

CABINET – 26 MAY 2020

‘BETTER DEAL FOR BUS USERS’ FUNDING OPPORTUNITIES AND OTHER BUS INDUSTRY UPDATES

Report by Director for Planning & Place

RECOMMENDATION

1. The Cabinet is RECOMMENDED to:

agree for Officers to

- i. submit an Expression of Interest to the Government’s ‘All-Electric Bus City’ funding initiative; and
- ii. submit up to four Expressions of Interest to the Government’s Rural Mobility Funding initiative.

Executive Summary

The purpose of this report is to detail two new funds for the provision of bus services under the heading of ‘Better Deal for Bus Users’, to provide an update on the financial support available to bus operators as a result of the impact of Covid-19 along with updating members on other funding opportunities to support public transport.

Better Deal for Bus Users

1. In February 2020, the Government provided details of a number of new funds for the provision of bus services as part of their ‘Better Deal for Bus Users’ announcement. This set out a package of ambitious and innovative actions to meet the needs and demands of the travelling public, with £220 million of new funding to help start a revolution in bus services.
2. At the time of writing, officers are developing Expressions of Interest (EoI) for two funding streams which were outlined as part of a Better Deal for Bus Users and are required to be submitted by 4 June 2020:
 - Up to £50 million to deliver Britain's first all-electric bus town or city, converting its entire bus fleet to electric zero emission; and
 - £20 million to support on-demand services in rural and suburban areas as part of a Rural Mobility Fund.
3. Projects funded through these initiatives will be considered pilot projects by DfT and will be important in identifying barriers and potential solutions to these types of initiatives and inform the development of future schemes across the country.

4. Options for the Eols have been developed in partnership with bus operators, the city council, local members and Parish and District Councillors and Parish Transport Representatives.
5. The DfT have indicated that authorities can make multiple submissions to the Rural Mobility Fund, however, each submission should differ in locality; and preference is likely to be given to different types of solutions. With this in mind, and balancing resources it is proposed that up to four Eols should be developed for submission to the DfT.
6. Whilst the current scheme estimates for the All-Electric Eol exceed the budget identified by the DfT it is proposed that an Eol should continue to be developed with the bus companies and submitted. This would be on the basis that developing technology and alternative manufacturing options coming onto the market may significantly reduce the costs and that OCC continue to work with bus companies to realise further efficiencies and savings; This would also take account of potential costs to the County Council in terms of road maintenance. Officers are engaging with the DfT to ensure this approach is acceptable.
7. In addition, bus operators are also experiencing a significant reduction in patronage and consequent impact on revenue. It is expected that the situation will remain extremely challenging in this respect for the foreseeable future. Consequently, whilst the bus operators remain supportive and continue to work with officers to develop the Eols, it is not possible at this stage for the bus operators to provide the level of financial commitment which is currently set out as a requirement in the DfT's guidance for the completion of Eols. Officers are engaging with DfT to clarify this point. However, it is extremely likely to be the case that Eols submitted by other authorities will also be non-compliant in this sense.
8. If funding is received for these projects, they would support a number of key corporate priorities related to health and wellbeing, climate action, air quality and healthy place shaping.

Financial Support as result of Covid-19

9. Since 17 March 2020, the bus network in Oxfordshire has shrunk significantly. Two of the three major commercial providers are now operating less than 40% of their usual scheduled mileage, whilst still maintaining essential services for key workers.
10. Through the Covid-19 Bus Service Support Grant (CBSSG), the DfT has allocated £422,230 to the Council to provide financial support to bus services during the Covid-19 period. This is in addition to the support that bus operators are already receiving through an element of CBSSG which is paid directly to them. It was originally intended that funds would be held until potentially

required for the improvement of services in the latter stages of this three-month funding period, however the DfT appear to have ruled that out.

11. The current position is that both our main bus operators have requested that the funds are returned to the DfT unspent, so they can be recycled into the commercial element of the scheme.

