

Division(s): Bicester, Banbury, Ashbury,
Goring, Lewknor

DEPUTY LEADER OF THE COUNCIL - 21 MARCH 2013

BUS SERVICE SUBSIDIES REVIEW: BICESTER, BANBURY, ASHBURY, LEWKNOR and GORING.

Report by Deputy Director for Environment and Economy (Commercial)

Introduction

1. 18 subsidised bus services mostly in the Bicester and Banbury area, but also some services in the Ashbury, Lewknor and Goring areas are due for review. This report, following officer review, seeks to:
 - (A) Provide the outcome of the review of the subsidised bus services, confirming the ongoing need/support for these services
 - (B) Recommend the contract award to serve these routes/services.

Background

2. Detailed information for each of the services/routes under review are contained at Annex 1.
3. Tender prices will not be available until shortly before the meeting and will therefore be reported separately in a Supplementary Exempt Annex 2 together with the recommendations. The overall impact on the Public Transport budget will not be known until tenders have been evaluated.
4. The tender prices contained in Annex 2 must be treated as strictly confidential since they relate to the financial and business affairs of the operator. All prices must be treated as strictly confidential until such time as the Decision Meeting decides whether or not to provide financial support for each service. Revealing operators' prices before then would prejudice the County Council's position if tenders or propositions had to be sought again for any of the services. Prices will remain confidential after the date of this meeting for 10 days (until Monday 1 April) under the objection period specified in the Public Contract Regulations 2006.
5. Further background, including exemption from the Council's call-in procedure and subsidy prices/contract dates, are included at Annex 3.

Review of Subsidised Bus Services in the Bicester and Banbury area

6. Subsidised bus services in the Bicester and Banbury area are due for review and, unless stated otherwise, tenders have been invited for new contracts to run from 2 June 2013 until 1 June 2019. Contract length for tendered routes is extended from the previous standard four-year duration to six years as a result of revisions to the area review schedule for subsidised bus services.

7. Details of all of the services concerned together with information on the present subsidy cost and patronage data are contained in Annex 1 Section A. A full consultation exercise was conducted between late October and late December 2012, and details of any comments received are summarised under the respective contract headings at Annex 1.

Consultation during review

8. Extensive consultation has been conducted during the course of this review and a significant number of responses were received. A summary of all the comments received is set out in each item detailed within Annex 1. In addition, public meetings were held in Bicester and Banbury in November 2012 to which all consultees were invited and at which various proposals were outlined and comments received and discussed.
9. This review has also utilised Oxfordshire County Council's Consultation Portal as a means of attracting comments from local residents.
10. Local Members and the Growth and Infrastructure Scrutiny Committee have been advised in writing of recommendations affecting their Divisions at least one week before the meeting that considers this report and their written comments sought. Any responses received are included as an appendix to Supplementary Exempt Annex 2.

Considerations in review process

11. A number of factors have had to be taken into consideration during the course of the review as follows.

Entire or partial commercial declarations by operators

12. Commercial journeys are those which operate without any subsidy. All existing contractors were approached early in the review regarding the declaration of any route or section of route currently supported by the County Council that could be continued without subsidy (i.e. commercially). No commercial declarations were received for entire services during the review process: details of any minor or ongoing commerciality that may have been identified by operators are detailed in Supplementary Exempt Annex 2.

'De minimis' prices sought

13. Previous reviews have usefully employed 'de minimis' contracts as a means of securing enhancements or extensions to existing commercial services by negotiation with the incumbent operator, without the need to tender competitively. However, the value of 'de minimis' contract awards should not exceed a threshold of around 25% of the total bus subsidy budget: the current value of these contracts is at this threshold, which means that it is not possible to award new 'de minimis' contracts of significant value. Many existing contracts awarded on a 'de minimis' basis are under review.
14. Details of future 'de minimis' or tender prices received for the above contracts along with proposed methods of award for each contract are contained under the relevant item headings in Supplementary Exempt Annex 2.

