

**Development Committee****6 February 2013****Transport Network Redesign****TP-02-13-F****Report Presented by Director of Development  
Services****Development Services Department****1.0 Summary**

- 1.1 The purpose of this report is to advise the Committee of the progress of the project to redesign Public Transport routes and services in Shetland (including the provision of Education transport) and seek approval to proceed to tender under a framework that allows the prioritisation of services in the event that not all services can be provided within available budgets.

**2.0 Decision Required**

- 2.1 That the Development Committee RESOLVE to:
- 2.1.1 Consider the progress of the project and reconfirm approval to tender the redesigned network, with a contract length of five years and the mechanism in place to address affordability when tenders are received.
  - 2.1.2 Agree the steps outlined in Appendix 1 of the report to tender the redesigned services.

**3.0 Detail**

- 3.1 ZetTrans has functional responsibility for the provision of public bus services in Shetland. This places a statutory duty on ZetTrans to develop policies on the provision of local bus services and to provide socially necessary bus services.
- 3.2 The funding for these services is met predominantly by funding from Shetland Islands Council.

- 3.3 Provision of Education Transport is the functional responsibility of Shetland Islands Council.
- 3.4 The 2012/13 budget for provision of these services is £1.432 million for public transport services and £2.652 million for education transport services, giving a total cost of £4.084 million excluding internal administration costs.
- 3.5 Under the current contract terms and conditions, the costs of services increase each year through the application of a formula based on the Retail Price Index and Fuel Prices. The following figures show the trend over the past 3 years and an estimate for 2012/13:
- 2009/10 – 3.85% increase
  - 2010/11 – 8.62% increase
  - 2011/12 – 4.3% increase
  - 2012/13 – 5.3% (estimated increase)
- 3.6 This trend gives a compound increase of 24% in costs over this 4 year period.
- 3.7 Regular meetings with local operators have highlighted cost pressures on the industry including wage costs, the legally required Certificate of Professional Competence courses and the continued increases in fuel costs.
- 3.8 Against this background of rising costs, there is also a need to reduce the cost of Council services over the duration of the Council's Medium Term Financial Plan.
- 3.9 In order to minimise contract costs, it is proposed that the services are tendered for a five year period to allow operators to spread operational costs over a longer period.
- 3.10 In order to minimise the risk relating to the level of indexation payable against contracts, it is proposed that the current arrangements are carried forward into the new contracts. This will ensure that indexation increases are paid at actual rates as opposed to estimates being built into a fixed contract price.
- 3.11 Over the course of a long period of time, services in Shetland have been developed on a largely ad hoc basis with little connection between an agreed definition of social need or economic objectives. This has led to an inconsistency of provision.
- 3.12 The redesign project has addressed these issues through a full policy root and branch review. This review produced a network of services covering public and education provision and the Transport Planning Service went out to consultation on the redesigned network in September 2012.
- 3.13 The redesigned network of services is centred on equality of service to all areas of Shetland and although there is a net increase in the number of services being proposed in comparison to current provision,

it must be noted that reductions in some areas have offset much of the increase in others.

- 3.14 Following on from the consultation exercise and the comments received from both the public and local operators, the network was refined to take the opinions and ideas offered into account and identify further efficiencies in service provision.
- 3.15 Appendix 1 to this report outlines the steps necessary to take the redesigned network to tender, with new contracts coming into place mid-August 2013.
- 3.16 Throughout the redesign process, the aim of creating a more efficient network has been maintained with a large number of opportunities for the packaging of contracts now open to tendering operators.
- 3.17 The content of contracts has been reduced to create a larger number of smaller contracts to make tendering in packages simpler for operators of all sizes. This will aid the level of efficiencies across all services by encouraging operators to quote for packages of work. It is expected that this will also increase the level of competition for individual contracts.
- 3.18 Due to the financial pressures currently being experienced by the Council, it is likely that the current format of bus services provided would prove unaffordable, however in light of the innovative nature of the contracting process that has evolved through the redesign project it is expected that the packaging of contracts and economies of scale will promote affordability.
- 3.19 In a report to the Development Committee on 21 June 2012 (Min Ref: 45/12), Members agreed set criteria for the prioritisation of travel needs factors, these were:
1. Employment
  2. Education (primary, secondary, further and higher education)
  3. Access to Health and Social Care
  4. Access to shops
  5. Access to social and leisure opportunities
  6. Access to external transport links
  7. Tourism
- 3.20 Following the outcome of the tender process, the appropriate action will be selected from the options below:
- If the total cost of tenders is within available budget then a recommendation will be made to award all contracts,
  - If the total cost of tenders is marginally above the available budget then options will be offered for bringing it within budget by minor service reduction and/ or reprioritising departmental budgets,