Supported Bus Services Fund

12. The use of Oxfordshire's allocation of the Supported Bus Services Fund (part of the overall 'Better Deal for Bus Users' fund), was agreed by the Cabinet Member for Environment on 12 March 2020 and a Statement of Intent (Sol) was submitted to DfT on 13 March 2020. Whilst the Government subsequently stated this fund could be utilised for the purposes of maintaining services during the Covid-19 phase, the Council have notified the DfT that it did not wish to make any changes to its submitted Sol.
13. The DfT has now assessed the submitted Sol and confirmed that the requested funds will be released for the use proposed within the Sol. The Council are required to publish the proposals for the use of this funding on the website within one month of funding receipt.
14. The total amount funds for the 2020/21 financial year is £588,403.

Bus Service Tender Programme

15. The County Council has collected significant sums of Section 106 developer contributions for the provision of new and improved bus services. Periodically, as demand requires, the Council enters into procurement exercises for such services and one is currently underway with tenders having been issued in late April 2020.
16. Outcomes from the tender process are likely to be known in July 2020.

Introduction

17. In February 2020, the Government announced a number of new funds for the provision of bus services under the heading 'Better Deal for Bus Users'. This sets out a package of ambitious and innovative actions to meet the needs and demands of the travelling public, with £220 million of new funding to help start a revolution in bus services. Officers are developing four EoIs for submission to two of the available funding streams detailed below:
 - Investing up to £50 million to deliver Britain's first all-electric bus town or city, converting its entire bus fleet to electric zero emission; and
 - £20 million available nationally to support on-demand services in rural and suburban areas as part of a Rural Mobility Fund.

18. DfT consider these to be pilot schemes to help identify barriers and potential solutions to the sustainability of demand responsive transport and to inform the development of future schemes across the country.
19. An outline of the requirements was reported to CEDR on 9 March 2020 and it was agreed that officers should to develop Eols for both funding opportunities. Development has since continued on the All Electric Bus Town/City Eol along with the following four submissions to the Rural Mobility Fund:
 - A4074 Corridor Link, possibly incorporating South Oxfordshire Chiltern villages working with our existing partners at Thames Travel;
 - DRT serving villages south of Didcot, to replace an existing service for which funding is likely to expire in 2022; and
 - Expansion and automation of a voluntary service currently running in Freeland and Hanborough, possibly incorporating a DRT serving the Lower Windrush Valley Area working with existing partners in the villages.
 - a DRT serving villages in the rural periphery of Oxford with our existing partners at Oxford Bus Company
20. A summary of how these options were determined is detailed in this report.
21. Officers have been working with local bus operators to develop the Eols. County, district and parish councillors and Parish Transport Representatives have been asked for their views and suggestions for possible uses of the Rural Mobility Fund for demand responsive services.
22. Whilst DRT does not offer a direct solution for the Covid-19 recovery phase, if successful these services will provide communities that do not currently, or will not, have a regular bus service with transport options for travelling to local centres which in turn will help to support local businesses.

All-Electric Bus Town or City

23. The stated aims of the All-Electric Bus Town / City project are to:
 - act as a pilot to understand what can be achieved when all parties are committed to the objective for introducing an electric-zero emission city;
 - understand the impact on air quality and greenhouse emissions;
 - understand the challenges of running a wholly electric fleet;
 - understand the cost implications for bus operators; and
 - to support bus manufacturers in the development of zero emission technology.
24. Government recognise that buses have a significant role to play in tackling air quality and reducing greenhouse gas emissions. Not only does a fully loaded double decker bus takes up to 75 cars off the road which helps to reduce congestion and the impact of transport on the environment, but by switching to the next generation ultra-low or zero emission buses the improvement in air quality is significant.

25. Buses already play a key role in Oxford's transport system – getting people to work, to education and to see friends and family. Both the City Council and the County Council are committed to tackling air quality and reducing greenhouse gas emissions with the introduction of the Low Emission Zone (LEZ) and development of the 'Red Zone' of a city centre Zero Emission Zone, with expansion to the wider 'Green Zone'. In addition, there is an agreed requirement for most buses operating in the city to be Euro 6 by the end of 2020.
26. The All-Electric Bus City pilot scheme is in alignment with the Low Emission Zone (LEZ) and would support proposals for the Oxford Zero Emission Zone and be complementary to proposals such as Connecting Oxford.