Cross-boundary services

15. Although not technically under review, several contracts administered by Warwickshire County Council linking villages in North Oxfordshire with Banbury serve the review area. These contracts are awarded by Warwickshire until May 2016. Officers informed Oxfordshire communities served by these contracts that while significant changes would not be possible, minor revisions to enhance travel opportunities may have been possible at Warwickshire's discretion. Any such comments were forwarded to officers at Warwickshire County Council for their consideration.

Home-to-School Transport – carriage of students on scheduled bus services

16. The Bicester Town Network of bus services (Contract PT/C40: Item A) was timetabled to carry students to Bicester Community College from Bure Park, Southwold and Caversfield when this contract was last awarded in 2009. However, school and college start times were amended during the current contract award period, meaning that the bus service became impractical as a means of accessing the site without significant 'mid-contract' amendment to the timetable and a resulting detrimental effect on other journey opportunities provided by this contract.
17. This review has enabled officers to revise the timetable with a view to re-accommodating student travel to Bicester Community College: officers have ensured that this can be achieved without significant inconvenience to existing bus passengers.

Exploration of other methods of transport provision in the review area

18. Many communities served by service 37 (Item C - Contract PT/C40: Finmere to Bicester), service 81 (Item D - Contract PT/C30: Bicester to Banbury) and service 81A (Item E – Contract PT/C40: Somerton to Bicester) generate negligible patronage, yet would be considered by local representatives as 'lifeline' services given the lack of alternative travel options.
19. It is worth noting that officers have been in early discussions with officers from Northamptonshire County Council regarding the potential for serving many of the communities listed above via extension of the 'County Connect' demand-responsive bus service, which after initial free registration enables passengers to book travel to a range of destinations (including town centres, shopping centres, medical and educational facilities and transport interchanges) a minimum of one hour in advance.
20. However, as investigations continued it became clear that the legal complexities and procurement-related issues that would result from pursuing this scheme could not be resolved within the timescales required by the tendering process. It was therefore decided that the 'County Connect' concept would not be pursued at this stage for the area under review: however, officers are keen to investigate its suitability for future reviews and will resume discussions with officers from Northamptonshire at an appropriate time. Tenders have been invited for ongoing 'conventional' provision of the Oxfordshire-subsidised services listed in paragraph 28: financial details of all possible options are outlined in Supplementary Exempt Annex 2.

Developer Funding – Section 106 Agreements

21. Section 106 agreements currently contribute toward the Bicester Town service network (Contract PT/C40: Item A) and service 25A between Bicester and Upper Heyford (Contract PT/C49: Item B). Ongoing funding contributions toward future provision of these services has been explored: further additional funding is anticipated to be made available for enhancement of service 25A (Contract C49 – Item B: Bicester to Oxford) to a half-hourly frequency between Upper Heyford and Bicester during the contract period.

Publicity

22. Following this review, timetable booklets will be produced for the Bicester and Banbury areas, including other commercial services and those not under review. It is anticipated that this will be distributed locally and carried on board buses serving this area.

Integrated Transport Unit

23. The Council’s Integrated Transport Unit has now registered as a potential tenderer for subsidised bus services, and had the opportunity to tender via the South-East Business Portal in the same way as any other bus operator. Details of their bids if potentially significant are contained under the relevant item numbers of Supplementary Exempt Annex 2.

Adoption of improved tendering procedure

24. New procurement procedures have been followed using the South-East Business portal. Interest from operators in the contracts being tendered has been encouraging, and it is anticipated that no adverse effect on the number of bids received will result from the new procedure.
25. The new tendering procedure also includes the compulsory submission of a ‘Statement of Requirements’, which officers used to conduct a quality assessment of each potential bidder. This document also informs operators that a credit check will be carried out to assess the financial stability of the company.

Contracts for other subsidised bus services under review (Ashbury/Lambourn, Lewknor Taxibus, Goring Dial-a-Ride)

Swindon – Ashbury – Lambourn

26. This service is procured by Swindon Borough Council, and is subject to contributions from Oxfordshire County Council (for serving Ashbury and Idstone) and West Berkshire County Council (for serving Lambourn). The contract is being re-tendered by Swindon Borough Council and following award (which is anticipated in May) Oxfordshire County Council’s contribution will require reassessment. Officers are seeking delegated authority to determine the level of contribution relative to the frequency of service that results.
27. It is hoped that tender prices for this service will not increase significantly, and that as a result the level of service provided will at least remain at the current broadly two-hourly frequency. Based upon this assumption officers would look to maintain

this authority's contribution at around the current level. However, a significant increase in tender prices or reduction in the level of service will clearly have a bearing on the level of contribution to the service going forward.

