

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 13th July 2006

Report Title North Warwickshire Quality Bus Initiative – Purchase of Buses

Summary It is proposed to purchase a new fleet of “County-links” buses for the routes serving the Coleshill Parkway Transport Interchange and North Warwickshire. Tenders for the purchase have been returned. The report outlines the results of this tendering process and seeks approval for the purchase of seven new vehicles.

For further information please contact Lee White
Transport Planning Unit
Tel. 01926 735671
leewhite@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers Received Tender submissions, Whole life cost summary.

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s)
(With brief comments, if appropriate)

Other Elected Members Councillor K Browne)
Councillor Mrs E Goode) for information
Councillor Mrs J Lea)
Councillor R Sweet)

Cabinet Member Councillor M Heatley – This is good news for
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member) North Warwickshire and for the new Coleshill facility.

Chief Executive

- Legal I Marriott – agreed.
- Finance C Holden – comments incorporated.
- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES/NO** (*If 'No' complete Suggested Next Steps*)

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Cabinet - 13th July 2006

**North Warwickshire Quality Bus Initiative –
Purchase of Buses**

**Report of the Strategic Director for
Environment and Economy**

Recommendation

That:-

1. Cabinet approves the purchase of seven new high quality, low emission buses for the North Warwickshire Quality Bus Initiative at a total cost of £935,620.

and
2. The Capital Programme for Transport be amended accordingly with the increased cost of £155,620 being found from savings elsewhere in the integrated transport budget for 2006/7 .

1. Introduction

- 1.1 In conjunction with the provision of the Coleshill Parkway Transport Interchange it is proposed that the County Council purchase a fleet of new buses to operate routes to the Interchange from communities in North Warwickshire. In May, Cabinet agreed to allocate £780,000 from the integrated transport capital programme for 2006/7 for this purchase. These buses would be owned by the County Council and leased to bus operators through competitive tenders to run the services under the “County-Links” brand name. The purchase of buses for tendered routes has shown to give at least a 10% saving in tender prices based on experience with the first group of routes tendered when the Council purchased buses. The higher quality of new buses purchased for “County-Links” services has created significant increases in the number of passengers on the routes involved.
- 1.2 Independent consultants have assessed the purchase of new buses for the North Warwickshire Quality Bus Initiative routes listed in paragraph 1.3 and have advised that the predicted increase in passenger numbers and lower tender prices represent value for money to the Council.

1.3 The routes for the North Warwickshire Quality Bus Initiative are:-

- (i) Tamworth–Kingsbury–Hams Hall–Coleshill Parkway–Coleshill–Birmingham Airport.
- (ii) Atherstone–Baddersley–Hurley–Kingsbury–Coleshill Parkway–Coleshill–Birmingham Airport.
- (iii) Nuneaton–Arley–Shustoke–Whitacre Heath–Hams Hall–Coleshill Parkway–Coleshill–Birmingham Airport.

Improvements to the Sutton Coldfield to Coleshill service will also be made but it is not proposed to purchase new buses for this route.

1.4 The capital funds allocated was based on the purchase of five large buses seating 49 passengers and two small buses seating 33 passengers.

1.5 The issue of tenders for this bus purchase contract was delayed due to the delay by DfT in approving the Coleshill Parkway Scheme. Buses could not be ordered until Coleshill Parkway was approved because the Parkway scheme facilitates the new and enhanced routes of the North Warwickshire Quality Bus Initiative. The delay in ordering the buses means that the new buses must meet new low emissions limits that start on the 1st October 2006. Tenders were therefore sought from a wide range of bus manufacturers to supply buses that will meet the latest emissions control regulations and disabled access criteria.

1.6 Tender submissions have now been received for buses to be delivered in January 2007.

2. Result of Tenders

2.1 Tenders were invited for two types of bus that meet the latest emission regulations. One requires the use of chemical additives and has lower purchase cost but higher running costs. The other runs without the use of chemicals but has a higher purchase price.

2.2 The buses that do not require the use of chemical additives will be more acceptable to a wider range of bus operators due to no specialist garage equipment being required. As no specialist equipment is required, it is anticipated that a lower subsidy for the services that the buses will operate on will result due to increased competition amongst operators for the contract to work these routes, if this type of bus is purchased.

2.3 From the competitive tenders supplied the best prices that could be obtained are as follows:-

- (i) The buses that require chemical additives cost £120,863 for a large bus and £104,231 for a small bus.
- (ii) The buses that do not need chemical treatment cost £133,660 for a large bus and £123,038 for a small bus.

- 2.4 The lowest tender for the buses that require use of chemicals is £812,777 which is close to the current approved estimate of £780,000. However, a more detailed examination of the whole life cost of purchasing and running the two types of bus (based on the tenders received) concludes that the whole life cost saving of seven buses that do not require the use of chemicals would be £280,000. A detailed analysis of the purchase cost, resale value and running costs has been carried out and shows that over the economic life of the buses a saving of £40,000 per bus will be achieved with buses not requiring use of chemicals.
- 2.5 The tenders received for buses meeting the latest emission regulations give only a small saving in cost for purchasing small buses. Based on the experience of the County's Transport Operations Group the larger buses would offer greater operational flexibility and accommodate predicted growth in patronage. A large bus is also likely to be easier to sell and attract a higher resale value than a smaller one should the County Council seek to sell the buses at any time. Purchase of smaller buses therefore no longer represents best value.

3. Proposed Order

- 3.1 Based on the tenders received it is considered that an order for seven large buses not using the chemical additive treatment system at a total cost of £935,620 will provide best value. When compared to the current £780,000 allocation the increased cost of the recommended option arises due to an extra £21,000 for purchasing all larger buses and £134,000 for compliance with emission regulations and a small amount of inflation.

4. Recommendation and Finance

- 4.1 The 2006/2007 Capital Programme for Transport included an allocation of £780,000 for the purchase of five large and two small buses. The recommended option for bus purchase will cost £935,620. Cabinet is asked to approve the purchase of the recommended buses and to amend the capital programme to reflect the increase in cost of £155,620 which will be compensated by savings elsewhere in the programme through natural or planned slippage of schemes that will be reported to Cabinet at the next available capital review.

JOHN DEEGAN
Strategic Director for Environment and Economy
Shire Hall
Warwick

20th June 2006