Rural Mobility Fund (Demand Responsive Transport)

27. The provision of transport links to rural areas can be a significant challenge as demand is spread out over greater distances, also in suburban areas where links to existing transport hubs are not always so well developed. Demand Responsive Transport (DRT) has the potential to transform local transport by replacing less frequent traditional timetabled services which might not meet the local community's need. DRT services may be able to get closer to where people live at times that are more convenient for them.
28. As set out in the guidance published in relation to the Rural Mobility Fund, it will support provision of DRT services in rural and suburban areas. This may include:
- area based services that include industrial estates;
 - better links to local services such as healthcare, education, employment and enable social inclusion.
 - provision of services that complement existing timetable services which operate predominately at peak times; and
 - links to park and ride services.
29. The submission must demonstrate serving of a rural or suburban area with a residential population of less than 10,000; must demonstrate diversity of passengers; must not be a replacement service or act in competition with existing services; and must support wheelchair access.
30. The primary objective of this fund is to trial DRT solutions which work better for local residents of rural and suburban areas than traditional transport services (i.e. timetabled bus services).
31. The DRT solutions should either fill a gap in provision, where there is no current local transport offer, or complement existing timetabled bus services, for example by acting as a feed-in service. The intention of the fund is not to compete with or replace existing local transport services unless those services are failing.

Exempt Information *(if required)*

32. None

Development of Expressions of Interest

Eligibility

All-Electric Bus Town or City

33. Eligibility criteria for the funding include:

- A recognised air quality problem
- A self-contained urban bus network
- Size of the bus fleet and necessary infrastructure must be suitable for conversion within the £50 million budget
- Capable of being completed to an ambitious and deliverable timescale
- Capable of supporting robust monitoring and evaluation
- Proposals for complementary measures to boost modal shift
- Commitment from CEO of bus companies for a period of 5 years.

34. Buses eligible for funding under this scheme are:

- Electric zero emission single and double decker buses used on local bus services; and
- Zero emission capable buses with Ultra Low Emission Bus certification. These can be funded on routes where electric buses may not be feasible, such as longer inter-urban routes between Oxford and, for example, Abingdon.

35. Infrastructure eligible for funding includes:

- cost of charging unit;
- electrical or other power components;
- civil engineering works;
- labour costs (for installation);
- hardware costs;
- capital costs of developing associated software systems; and
- surveys at the point of procuring the infrastructure provided they can be capitalised

36. While the focus of the EoI would be the Oxford City administrative boundary, there would be an aspiration to investigate options to extend beyond the limits of the city to Kidlington and surrounding areas as well as other Oxfordshire towns where these buses would operate such as Bicester, Witney and Abingdon. Importantly the benefits of a successful bid would be experienced county wide, as any buses within the County which access Oxford would be captured by the funding requirements.

Rural Mobility Fund (Demand Responsive Transport)

37. Bids will need to demonstrate that projects funded through the Rural Mobility Fund are predominantly serving communities in areas classified as a rural under the Government Rural Urban Classification, i.e. they have a population of fewer than 10,000 residents. Eligibility is also extended to include non-built up parts of urban census output areas and discrete built up areas of 10,000 residents or fewer.
38. Eligible areas will need to demonstrate poor connectivity to areas of employment or the nearest urban area, and how the current transport offer is unable to meet the needs of local residents. Feeder services to commercial bus routes or park and ride are also be eligible for funding. Some weight may be given to schemes that can be implemented within a short timeframe.
39. Key indicators have been identified to score options for DRT that have been identified as listed below. Some are simple pass and fail items while others aid prioritisation.
- New service or the expansion/improvement of an existing service;
 - Serves rural community or discrete suburban area with population of <10,000;
 - Demonstrate poor connectivity to areas of employment or the nearest urban area (including business parks);
 - Provides/Improves accessibility to education, employment, healthcare or other services including industrial areas;
 - Diverse range of passenger groups;
 - Supports greater social inclusion;
 - Distinct from dial-a -ride and community transport services;
 - Does not compete with existing successful services;
 - Minimal upfront capital required for the scheme;
 - Feeder service into existing commercial route or park and ride; and
 - Likelihood of being implemented within a short timeframe.
40. If successful at EoI stage, careful consideration will also be given to the ongoing commercial sustainability of these services.

