

Bath & North East Somerset Council

DECISION MAKER:	Cllr Joanna Wright, Cabinet Member for Transport Services	
DECISION DATE:	On or after 3rd September 2019	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3144
TITLE:	Award of contracts for supported bus services	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 - Contracts for supported bus services that expire on 31 August 2019 Appendix 2 - Procurement Evaluation Report Appendix 3 - List of tenders received (EXEMPT FROM PUBLICATION – contains commercially confidential information)		

1 THE ISSUE

A number of contracts for supported bus services expire on 31 August 2019 and a procurement process has been undertaken to obtain prices for new contracts to replace them.

2 RECOMMENDATIONS

That the Cabinet Member for Transport Services:

- 2.1 Maintains the non-commercial bus network intact until the West of England Combined Authority (WECA) is resourced to manage, review and procure contracts jointly with the Council or until the West of England Bus Strategy is implemented;
- 2.2 Makes savings to achieve value for money from bus revenue support where there is no material impact on the bus network or where external factors – such as changes to the commercial bus network – render provision unnecessary;
- 2.3 Delegates approval to the Corporate Director to award new contracts for non-commercial bus services in accordance with these objectives.

3 THE REPORT

- 3.1 The Council funds local bus services to meet social needs such as supporting independence and addressing social isolation in areas where commercial bus services do not operate. Services operate under contracts of varying duration, with longer term contracts where operators need to invest in new vehicles.
- 3.2 In addition, there are several *de minimis* payments – in some cases for add-ons to commercial services. These have been negotiated with bus operators – often in response to changes the commercial market.
- 3.3 A number of supported bus service contracts expire on 31 August 2019 – these are listed in Appendix 1. A competitive tender has been carried out to obtain prices from the market to replace them except in cases where demonstrable value for money has been secured by negotiation. Prices were sought to maintain the current network except that minor route changes were made to eliminate sections of routes no longer used by passengers.
- 3.4 Arrangements have been made to maintain current services until 9 November 2019 – with the minor changes referred to above – to ensure continuity of service provision pending a Decision on the award of new contracts.
- 3.5 In respect of service 179 (Midsomer Norton Tesco to Bath City Centre), various options were put out to tender. It was anticipated that the bids received would be substantially higher than the current negotiated price of £11.5k per annum, and so it proved. A further option was put out to tender to try and get better value for money, and meet various passenger requests.
- 3.6 Two bus operators advised us in confidence of their intentions to withdraw certain commercial bus services on 31 August 2019 so the opportunity was taken to invite prices from the market to replace them. One is service 42, which runs from Odd Down Park & Ride Site to the Royal United Hospital (RUH). This service was launched in 2003 following a successful bid to the Government's Urban Bus Challenge. Up to 2016, it was funded jointly by the Council and the RUH, but for the past three years it has operated on a commercial basis – initially by Wessex Bus then by First Bus. Loss of this service would create a significant gap in the local bus network, so discussions were held between the Council and the RUH with a view to agreeing a joint funding package. However, the RUH has confirmed recently that is unable to contribute towards the financial support for service 42.
- 3.7 The other commercial service withdrawal from 31 August 2019 is the school day extension of service 228 (Colerne to Bath City Centre) to Ralph Allen School via Bear Flat, operated by Faresaver. This carries schoolchildren not entitled to free home-to-school transport and so would hitherto have fallen outside Council policy for financial support. However, reduction of the school bus network at the present time would reduce the sustainable transport options for young people at a time when the introduction of the Clean Air Zone is on the horizon. It would also pre-empt any policy on school transport provision that may come out of the West of England Bus Strategy.
- 3.8 Bidders were advised of the forthcoming introduction of the Clean Air Zone in Bath and required to make provision for vehicle upgrades, if necessary.
- 3.9 The provision of non-commercial bus services is now a joint responsibility with the West of England Combined Authority (WECA). However, WECA is not set up

to procure or manage bus service contracts, so it has delegated its share of the responsibility to B&NES Council for the time being.

