

Agenda Item	10
Report No	ECI/16/2024

The Highland Council

Committee: Economy and Infrastructure

Date: 2 May 2024

Report Title: In-house Bus Service

Report By: Executive Chief Officer Infrastructure, Environment & Economy

1 Purpose/Executive Summary

1.1 This report summaries the achievements of the Council's in-house bus service over its first 15 months of operation and outlines future developments for this service.

2 Recommendations

2.1 Members are asked to:-

- i. **Note** the financial and operational achievements of the in-house bus operation; and
- ii. **Agree** that a report be brought to a future committee on the implications of moving the operation to an Arm's Length External Organisation.

3 Implications

3.1 **Resource** – There are no resource implications arising directly from this report. There are expected to be significant costs avoided in the first year of operation. Financial services are in the process of closing down the 2023/24 account, and final figures will be confirmed when complete.

3.2 **Legal** – There are no legal implications arising directly from this report. The in-house bus operation operates under Section 22 Large Bus Permits issued by the Traffic Commissioner. On the routes operated, it also fulfils the Council's duties for home to school transport under the Education (Scotland) Act 1980.

3.3 **Community (Equality, Poverty, Rural and Island)** – The in-house bus service, and public and community transport provision in general, support the sustainability of rural communities and provide for essential journeys by people who have no or limited access to private transport.

3.4 **Climate Change / Carbon Clever** – Availability of public or community transport provides alternatives to individuals' use of their own cars, thus contributing to reduction in carbon emissions.

- 3.5 **Risk** – There are no risk implications arising directly from this report.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no Health & Safety risks arising from this report. Existing Health & Safety provisions are described in paragraph 4.9 below.
- 3.7 **Gaelic** – There are no Gaelic implications arising from this report.

4 Highland Council Buses: first year of operation

- 4.1 The Highland Council Buses operation commenced on 4 January 2023 with 12 drivers, and seven routes which had hitherto been operated under contract to the Council by Stagecoach. These were:-
- Cawdor – Nairn and Nairn town service;
 - Whitebridge – Inverness;
 - Foyers – Inverness;
 - Fort Augustus – Glen Urquhart High School;
 - Culbokie – Dingwall (for Dingwall Academy);
 - Tomich / Kilmorack – Dingwall / Inverness; and
 - Milton of Leys – Millburn Academy
- 4.2 The Tomich / Kilmorack – Dingwall / Inverness service makes use of the Fort Augustus – Glen Urquhart High School bus at off-peak times, following different routes on different days, and providing for trips to either Dingwall or Inverness from locations away from main bus routes. The Milton of Leys – Millburn Academy service requires four double deckers to carry around 230 pupils entitled to school transport plus around 60 others who live less than three miles from the school.
- 4.3 Compared to the tender prices received for these routes, the in-house bus operation is expected to achieve a significant cost avoidance for the Council in delivering these routes, taking account of operating costs and overheads. Financial services are in the process of closing down the 23/24 account, once this is complete, we will be able to confirm the final cost avoidance figure, but we expect this to be in the region of £1m.
- 4.4 The initial set-up cost of the operation, to establish the depot, purchase and adapt the double deckers, purchase equipment, employ the project staff during the preparation period before the project went live, and other related costs was £289,457.
- 4.5 In addition to the scheduled routes listed, Highland Council Buses have provided hires to schools (e.g., for swimming trips) and community organisations. Twenty-four schools are currently using this facility in the Inverness/Black Isle/Dingwall area.
- 4.6 In its first year, the operation carried 449 pupils daily who are entitled to home to school transport, and 52,046 public passengers.
- 4.7 In 2023 a total of 291,872km was operated on scheduled services. All services have operated reliably, with only 3214 km being missed, all of which were due to extreme weather conditions or road closures. All 12 public services are continuously monitored in line with Council policies and the Traffic Commissioner's standards for service reliability. The performance criteria are that services operate no more than 1 minute early and no more than 5 minutes late. The current average compliance with this standard across all 12 services is 96%.

4.8 Health and Safety and Fire Regulations were put in place once the Cromwell Road depot was secured. With the help of Highland Council H&S/Fire Representatives, and the use of existing Highland Council policies and procedures, the necessary processes were integrated into the bus operation. All staff were trained on the actions required in the event of a fire; a fire warden was also nominated. The procedures for operating in a busy transport environment were discussed with our team of drivers and a Health and Safety Representative was nominated. Audits have taken place to ensure compliance, and these will continue going forward. The process of First Use Checking our vehicles is well established and fully in line with current DVSA (Driver and Vehicle Standards Agency) regulations; this acts as a reporting structure for the driver to Management in the event of an issue with a vehicle. CCTV is being installed in all large service buses to support the protection and safety of staff and customers.

5 Highland Council Buses: further developments

- 5.1 In January 2024, an additional route was added, providing school transport in Strathdearn for both primary and secondary pupils, and a public service between Tomatin and Inverness. Compared to the previous contract this is saving £173,313 per annum.
- 5.2 A 57-seater coach has been purchased to enable greater capacity for school hires. From 20 May this vehicle will also be used on two home to school journeys in the Nairn area, replacing a Stagecoach contract with a cost reduction of £333,715.
- 5.3 Stagecoach have recently stated that they could provide the off-peak Foyers-Inverness service commercially and have offered an extremely competitive price of £52,740 for the peak hour journeys (which include school transport). This will be implemented from 20 May.
- 5.4 The Foyers bus will be redeployed on a Resolis Primary School route, along with the off-peak public service between Cromarty and Dingwall, replacing an existing Stagecoach contract. This gives a more modest cost reduction of £24,052.
- 5.5 From 1 April an interim service has been in place between the Culbokie area and Tore, connecting with Stagecoach buses, while Ferintosh Community Council work on setting up a new community transport organisation in their area.
- 5.6 Other opportunities are being identified where they benefit the Council or other public or community organisations. For example, a bus is being provided for a South Planning Committee members' site visit, at a lower cost than an external hire.
- 5.7 The implications of moving from a fully in-house operation to an Arm's Length External Organisation in the medium term are being examined, and a further report will be brought to Committee when this has been fully analysed.

6 Finances

- 6.1 The figures above clearly show that significant costs have been avoided at the time of awarding new bus service contracts, and savings are now being made. There is a dedicated cost centre in the financial system, which will enable a profit and loss account to be produced. This will be reported to subsequent Committees.

6.2 As the in-house bus service expands, there is an opportunity to reinvest some of the savings made in strengthening the public and community transport networks and supporting the emerging Bus Service Improvement Partnership. It is intended that a report on these matters will be brought to a future Committee.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 28 March 2024

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Background Papers: None

Appendices: None