Option Development

All-Electric Bus Town or City

41. To align with Oxford's Air Quality Management Area, it has been resolved that the Oxford City boundary is most appropriate. An extension of the boundary could be considered in the future as the urban limits of the city extend.
42. There are currently six bus companies classed as operating local services within the City. These are Oxford Bus Company/Thames Travel, Stagecoach, Arriva, Red Rose, Charlton and Swanbrook.
43. The Oxford Bus Company and Thames Travel, which are both subsidiaries of the Go-Ahead Group, currently operate 166 vehicles across the area under

consideration, of which 60 are projected to be entirely electric and which operate within the limits of the City on shorter trips and 106 'range extender' vehicles which are hybrid buses capable of operating longer distances services to, for example, Abingdon, Bicester and Didcot.

44. Stagecoach currently operate 137 vehicles within the area under consideration of which 94 are anticipated to be hybrids and the remainder operating under full electric.
45. Arriva operates a fleet of 15 buses within the area under consideration, Red Rose a fleet of one (plus a spare) and Charlton also one bus. All these buses would need to be range extenders due to distances involved.
46. The long-distance hybrid buses (or range extenders) would be able to operate electric-only within the city limits and switch to normal diesel operations outside the city boundary. Brighton and Hove have recently introduced similar buses which recharge when in diesel operation, this could present opportunities to switch to electric power in other towns around the county, therefore providing air quality benefits beyond Oxford.
47. Currently technology does not exist to allow for the conversion of coaches. There are no electric or hybrid vehicles currently on the market with sufficient numbers of seats to replace existing coach services. As a result, services such as National Express, Airline services and Swanbrook services are expected to be exempt from the all-electric requirements.
48. Timescales for implementation are being developed in partnership with the bus operators. A staged approach over a 5-year period is anticipated, in line with the requirements set out in the DfT guidance, with the short range entirely electric buses introduced in the first stage and hybrid vehicles coming later within the five year period in order to fully benefit from advances in technology in the hybrid vehicles.

Rural Mobility Fund (Demand Responsive Transport)

49. In addition to discussions with bus operators, officers also invited suggestions for services which could be introduced through this fund from county councillors, district councillors, parish councils and Parish Transport Representatives.
50. [Annex 1](#) identifies all options that have been put forward and assessed them against the criteria detailed above. The following ten options were identified as meeting the criteria for this funding, an outline of which are set out in Annex 2:
 - A420 Corridor Link;
 - A4074 Corridor Link;
 - DRT serving South Oxfordshire Chiltern villages;
 - DRT serving villages in the rural periphery of Oxford;
 - DRT serving the Miltons & Haseleys;

- Expansion and automation of voluntary service currently running in Freeland and Hanborough;
- DRT serving the Lower Windrush Valley Area;
- DRT serving villages surrounding Bicester;
- DRT serving villages south of Didcot; and
- A4260 (S4) Feeder Service.

