

Item: 15

Development and Infrastructure Committee: 6 September 2022.

Public Bus Services – Contract Monitoring.

Report by Corporate Director for Enterprise and Sustainable Regeneration.

1. Purpose of Report

To present monitoring information in respect of public bus services since the commencement of the new contract in August 2021.

2. Recommendations

The Committee is invited to note:

2.1.

That the School and Public Bus Contract commenced on 16 August 2021 for a period of eight years, with the ability to extend up to a maximum of ten years.

2.2.

Passenger carryings for the period August 2021 to July 2022, together with details of passenger fare income received from August 2021 to July 2022, which is now allocated to the Sustainable and Green Transport Fund, as detailed in section 4 of this report.

2.3.

A comparison of passenger carryings pre COVID-19 to present day, attached as Appendix 1 to this report.

3. Background

3.1.

In 2019, the School and Public Bus Contract was tendered with a focus on quality with the view to improve the service provided from previous years. Historically, the contract had been awarded on a lowest price basis, resulting in a catalogue of breakdowns, delays and poor quality fleet from the main operator, Stagecoach.

3.2.

It was noted that the tender prices from the main operator over the past 10 plus years had been unrealistically low, as the previous fleet had essentially been “written off” and therefore no depreciation of fleet was paid as part of the contract price. A lowest-price tender model had essentially been presented to the Council which was

awarded. The consequence however, was that this resulted in old or high mileage fleet being used by the main operator which in turn resulted in a significant number of breakdowns and general reliability issues. Considerable staff resource time was spent on a day-to-day basis on school and public bus contract issues and senior management were involved in regular discussions with the main operator regarding performance issues.

3.3.

The contract to provide mainland public bus services and a significant number of school transport routes was awarded to Stagecoach on the basis that they purchased brand new, Euro 6 low emission, low floored, accessible fleet across the entire network. The tender submissions from Stagecoach were only on the basis of new fleet as they were not prepared to continue to provide services using old and unreliable buses.

3.4.

This was deemed the Best Value option to the Council along with the award of a number of other school transport routes to small and medium sized bus and taxi operators such as J&V Coaches, OCTO bus and J D Peace and Co. Public bus services are also operated in Westray, Sanday and Hoy under Contract with the Council.

3.5.

All operators have therefore retained responsibility of providing their own fleet as part of the School and Public Bus Contract, all of which must meet the vehicle specification as outlined in the Contract. Officers were however involved in the branding of the new bus fleet, where it was agreed to add the Council logo given the services were provided by Stagecoach under Contract by the Council. Breakdowns, repairs and replacement fleet remain the responsibility of the operator. The exception to this is the two accessible minibuses which are owned by Orkney Islands Council to provide Additional Support Needs transport, which sit under the Council's asset replacement programme.

3.6.

Whilst previous monitoring reports have been largely focused on the poor performance, breakdowns and general reliability of services due to the award of contracts on a lowest price basis, significant staff time has been saved since the commencement of the new contract using new fleet. The school and public transport services provided have significantly improved as all Stagecoach routes are now operated with new buses which are low emission and accessible. Whilst the contract resulted in considerable budget uplift, the level of service now provided reflects what is needed in order to operate a safe and reliable service.

3.7.

Since commencement of the new School and Public Bus Contract in August 2021, there has been no formal complaints received regarding the performance of any bus or taxi operator which is a significant improvement from the previous Contract.

3.8.

The low carbon innovation clause within the School and Public Bus Contract gives the ability to work with operators on low emission projects should external grant funding be made available. Officers will therefore continue to explore the funding available to move over to hydrogen or electric fleet when feasible.

4. Passenger Carrying and Fare Income

4.1.

The passenger carryings and fare income for subsidised public bus services (excluding X1 service which is commercial) during the period August 2021 to July 2022 are outlined in Appendix 1 to this report.

4.2.

Unlike the rest of Scotland and the wider UK, pre COVID-19, Orkney saw steady passenger growth across its public bus services year on year. Passenger carryings significantly decreased during the COVID-19 pandemic as the Scottish Government discouraged the use of public transport. Therefore, no promotion or marketing of services was carried out during this time. A large number of people were working from home and there were a limited number of events and activities for people to attend. The need for public transport was therefore greatly reduced during the lockdown period although remained an essential service for keyworkers etc.

4.3.

In 2019, the total passenger carryings on the subsidised public bus services reached 119,561, which was a 2.6% increase from the previous year. This figure includes the isles bus services in Eday, Sanday and Westray as well as mainland bus services (excluding the X1 commercial service). In 2020, the figures dropped significantly following the COVID-19 pandemic and the period of lockdown. The total passenger carryings during 2020 was 45,851. This figure increased in 2021 to 64,162 although the use of public transport was still not encouraged. In 2022, passenger figures are still below the 2019 pre COVID-19 levels however they are increasing gradually as outlined in Appendix 1.

4.4.

The public bus contract awarded in August 2021 was on the basis of a zero fares contract, with the Council retaining all fares from the operator, including concessionary fares. The risk to the operator on obtaining revenue through fares during and following COVID-19 was removed and allowed the operator to provide a more accurate price to operate services.