3.10 WECA is working on a Bus Strategy, which will set out a framework for how bus services can meet the challenges of growth, climate change, sustainability and accessibility. It will establish a framework to help prioritise revenue support for non-commercial bus services.

3.11 The rationale for the recommendations is that the bus network should be maintained in its current form, as far as possible, until such time as WECA is resourced to take on its share of responsibility or until the Bus Strategy is implemented. Therefore the extension to services is proposed up to 2020-21 to allow time for the Bus Strategy to be completed and implemented.

4 STATUTORY CONSIDERATIONS

4.1 Section 63 of the Transport Act 1985 (as amended) places a duty on local councils “to secure the provision of such public passenger transport services as the council considers it appropriate to secure to meet any public transport requirements within the council which would not in its view be met apart from any action taken by it for that purpose.”

4.2 Section 8 of the West of England Combined Authority Order 2017 states: “The functions contained in sections 63 (functions of local councils with respect to passenger transport in areas other than integrated transport areas and passenger transport areas) and 64 (consultation and publicity with respect to policies as to services) of the Transport Act 1985 are exercisable by the Combined Authority jointly with the constituent councils.”

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The proposal is to award contracts on a like-for-like basis and maintain the supported bus service network as it is – subject to minor changes outlined in 3.3 above and option for service 179 tendered most recently.

5.2 An in-year cost pressure has arisen from the withdrawal of the two commercial bus services – referred to in 3.6 and 3.7 above - on 31 August 2019. Replacing those on a like-for-like basis (but incorporating changes to service 42 as requested by RUH staff) would increase the total forecast spend in 2019-20 to £1.303k. This can be funded by increasing the budget through the utilisation of a one-off underspend of £155k from the Concessionary Travel levy to WECA and a recurring virement of £150k from a corporately held contingency budget for travel related pressures. Any contribution from the RUH to help fund service 42 would reduce the pressure but the RUH has said it is unable to contribute.

5.3 The pressures will be even greater in 2020-21, when there will be a full-year effect of the higher contract prices and a further round of tendering. If the current bus service network is to be maintained through 2020-21 and into the future, it will be imperative to boost the bus revenue support budget. Taking into account inflationary pressures and tender price increases, it is forecast that spending in 2020-21 could be £1.369k against available funding of £1.163k (including £80k

of one-off funding). This is a shortfall of £206k, which it is proposed is funded by reserves as indicated below.

- 5.4 Approval has been given by the Council's Section 151 Officer with the agreement of the Corporate Director for a one-off draw down from the revenue budget contingency reserve to maintain the current bus service network pending resolution of the longer-term revenue support arrangements between WECA and its constituent authorities.
- 5.5 WECA is working on a Bus Strategy which will include a policy for the support of non-commercial bus services. Until this policy is developed and adopted (estimated 2020-21), WECA has asked its constituent authorities to maintain as much of the current bus service network as possible within the constraints of funding. It made a contribution of £400k to B&NES in 2018-19 for that purpose, of which £150k was held in reserve for 2019-20. The tender results show a substantial average rise in contract costs (average 28%). Tenderers attribute this to higher insurance costs and the need to offer higher wages to attract suitable staff in the local market. Also, some bidders have had to make provision to upgrade their fleets to comply with the Bath Clean Air Zone provisions.

6 RISK MANAGEMENT

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

7 CLIMATE CHANGE

- 7.1 The provision of non-commercial bus services helps to fill some of the gaps in bus service provision in Bath & North East Somerset. A good bus service network offers a realistic alternative to use of the private car for many residents.

8 OTHER OPTIONS CONSIDERED

- 8.1 The option not to award new contracts and thereby cease provision of some existing bus services after 9 November 2019 was considered but rejected on the grounds of the impact on communities away from the commercial bus network. Also, it would pre-empt the emerging WECA Bus Strategy.

9 CONSULTATION

- 9.1 Consultation has been carried out with the Council's Section 151 Officer and Monitoring Officer.

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Background papers	None
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