51. The DfT have indicated that authorities can make multiple submissions to the Rural Mobility Fund. The DfT have indicated a preference that multiple submissions should differ in locality and preference is likely to be given to different types of solutions. The options identified fall into four categories these are:

- corridor-based DRT filtering into existing facilities on the main routes into Oxford and other major towns;
- area-based linking surrounding villages into towns outside of Oxford; and
- rural DRTs linking into smaller villages and volunteer based.
- A combined area and corridor proposal consisting of multiple zones

52. A further appraisal of the options meeting the criteria has been completed (Annex 2) with a summary of the recommended options to be included in the EoI presented below:

- An A4074 Corridor Link, possibly incorporating South Oxfordshire Chiltern villages working with our existing partners at Thames Travel;
- A DRT serving villages south of Didcot
- Expansion and automation of a voluntary service currently running in Freeland and Hanborough, possibly incorporating a DRT serving the Lower Windrush Valley Area working with existing partners in the villages; and
- An expansion of the existing Oxford Pick Me Up DRT serving villages in the rural periphery of Oxford with our existing partners at Oxford Bus Company

Timescales

53. The bidding process takes the form of a two-stage competition. Phase one is the preparation and submission of an Expression of Interest and Phase 2, should we be successful at Phase 1, is the development and submission of a Business Case.

54. As a result of the Covid-19 pandemic the deadline for both Expressions of Interest have been extended from 30 April to 4 June 2020. Whilst confirmation of the full revised timetable has not been received, it is anticipated that announcements of shortlisted places will be in early July 2020 and submission of full business cases by the end of 2020.

55. It should be noted that as a result of the current situation regarding Covid-19, the county council and bus operators are seeing an impact on staff resources due to self-isolation, diversion to other services and work areas, and the need for bus companies to furlough staff.
56. In addition, bus operators are also experiencing a significant reduction in patronage and consequent impact on revenue. It is expected that the situation will remain extremely challenging in this respect for the foreseeable future.
57. Consequently, whilst the bus operators remain supportive and continue to work with officers to develop the Eols, it is not possible at this stage for the bus operator CEOs to provide the level of financial commitment which is currently set out as a requirement in the DfT's guidance for the completion of Eols. However, it is extremely likely to be the case that Eols submitted by other authorities will also be non-compliant in this sense.
58. DfT have been made aware of the situation, and Officers will provide a verbal report on any further updates.

Risk Management

59. A risk register, and management strategy is in place. The project is being proactively managed through the development of the Eols and, if that is successful, the Business Case development stage and on to implementation.
60. Risks associated with operation and maintenance will be developed as part of the full business case should the Eol be successful.

Communications

61. Discussions are ongoing with the major bus operators within Oxfordshire. All have indicated in principle support for the submission of Eols as outlined in this report and are providing information to support the completion of the Eols. However, as has been noted, the current situation with Covid-19 may impact on their ability to invest.
62. All county councillors, district councillors, parish councils and Parish Transport Representatives were informed of the two funding initiatives and were invited to submit suggestions for consideration for the Rural Mobility Fund.
63. Discussions are ongoing with Oxford City Council colleagues to align member and public communications with current Zero Emissions Zone and Connecting Oxford workstreams.

Legal Implications

64. The scheme development will be led by Oxfordshire County Council as they are the Transport Authority. Legal advice, including independent advice on

state aid, has been sought. The advice supports the EoIs proceeding and identifies how the second phase bids could be structured should they be successful. It should be noted that it may be necessary to notify some of the aid to the European Commission or the Competition M& Markets Authority (as appropriate) and this will therefore be subject to approval.'

Financial and Staff Implications

65. It should be noted that given the current situation regarding COVID-19 bus operators are experiencing operational and financial pressures due to the significant reduction in passengers and the need to ensure the health and safety of customers and staff is not compromised. It is expected that the situation will remain extremely challenging for the foreseeable future. At the time of writing the financial implications for these two funding opportunities and the willingness of the operators to invest within the timescales currently required is uncertain.

All-Electric Bus Town or City

66. As noted above given the current situation regarding Covid-19 bus operators are experiencing operational and financial pressures due to the significant reduction in passengers and the need to ensure the health and safety of customers and staff is not compromised. It is expected that the situation will remain extremely challenging for the foreseeable future. At the time of writing, the implications for these two funding opportunities and the willingness of the operators to invest within the timescales currently required by the guidance documents is uncertain.

67. Government has made available £50 million in total to support this project, for one or more all-electric bus towns/cities.

