 2008 (not ring-fenced). The current scheme operates well in some areas but may not reflect current needs in others and does not take account of changes to the needs of areas of the community that did not bid for the initial grant.
- 8.3 As Community Transport may provide a mechanism to work with community groups to help fill gaps created by any reductions to mainstream public bus services, it is suggested that this service should be maintained but a next stage review is carried out to determine if it can be used to provide assistance to a wider range of community groups who may have access to other sources of funding

INTER-ISLAND AIR SERVICE ANNUAL BUDGET £350k

- 9.1 The operator, Loganair, has confirmed that there is no option to reduce costs by reducing service provision. Service withdrawal would be the only available option that would result in reduced costs.
- 9.2 Service withdrawal is unlikely to be supported at a political level therefore it is not proposed to consider this option at this time.

LEWIS AND HARRIS SCHOOL AND PUBLIC BUS SERVICE PROCUREMENT

- 10.1 Lewis and Harris School and Public bus services contract are due for renewal on 1 April 2019. To allow a complete redesign of the service with reconfiguration options, a contract extension of four months, plus an option for a further four month extension period as a contingency, was agreed with all bus operators.
- 10.2 The TAS Partnership Ltd, a specialist transport consultant, was appointed to carry out a review of bus services in Lewis and Harris. This review is substantively completed, with only a few final revisions to be carried out. It is intended to arrange a presentation by TAS as part of a Members Seminar.
- 10.3 A programme has been devised to identify the target milestones for the procurement process. This is shown in Table 1.
- 10.4 Table 1 also provides details of the political, regulatory and operational milestones. This includes Comhairle approval of the best priced Option, registration of routes and operators with the Traffic Commissioner and the procurement of vehicles and the provision of drivers.

10.5 Table 1: Lewis and Harris Bus Services Implementation Programme

Task	Milestone	Status
Passenger survey	By 15 December 2018	Completed awaiting outputs from TAS in final report
TAS interim report	By 12 December 2018	Completed
TAS bus operator consultations	By 14 December 2018	Completed awaiting outputs from TAS in final report
TAS final report submission	By 19 January 2019	Draft received 16 January 2019
TAS final report approval	By 18 February 2019	
CnES contract specifications completed.	By 20 February 2019	Work in progress
CnES publish tender documents	By 22 February 2019	
CnES tender return date	By 22 March 2019	4 weeks for operator pricing
CnES tender evaluation	By 29 March 2019	1 week to evaluate
CnES committee report deadline	By 8 April 2019	Agenda deadline
CnES intention to award	By 2 May 2019	
CnES end of standstill period	By 15 May 2019	Public Contract Scotland regulations
CnES bus service registrations	By 7 June 2019	Traffic Commissioner service registrations
CnES timetable travel media	By 12 July 2019	Leaflets, web and Traveline Scotland update
CNES contract start	By 1 August 2019	Approximately 13 weeks to allow operators to achieve state of readiness

10.6 Table 2 provides details of the seven options to be included in the tender. Although the number of permutations will complicate the evaluation process it is the only way to allow sufficient flexibility for operators to initiate new service proposals.

10.7 Consideration is being given to an eighth option to offer a fixed price output specification for one large geographic lot.

10.8 Table 2: Lewis and Harris Bus Service Review – Proposed Service Redesign Options

OPTION	SCHOOL TRANSPORT ENTITLED	SCHOOL TRANSPORT NON - ENTITLED	PUBLIC TRANSPORT	IMPACT
Input Specification options				
1	Yes as per policy	None	Commuter only services to and from Stornoway. Target arrival 8 – 9 am and departure 5 - 6	No transport for non-entitled pupils. No transport for workers arriving before 8am. No middle of the day services for shopping, health care and social / leisure. No evening services from Stornoway after 6pm.No connections with ferries on the Sound of Harris Service.
2	Yes as per policy	Yes as per current schools and routes.	Commuter only services to and from Stornoway. Target arrival 8 – 9 am and departure 5 - 6	No transport for workers arriving before 8am. No middle of the day services for shopping, health care and social / leisure. No evening services departing from Stornoway after 6pm. No connections with ferries on the Sound of Harris Service
3	Yes as per policy	None	Reduced service timetable. Reduced number of buses and route sharing of buses to multiple districts. Commuter services to and from Stornoway for both 8am and 9 am start times and 6pm departure. Reduced middle of the day services.	No transport for non-entitled pupils. Reduced travel choice for middle of the day services to all districts particularly for Ness, Westside Lewis, Tarbert – Stornoway, North Lochs, Point and Tolsta. No evening services departing from Stornoway after 6pm.
4	Yes as per policy	Yes as per current schools and routes.	Reduced service timetable. Reduced number of buses and route sharing of buses to multiple districts. Commuter services to and from Stornoway for both 8am and 9 am start times and 6pm departure. Reduced middle of the day services.	Reduced travel choice for middle of the day services to all districts particularly for Ness, Westside Lewis, Tarbert – Stornoway, North Lochs, Point and Tolsta. No evening services departing from Stornoway after 6pm.
5	Yes as per policy	Yes as per current schools and routes.	Current 2018/19 service to all areas with or without current evening services departing Stornoway after 6pm.	None – if all current services replaced Minor impact if evening services after 6pm are discontinued.
Contractor designed option				
6	Yes as per policy	No	Operator designed services from fixed price output specification to five large geographical areas combining both public and school.	No transport for non – entitled pupils. Potential impact to public services that is unknown at pre – tender stage. School transport specification prescribed and remaining costs for public transport to be operator designed.
7	Yes as per policy	Yes as per current schools and routes.	Operator designed services from fixed price output specification to five large geographical areas combining both public and school	Potential impact to public services that is unknown at pre – tender stage. School transport specification prescribed and remaining costs for public transport to be operator designed.