- If the total cost of tenders is significantly above budget then how the network would need to be cut back using the agreed priorities will be reported along with a description of that network and a description of impacts.

## **4.0 Implications**

### Strategic

#### **4.1 Delivery On Corporate Priorities**

Development of a sustainable public transport network contributes to the “Stronger” section of the Community Plan and also the corporate aim to use resources sustainably.

#### **4.2 Community /Stakeholder Issues**

Consultation and engagement throughout Shetland indicates that there is an inconsistent level of provision that communities feel needs to be addressed in order that essential travel needs can be met.

#### **4.3 Policy And/Or Delegated Authority**

In accordance with Section 2.3.1 of the Council’s Scheme of Administration and Delegations the Development Committee has responsibility for Transport Planning.

#### **4.4 Risk Management**

If the Council cannot reach a sustainable position in relation to its expenditure there are then long term risks to the Council’s capacity to deliver necessary services. In addition to this, if the review of the Public Transport Services is not sufficiently thorough and based on robust appraisal and evidence then there is a significant risk of unpredicted economic and social consequences. These in turn bring risks to individual communities as well as Shetland’s overall economic and social well being.

#### **4.5 Equalities, Health And Human Rights**

Throughout the project, specific attention has been paid to ensuring that the redesigned network of services provides equal opportunities across Shetland enabling access to employment, education, health care, shops, social opportunities, external transport links and tourism.

#### **4.6 Environmental**

The opportunities open to operators to package contracts and increase efficiencies also has the potential to reduce the numbers of vehicles providing services across Shetland, impacting positively on the natural environment.

### Resources

#### 4.7 Financial

The cost attributed to carrying out the network redesign, including the tender process, will be met within approved budgets.

#### 4.8 Legal

Support is being received from the Council's Governance and Law Service and Procurement Service in the development of contract documentation and the procurement process.

#### 4.9 Human Resources

None.

#### 4.10 Assets And Property

None.

### **5.0 Conclusions**

5.1 The Council's Transport Planning Service has undertaken a root and branch review of public transport and education transport routes and services in order to create a more efficient and equitable redesigned transport network.

5.2 This work is nearing completion and approval to take the redesigned network to tender, with contracts beginning in August 2013, lasting for a period of five years is now sought.

For further information please contact:

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#### List of Appendices

Appendix 1 – Steps to tender redesigned network

END

## **Shetland Transport Network Redesign**

### **February 2013**

- Contract splits by Travel Needs Factors
- Passenger figures matched to Public Services
- Timing of Shopper and Health Centre services
- Confirmation of Final Tender Documents
- Construction of Fare Pyramids
- Update School Lists
- Identify required capacities for School Contracts
- Add projected Nursery figures

### **March 2013**

- Final confirmation of group pick up points for School Contracts
- Decision required as to provision of Winter Months School Transport
- Reconfigure timings of timetables in light of final Ferry Services timetables
- Draft advert for European Journal and Shetland Times
- Print tender documentation packs
- Tender advert in local and European press on Friday 22<sup>nd</sup> March

### **April 2013**

- Back office set up for ticket machines
- Design of maps for public information purposes
- Confirm design of timetables for public information purposes
- Design of web based public information

### **May 2013**

- Tender deadline 13<sup>th</sup> May
- Tender opening 14<sup>th</sup> May
- Tender analysis
- Report construction
- Council decision as to level of award
- Award letters sent to operators

### **June 2013**

- Production time for public information
- Launch media campaign for pre-holiday information provision

### **August 2013**

- Contracts begin on Monday 12<sup>th</sup> August