68. The amount of support for a place will be based on the following funding formula:

- DfT will contribute up to 75% of the cost difference between a zero-emission bus and a standard conventional diesel bus equivalent of the same total passenger capacity; and
- DfT will contribute up to 75% of the capital expenditure incurred for infrastructure improvements as a result of its purchase and installation.

69. Local authorities are expected to fund the preparation of EoIs in phase 1. The costs associated with the submission of the EoI (which include Officer time and external legal advice) will be met through existing budgets. The DfT have indicated that funding can be made available for business case development in phase 2.

70. EoIs are to be written and submitted by local authorities, rather than bus operators, given wider infrastructure requirements and potential state aid implications associated with funding bus operators as detailed above.

Bus operator costs

71. Officers have been working in close partnership with bus operators to understand the level of funding required in order to convert Oxford's fleet to all-electric.
72. Outline figures provided by the main providers and pro-rata estimates extrapolated for the smaller providers indicate a current total cost difference to convert all buses and provide the necessary bus infrastructure is approximately £75.2m. Of this, DfT will fund 75% up to a figure of £50m.
73. As 75% of £75.2m is £56.3m, this leaves a shortfall of £6.3m plus a financial burden of approximately £19m for the bus operators.
74. Investigations are ongoing to determine potential cost savings in partnership with the bus companies with a view to reducing costs, to ensure that there is not an increased burden on either the bus operators or the council. Further updates will be provided at the Cabinet meeting at the end of May. It is worth noting that the Council can withdraw its bid at any stage through the development of the EoI or the Business Case should it be clear that the costs are exceeding affordability.
75. Other manufacturers are emerging in the marketplace offering cheaper solutions for 'all electric buses' which could reduce the costs considerably, however further investigation is required to determine their viability. This could negate the £6.3m shortfall and the burden on bus operators.
76. Operators have estimated that a 10% improvement in bus journey times will result in a 10% increase in revenue due to increases in patronage. Bus companies are therefore seeking a commitment from the County Council to alleviate congestion points across the city to enable journey times to be improved and therefore revenue to increase which would, in turn, offset the shortfall in funding.
77. Oxford Bus Company, Stagecoach and the county council have commissioned consultants Stantec to carry out a high-level assessment of the impact of Connecting Oxford on bus journey times and also to identify pinch points across the city which negatively impact on bus journey times. The initial reporting of this work suggests that the 10% improvement in bus journey times can be made through Connecting Oxford and other projects.
78. It is anticipated that existing schemes programmed for delivery will facilitate a significant proportion of the journey time savings required. These include the delivery of new bus lanes and other priority measures on major corridors to and in Oxford which are already planned and funded (including A40, A44 and A4260, Botley Road, Banbury Road and Woodstock Road) and which will help to increase bus journey speeds and reliability and therefore encourage greater patronage. Connecting Oxford is also expected to have a significant impact on

travel behaviour with a large shift to public transport, walking and cycling as these modes become more attractive than the private car.

79. This fund can meet up to 75% of the cost of civil works associated with the project, infrastructure costs for the bus operators is currently estimated at £3.5m of the total grant application. Initial calculations indicated above suggest that £50m will be sufficient to fund the necessary bus and infrastructure costs. Work is ongoing to identify where costs saving can be made as detailed above, and further discussions with the DfT regarding the deficit and how it will be bridged without adding a burden to the Council are required.
80. As part of this process, a review of all the Council's current investment streams will be considered to ensure alignment and effective utilisation of existing investment reduces any wider funding deficit.
81. On 10 February 2020 government announced an additional £5 billion of investment for bus and cycle links. Further detail is yet to be provided and Covid-19 may impact on the availability of this funding, but this may be a further source of funds for investment in both purchasing buses and investing in the network to benefit bus journey times.

