

Bath & North East Somerset Council

MEETING:	Planning, Transport & Environment Policy Development & Scrutiny Panel
MEETING DATE:	13 November 2012
TITLE:	Bus Tender Process
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:	None

1 THE ISSUE

1.1 The Council secures the provision of certain local bus services that are not provided by the commercial market. This Report gives the background to the process and advises the Panel of current issues.

2 RECOMMENDATION

The Planning, Transport & Environment Policy Development & Scrutiny Panel is asked to agree that:

2.1 The Report be noted;

2.2 The Cabinet Member for Transport be made aware of the views of the Panel in respect of the priorities for revenue support of local bus services in 2013/4.

3 FINANCIAL IMPLICATIONS

3.1 The Council is forecast to spend £1,043k on bus revenue support in 2012/3. External funding, principally from developers under Section 106 Agreements, finances £198k of that figure. This spending does not include the provision of home-to-school transport and client transport (which are the responsibilities of the Cabinet Members for Early Years, Children & Youth and Wellbeing respectively) but there is close liaison between the teams responsible for transport provision to maximise efficiency and value for money.

3.2 The final budget for bus revenue support in 2013/4 will be approved via the Council budget meeting in February 2013. Any implications of this are outside the scope of this Report.

4 THE REPORT

- 4.1 The Transport Act 1985 places duties on the Council (as the local transport authority) to secure the provision of bus services that it considers appropriate to meet any public transport requirements within the area which would not be provided otherwise. In carrying this out, it must have particular regard to the transport needs of the elderly and disabled.
- 4.2 Most bus services (roughly 85% of the total) outside London are operated on a commercial basis, i.e. the operator decides where and when to run, then sets fares to cover the operating costs and bring in a profit. The Council has no control over commercial bus services other than the general powers of a highway authority.
- 4.3 The Council has 43 contracts and *de minimis* arrangements with 8 bus operators to provide non-commercial bus services. These contracts are awarded following a competitive tender process under EU procurement rules. They can be let for periods of up to eight years but may be terminated at three months' notice by either party.
- 4.4 Most contracts are awarded on a "net subsidy" basis under which contractors keep the revenue from fares and reimbursement for travel by concessionary passholders. This gives them an incentive to attract more passengers.
- 4.5 Where there is a significant degree of uncertainty over likely revenue, contracts may be awarded on a "gross cost" basis under which all the fares income comes to the Council and the tender price covers all the operating costs. There is a moderate financial risk to the Council in awarding such contracts but, equally, it stands to benefit if the revenue is better than anticipated by tenderers.
- 4.6 A tender process was carried out recently for contracts that expire in March 2013, with a total annual value of roughly £450k. In respect of certain contracts, operators advised the Council that they would operate them on a commercial basis after March 2013, so they were not put out to tender. For the remainder, bids were received from 7 operators and the average number of bids per contract was 2.
- 4.7 Analysis of the tenders and consideration of the value of the contracts that would be run commercially shows that the Council would make a saving of £108k per annum. This is a reflection both of competition in the local bus market and the growth of revenue on Sunday bus services, linked to the higher level of retail activity on that day.
- 4.8 The tender also provides an opportunity to improve Service 12 (Bath Bus Station to Haycombe Cemetery), on which the infrastructure is being upgraded as part of the Bath Transport Package, by restoring a peak hour timetable and converting it to low-floor bus operation.
- 4.9 Officers have been asked to consider ways in which revenue support can be provided to maintain the current half-hourly daytime intervals on two core bus corridors:
 - (i) Services 6 and 7 (Bath Bus Station to Fairfield Park and Larkhall) – there has been very strong support from the local communities for these services and patronage has grown substantially since half-hourly services were restored in

October 2011. However, the more frequent service is not commercially viable yet.

- (ii) Service 1 (Ensleigh to Combe Down) – patronage has declined as MoD staff have relocated from the sites at Ensleigh and Foxhill. If development of the sites is approved, it is likely that patronage will grow as new dwellings become occupied. A “Section 106” contribution may be sought from any developer to support the bus service at that stage but, in the meantime, a half-hourly interval is not commercially viable.

4.10 To fund the measures outlined in paragraphs 4.8 and 4.9, it would be necessary to make further savings in the bus revenue support budget, over and above the level indicated in paragraph 4.7. Officers have drawn up a package of options with a total value greater than the savings needed and it will be put out to consultation.

4.11 The consultation package will identify those supported services that are not well-used, those that offer poor value for money and those for which there are reasonable alternatives on other bus or train services. Consideration will be given to the opportunities for community transport providers to expand their flexible, demand-responsive services.

4.12 It is intended to carry out the consultation between 9 November and 14 December 2012. A copy of the consultation document will be supplied to members of the Panel in advance of this meeting if possible. A summary of the responses will be appended to a Report for decision by the Cabinet in February 2013.

4.13 A Report will be presented to the Cabinet Member for Transport for a single-member decision in December 2012 to recommend award of many of the new contracts and thus realise the savings from those in April 2013.

4.14 Members of the Panel are invited to consider the options set out in the consultation paper that will follow this Report.

5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES

6.1 An Equalities Impact Assessment has not been completed because this Report is not proposing a change of policy nor any action that would impact on current service provision. The consultation document and the Reports that are referred to in paragraphs 4.7 and 4.8 will contain Equalities Impact Assessments.

7 CONSULTATION

7.1 Cabinet Member; Section 151 Finance Officer; Monitoring Officer

7.2 Consultation was carried out electronically.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 Social Inclusion; Customer Focus; Sustainability; Young People; Human Rights;

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	None
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