28. The timescales for Swindon Borough Council's procurement of this service mean that it will not be possible to agree a contribution to the service at the Decision Meeting that is considering this report: officers are therefore requesting delegated authority to negotiate an appropriate level of contribution on the basis that the Deputy Leader and County Councillor for Shrivenham will be informed of the outcome of officers' deliberations when completed and approval sought for any ongoing expenditure.

29. **Lewknor Taxibus**

A consultation exercise has been undertaken regarding the 'Lewknor Taxibus' service as the existing funding agreement comes to an end on Sunday 2 June. The service is operated by Go Ride and connects with peak hour 'Oxford Tube' journeys to London in the morning and corresponding return journeys in the evening. Oxfordshire County Council intervened to maintain this service in August 2011 following its withdrawal by Watlington Community Interest Company. A decision is now required on its future: details of the service are contained in Annex 1 and financial information regarding the possible implications of continuation or withdrawal in Supplementary Exempt Annex 2.

30. **Goring Dial-a-Ride**

Oxfordshire's grant contribution to the Goring Dial-a-Ride service is under review as the current funding agreement concludes in March 2013. This service transports people who have difficulty using conventional transport to Reading on Thursdays only. Full details of the service as it currently stands are contained in Annex 1, and the financial implications resulting from continuation or withdrawal of funding are detailed in Supplementary Exempt Annex 2.

Financial and Staff Implications

31. The funding available in the County Council's bus subsidy budget is as follows:

Bus Subsidy Budget	£2,572,000
Rural Bus Subsidy Grant (RBSG)	£1,840,000
Total	£4,412,000

The combined budget total of £4,412,000 represents a reduction of £366,000 from the 2012/13 budget.

32. Note that this excludes budgets for public transport development, some of which are used for pump-priming bus services. It also excludes over £500,000 of income from developer, partnership and other local authorities (for cross boundary routes). All of these other sources of funding are dedicated to specific services and are not available for general bus subsidy. The value of any of these other sources of funding is therefore already taken into account in any references to the subsidy cost to the Council of the services concerned.

Financial Position – Banbury and Bicester Review

33. The current annual net cost to the bus subsidy budget of the contracts under review is approximately £866,000. Where external contributions benefit contracts under review, details are reported in Supplementary Exempt Annex 2.
34. Following a meeting with the Cabinet Member for Transport during the review, officers were advised that due to current budgetary pressures it would not be possible to explore significant enhancements. It is not expected to be possible to meet requests for, for example, new evening and Sunday services, although some such requests were received during the consultation exercise. However, it may be possible to meet one or two requests for new services provided by small diversions, extensions or additional journeys so long as they can be achieved at minimal additional cost or via external funding (for example from Section 106 agreements).
35. The full financial implications for each service/route as they relate to bus service subsidies will be dealt with in Supplementary Exempt Annex 2. There are no staff implications.

RECOMMENDATION

36. **The Deputy Leader of the Council is RECOMMENDED to:**
- (a) make decisions on subsidy for the services described in this report on the basis of the tender prices (and the periods of time) as set out in Supplementary Exempt Annex 2 to this report;**
 - (b) confirm that these decisions are urgent in that any delay likely to be caused by the call in process would result in service discontinuity and in accordance with the requirements of Scrutiny Procedure Rule 17(b) those decisions should not be subject to the call in process;**
 - (c) authorise delegated authority to the Deputy Director for Environment & Economy (Commercial) to enter a contract with Swindon Borough Council, as set out in paragraph 28 of this report.**

MARK KEMP

Deputy Director – Environment and Economy (Commercial)

Background papers: Correspondence with Local Councils, Parish Transport Representatives, Transport operators and other bodies (refer to contact officers).

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