County Council Infrastructure costs

82. Officers are currently investigating how electric buses, which are generally considered to be heavier than conventional buses, might affect the network and whether strengthening of certain routes might be required, or whether this would have an impact on future maintenance.
83. There is a general consensus that heavier vehicles will increase the wear and tear on the road. Bus manufacturers have begun to introduce lightweight electric buses, partly to increase range. Whilst, this would negate the issue surrounding ongoing maintenance these solutions are currently more expensive and are unlikely to be viable at this time.
84. It should be noted that a bus (or HGV) does exponentially more damage to a road by a factor of 1000's than a car. Therefore, any increase in the bus fleet size, although reducing car numbers and improving air quality/reducing pollution will lead to increased wear on the network. There is no expectation that fleet size will increase as a result of a conversion to an electric fleet, so it is feasible that a reduction in vehicle traffic associated with schemes such as the ZEZ and Connecting Oxford may result in an overall negligible impact on some roads within the city.
85. It should, however, also be noted that the current network was not designed to take the current load, so it is also feasible that the more heavily trafficked routes will experience increased damage. Work is ongoing to determine the full impact and how this might be mitigated.

86. Should the Eol be successful, options to fund the increase in future maintenance costs will be investigated in partnership with the bus companies and DfT as part of development of the business case.

Funding distribution and procurement

87. It is anticipated that the local authority will manage the distribution of funding for buses and infrastructure to bus operators across the agreed period of the scheme. Funding would be released to operators once the new buses or infrastructure had been ordered. Alternatively, the Council could procure the vehicles directly, because where goods/services/works are purchased/sold at full market rate this does not constitute state aid. The most effective way of demonstrating that the full market price is paid is by an open competitive tender process. Options are still being investigated and will be reported within the Cabinet report at the end of May.
88. It is proposed that a clause will be included in the agreement to transfer funds which would prevent buses funded by this scheme being transferred elsewhere outside of the Oxfordshire network for a designated period of time.
89. There will be a need to consider the funding approach for small and medium bus operators, particularly where they are providing tendered services for the authority. For instance, we could consider leasing of buses as part of a tendered bus route.

Rural Mobility Fund (Demand Responsive Transport)

90. There is £20 million available in total for local authorities in England. It is expected that it will fund a range of projects, with values of £0.5 million to £1.5 million.
91. The guidance published in relation to the fund outlines that local authorities will be able to split funding received for projects over a period of 4 years.
92. Local authorities are expected to fund the preparation of Eols in phase 1. The costs associated with the submission of the Eol will be met through existing budgets. The DfT have indicated that funding can be made available for business case development in phase 2.
93. The full financial implications of the Eols is currently being considered by officers and a verbal update will be provided at the Cabinet meeting. It is anticipated that all set-up costs will be funded by the DfT and the services will become commercially viable within the timescales for spending the funding, or they will cease. A clear exit strategy will be required should the services not become commercially viable within the funding timescales.
94. There is potential to integrate services funded through the Rural Mobility Fund with other council services, for example school transport services which may result in savings in other council service areas. This is currently being investigated through the development of the Eol.

Equalities Implications

95. Oxfordshire County Council has completed a Service & Community Impact Assessment (SCIA), see **Annex 4**.
96. At this stage it is anticipated that the projects would have an overall positive effect, especially on key groups that suffer the effects of congestion, its associated pollution and limited accessibility.

Covid-19 Bus Service Support Grant (CBSSG)

97. The DfT has allocated £422,230 to the Council to provide financial support to bus services during the Covid-19 period. This is in addition to the support that bus operators are already receiving through their element of CBSSG, which is paid directly to them.
98. The funds are intended primarily to provide support for services which would otherwise not benefit from the bus operator element of CBSSG, i.e. tendered services. Unlike most similar authorities, the Council does not have a network of such services and as such an alternative use has been sought; however, it is not permitted for an operator to claim both elements of CBSSG for the same service(s).
99. The fund is to support services for the period 17 March to 8 June 2020. Unspent funds must be returned to the DfT, and services cannot be funded beyond this period.
100. As a result of the lockdown, the bus network in Oxfordshire has shrunk significantly. Two of the three major commercial providers are now operating 40% or less of their usual scheduled mileage, whilst still maintaining essential services for key workers. Relatively few comments have been received about gaps in the network, and those which arise have been addressed by the operators with commendable efficiency.
101. Towards the end of the period to 8 June, it may be necessary to increase service provision if movement restrictions are relaxed; however, this is likely to be a gradual process and may require financial support. Consequently, it was therefore intended that funds were made available through CBSSG are held until potentially required for the improvement of services in the latter stages of this three-month funding period.
102. In correspondence with the DfT, however, it appears that this is not possible as these are commercial services. Stagecoach have also informed officers that their Group position is that the Council should return the funds unspent, so they can be retained by the Government for funding the commercial element of CBSSG during the reconciliation process.