4.5.

The bus fare income has increased month by month following the lockdown period, with fare income reaching £14,214 for the month of June 2022. On 1 March 2022, the Policy and Resources Committee recommended that the fare income be used to establish a Sustainable and Green Transport Fund and meet the cost of the increase

to the contract rates for public bus services beyond the inflationary 1% uplift to budgets. It is anticipated that the fare income during the first full contract year will be in the region of £120,000, with income expected to increase in 2023 if passenger carryings reach pre COVID-19 levels.

5. Corporate Governance

This report relates to the Council complying with governance and procedural issues and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

6.1.

The annual public bus budget for 2022/23 towards subsidised services is £1,314,800. It is anticipated that the budget will be close to balance for operating the service over the full year.

6.2.

The public bus contract awarded in August 2021 was on a zero fares basis meaning that bus fare income, including concessionary fares is now retained by the Council.

6.3.

On 1 March 2022, the Policy and Resources Committee recommended that fare income be utilised to establish a Sustainable and Green Transport Fund.

6.4.

At the end financial year 2021/22 the Sustainable and Green Transport Fund balance was £82,926 and it is anticipated that fare income in the region of £120,000 per annum going forward will be transferred into the Sustainable and Green Transport Fund. This fund will be used specifically for sustainable transport initiatives, including active travel, as a means to off-set existing transport CO2 emissions and to invest in sustainable and green transport solutions for the future.

7. Legal Aspects

7.1.

Financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

7.2.

The School and Public Bus Contract states that the operator shall provide the Council with the number of passengers carried on each Local Bus Service, a breakdown of the number of tickets sold in terms of adults, children and concessionaries and total fare income

7.3.

The School and Public Bus Contract sets out that the Contractor shall set up a customer complaints procedure. Written records of all complaints received and actions taken are to be retained and a copy of such information is to be provided to the Council on a monthly basis in arrears. Receipt of such information helps the Council to monitor the performance of the contract and thereby meet its statutory obligation to ensure best value.

8. Contact Officers

Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration, Email: gareth.waterson@orkney.gov.uk.

James Buck, Head of Marine and Transportation Services, extension 3600, Email: james.buck@orkney.gov.uk

Laura Cromarty, Transportation Manager, extension 3638, Email: laura.cromarty@orkney.gov.uk

9. Appendix

Appendix 1: Public Bus Passenger Carryings and Fare Income.

Appendix 1

Public Bus Passenger Carryings and Fare Income

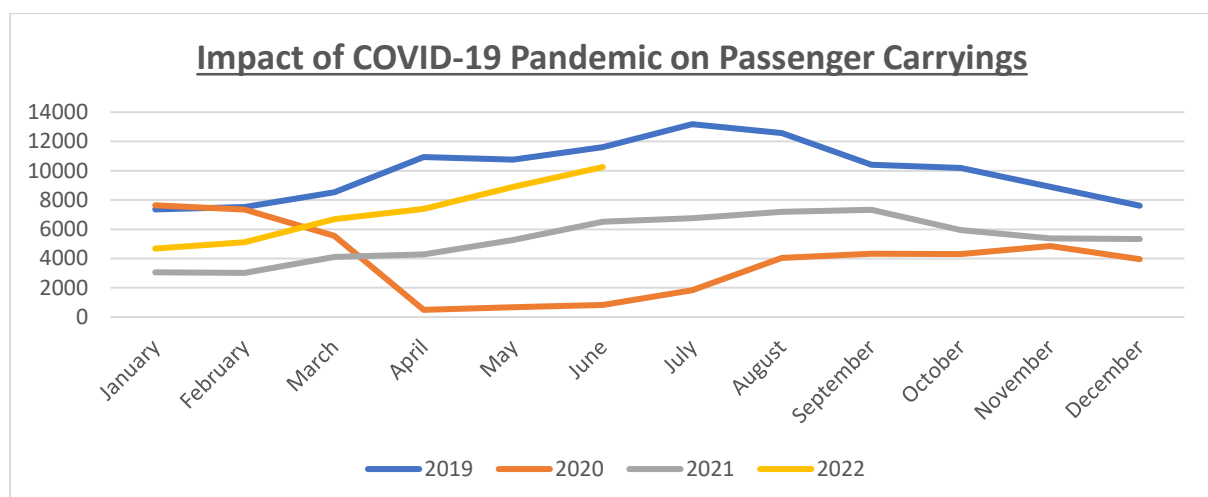
The passenger carryings outlined below are for all subsidised public bus services across Orkney and therefore exclude the X1 service (Stromness > Kirkwall > St Margaret's Hope) which is operated on a commercial basis by Stagecoach.

In 2019, passenger carryings reached 119,561 on subsidised services which was a 2.6% increase from the previous year. Growth year on year was positive, unlike the bus industry across the rest of Scotland which was in steady decline.

At the beginning of 2020 (January and February), passenger carryings were comparable with the previous year, with a slight reduction in January and an increase in carryings in February from the previous year. In March 2020 carryings started to decline as the COVID-19 pandemic started to affect travel patterns and behaviour.

The pandemic continued to have a significant impact on passenger carryings during 2020 and 2021. Carryings are gradually building back up during 2022 however the industry is still experiencing the impact of people continuing to work from home and not travelling as often for social and leisure activities. It is hoped that the passenger figures will continue to increase steadily so that from 2023 onwards they are similar to the pre-COVID carryings seen in 2019.

The Transportation Service have been unable to promote or encourage the use of public transport services over the last two years. During 2022, promotional campaigns have commenced again, with a free bus ticket issued to all households across Orkney in June 2022 followed by the introduction and promotion of evening bus services in July 2022. The additional evening bus services were introduced during 2022/23 financial year following external grant funding from Scottish Government.



The bus passenger figures by route and by month are outlined below:

2022	Service 2	Service 3	Service 4	Service 6	Service 7	Service 8S	Service 9	Service X10	Various	TOTAL
	Houton	Deerness	Airport	Tingwall	Birsay	Skara Brae	Town Service	Ferry Link	Isles Bus Services	MONTHLY
January	590	265	1014	586	308	84	1518	121	196	4682
February	649	270	1139	686	365	73	1558	106	264	5110
March	800	360	1622	838	453	103	1981	189	349	6695
April	867	446	1648	915	475	242	2110	299	389	7391
May	1137	380	2073	1174	459	396	2090	489	705	8903
June	1156	496	2171	1361	657	547	2346	625	893	10252
July	1243	655	2502	1466	769	784	2710	710	0	10839
TOTAL	6,442	2,872	12,169	7,026	3,486	2,229	14,313	2,539	2,796	53872

2020	Service 2	Service 3	Service 4	Service 6	Service 7	Service 8S	Service 9	Service X10	Various	TOTAL
	Houton	Deerness	Airport	Tingwall	Birsay	Skara Brae	Town Service	Ferry Link	Isles Bus Services	MONTHLY
January	857	360	1903	885	432	86	2679	104	331	7637
February	848	351	1820	909	376	60	2560	105	322	7351
March	727	298	1464	612	254	65	1805	79	252	5556
April	71	120	2	37	41	22	199	2	0	494
May	58	111	8	109	67	24	289	8	0	674
June	98	81	8	154	109	52	312		4	818
July	330	112	149	304	165	75	502	82	115	1834
August	509	283	731	481	332	106	1235	132	227	4036
September	544	274	863	536	354	122	1359	100	182	4334
October	568	313	898	539	292	46	1354	87	199	4296
November	991	302	939	455	354	61	1443	47	265	4857
December	539	238	723	456	287	36	1547	30	108	3964
TOTAL	6,140	2,843	9,508	5,477	3,063	755	15,284	776	2,005	45851

2019	Service 2	Service 3	Service 4	Service 6	Service 7	Service 8S	Service 9	Service X10	Various	TOTAL
	Houton	Deerness	Airport	Tingwall	Birsay	Skara Brae	Town Service	Ferry Link	Isles Bus Services	MONTHLY
January	670	317	1881	1117	405	59	2327	100	481	7357
February	725	323	1856	1115	328	84	2465	116	508	7520
March	785	407	2241	1224	407	99	2695	158	501	8517
April	1162	590	2855	1419	585	372	2841	501	609	10934
May	1122	484	2759	1247	443	375	2884	434	1003	10751
June	1162	590	2855	1419	585	372	2841	501	1296	11621
July	1408	673	3053	1658	565	367	3301	493	1662	13180
August	1357	522	2996	1598	571	403	3279	380	1468	12574
September	1076	559	2712	1353	485	207	3111	345	555	10403
October	1173	409	2555	1049	472	122	3244	279	880	10183
November	1093	382	2087	1011	498	90	3060	156	533	8910
December	898	307	1938	887	435	72	2562	114	398	7611
TOTAL	12,631	5,563	29,788	15,097	5,779	2,622	34,610	3,577	9,894	119561

Bus Passenger Fare Income

	Passenger Fares	Concessions (elderly and disabled)	Under 22 Concessions	Income
August 2021	£7,886.20	£2,154.55	£43.31	£10,084.07
September	£7,793.35	£2,293.24	£49.30	£10,135.89
October	£6,166.95	£2,083.31	£30.82	£8,281.09
November	£5,270.40	£1,825.44	£29.82	£7,125.66
December	£5,184.95	£1,837.91	£26.83	£7,049.69
January 2022	£4,467.29	£1,580.32	£34.86	£6,082.47
February	£4,718.80	£1,668.08	£334.66	£6,721.54
March	£5,547.70	£2,382.21	£476.60	£8,406.51
April	£6,361.45	£2,265.15	£957.38	£9,583.99
May	£8,725.90	£2,759.53	£1,200.68	£12,686.11
June	£9,829.50	£3,016.97	£1,391.04	£14,237.51
July	£11,612.05	£3,230.71	£1,724.27	£16,567.03
TOTAL	£78,363.39	£26,155.30	£6,247.00	£110,765.69

Concessionary fare reimbursement rate:

Elderly and disabled concession: 55.9% of adult fare, Young Person 15 years and under: 43.6% of junior fare, Young Person 16-21 years: 81.2% of junior fare as set by Scottish Government.