Update on Supported Bus Service Fund (SBSF)

103. The DfT has allocated £588,403 to the Council to restore local bus routes or provide improvements to existing ones.
104. On 12 March 2020 the Cabinet Member for Environment approved a Statement of Intent (Sol) which set out a number of services which would benefit from the funds, comprising a mix of reinstated services and improved current ones (mainly by provision of evening and/or Sunday services).
105. This Sol was submitted to the Department for Transport by the deadline of 13 March 2020. The Government subsequently clarified that some of these funds could be instead utilised for the purposes of maintaining services during the Covid-19 phase, and consequently the Council requested an extension until 17 April 2020 to decide whether to do so; however, that was prior to the release of the alternative CBSSG funding stream outlined above.
106. On 16 April 2020, the Council notified the DfT that it did not wish to make any changes to its submitted Sol. This was because:
- the Sol would need to be amended to reflect the proposed spending on Covid-19 issues, which had not yet been fully determined;
 - a tender process for some of the routes is at an advanced stage and to remove them would cause disruption to the wider programme of service retention and improvement;
 - the provision of CBSSG funds is now the main mechanism by which services can be maintained during the Covid-19 period;
 - the funds provided for the continuation of some school bus services which may otherwise have been lost as a result of changes to vehicle accessibility legislation (known as PSVAR); and
 - enhancement of existing services is considered to be an important part of the post-Covid recovery process and in encouraging people to use the bus.
107. The DfT has now assessed the submitted Sol and confirmed that the requested funds will be released for the use proposed within the Sol.

Update on Bus Service Tender Programme

108. The County Council has collected significant sums of Section 106 developer contributions for the provision of new and improved bus services. These are used on a variety of service types – new routes, additional journeys at particular times, or provision of evening and Sunday services on current routes.
109. Periodically, as demand requires, the Council enters into procurement exercises for such services and one is currently underway with tenders having

been issued in late April 2020. This particular round is of a significant size, containing 19 lots in total as detailed in Annex 3.

110. Some lots (5, 9 and 19) are funded or part-funded by the SBSF as detailed above. These are the routes proposed for reinstatement and all three are necessary because they include the movement of non-entitled schoolchildren which the Council is currently conveying on vehicles which are not compliant with the Public Service Vehicle Accessibility Regulations 2000 (PSVAR).
111. Other improvements to services will be procured throughout the financial year by using a direct award route, without the requirement for a formal tender process. This is only applicable to small sums of money over limited periods of time.
112. Following discussions with the major operators, the tender exercise has proceeded as planned at this particular time because:
 - in the absence of this process, some routes would need to be withdrawn, or short-term direct awards made, in order to secure service continuity;
 - significant additional work for the bus operators, and additional services for communities, from September 2020 onwards will assist in the post-Covid recovery process;
 - the SBSF for 2020/21 may be at risk if not delivered;
 - significant commercial bus service enhancements in the Didcot area may be aligned to the new services;
 - new communities such as at Graven Hill in Bicester have met the required thresholds for service implementation and there are receiving frequent requests for services to start; and
 - procurement thresholds mean that not entering into high-value contracts now would affect the Council's ability to make lower-value direct awards for other services throughout the financial year.
113. Outcomes from the tender process are likely to be known in July 2020.

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Background papers: N/A

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