

Divisions Affected – All

DELEGATED DECISIONS BY CABINET MEMBER FOR TRANSPORT MANAGEMENT

25 APRIL 2024

BUS SUPPORT CONTRACTS – AUTUMN 2024

Report by Corporate Director for Environment & Place

RECOMMENDATION

1. **The Cabinet Member is RECOMMENDED to:**
 - (a) **Approve a procurement process to secure new and continued bus service provision in Didcot, Oxford and West Oxfordshire;**
 - (b) **Approve use of surplus ENCTS and LABSG for new contracts as detailed in Annex A; and**
 - (c) **Delegate approval of final contract awards, and the use of ENCTS and LABSG on additional services as necessary, to the Director of Transport & Infrastructure.**

Executive Summary

2. The Council wishes to procure four bus contracts to cover routes in Didcot, Oxford and West Oxfordshire in order to secure both continuity of existing services and to provide new and improved services linked to the introduction of the Oxford traffic filters trial scheme.
3. As the whole-life value of each of these contracts will exceed £500,000, this is a Key Decision and requires approval from the Cabinet Member for Highways Management.
4. Existing contracts for services in Didcot and West Oxfordshire are due to expire on 31 August 2024. Therefore, without approval to enter into a tender process to secure these services, no long-term bus provision can be secured for these areas.
5. In addition, approval is sought to use expected surplus from the English National Concessionary Travel Scheme (ENCTS) budget and held grant income from the Local Authority Bus Subsidy Grant (LABSG) to maintain an additional 17

contracts which would otherwise expire at the same time. These funds could also be used to maintain or develop other services at the Council's discretion.

Introduction

6. The Council has undertaken significant work in recent years to maintain and improve Oxfordshire's bus network. Unprecedented challenges for the bus industry arising from the Covid-19 pandemic has resulted in the large-scale withdrawal of commercial services and necessitated the use of contracts to keep key services in operation.
7. In addition, the Council has secured funding from the Government's National Bus Strategy programme to implement various elements of our Bus Service Improvement Plan (BSIP). In total, the Council has been awarded £5,900,000 in revenue funding for enhancements to services, fares reductions and journey planning initiatives over the period to March 2025.
8. In 2023/24, Council created new ongoing budget allocations for rural and community transport services, travel information and Park & Ride fare discounts.
9. In order to ensure that funds for bus service support can be spent in a timely manner, the Council utilises a mixture of competitive tenders through a Dynamic Purchasing System (DPS) and direct awards pursuant to the Council's powers to subsidise passenger transport services as permitted by the Transport Act 1985 (as amended) and its enabling Regulations.
10. Competitive tendering arrangements are utilised where values are high and/or there may be interest from more than one operator. In this way the Council can ensure it has secured best value for the service to be provided, but lead-in times tend to be significantly longer which is a challenge when there are deadlines to be met to utilise available funds.
11. The Council's Constitution mandates that contracts with a value in excess of £500,000 are subject to the Key Decision process. Therefore, the Cabinet Member for Transport Management is requested to approve the business case for the spend set out in this Report and to delegate authority to the Director of Transport and Infrastructure in consultation with the Head of Legal and Deputy Monitoring Officer and the Head of Procurement and Contract Management to:
 - (a) commence procurement processes to secure the services outlined below;
 - (b) carry out the selection of the winning tenderers in accordance with the selection criteria set out in any procurement documentation and within the budget envelope for the respective services, and award the contracts to those providers;
 - (c) negotiate and conclude the terms of any contractual arrangements required to deliver the services including entering into all necessary legal documentation; and

- (d) take any further steps necessary to ensure that continuity of services can be achieved should any further commercial routes be withdrawn or reduced.
12. Officers also seek approval to utilise held funds and surplus budget on a variety of smaller-value contracts detailed in Annex A, as well as delegation of contract award approval to the Director of Transport & Infrastructure.

Tender Proposals (>£500k value)

13. The Council intends to tender for four contracts which will be in excess of £500,000 in value:
- Services X32, X34 and X35 between Didcot, Great Western Park (GWP), Harwell Campus, Wantage and Newbury;
 - New service 600 between Redbridge Park & Ride, Oxford Science Park, Oxford Business Park, Cowley Centre, the Churchill Hospital and the JR Hospital;
 - Service H2 between Carterton, Witney, Oxford North, JR Hospital and Brookes University/Cowley Centre; and
 - Service X9 between Witney, Charlbury and Chipping Norton.
14. Each of these is described further below.

X32, X34 and X35 – Didcot area

15. For its size, Didcot has a comprehensive town bus network which is extensively supported by Section 106 funding from appropriate development. The three bus services in this procurement are operated by Thames Travel and operate as follows:
- **X32 Didcot town centre to Cockcroft Road via GWP South** – operates every 30 minutes during Monday to Saturday daytimes and hourly on Sundays and public holidays;
 - **X34 Didcot town centre to Harwell Campus and Newbury** – operates every 30 minutes during Monday to Saturday daytimes between Didcot and Harwell, every 60 minutes during Monday to Saturday daytimes between Harwell and Newbury, and every 60 minutes on Sundays and public holidays between Didcot and GWP; and
 - **X35 Didcot to Wantage** – operates every 30 minutes during Monday to Friday daytimes, and every 60 minutes on Saturdays, in the evenings and on Sundays and public holidays.

16. At the present time, the annual value of contracts for these services is £710,000 which is funded by a mix of Section 106 agreements, BSIP and a contribution from West Berkshire Council.
17. In order to make best use of the available funds, the existing four contracts for individual services will be combined into one single contract. Such an approach presents a number of benefits, including:
 - stimulating increased competition; and
 - the ability for tenderers to interwork vehicles and staff between the different services to maximise efficiencies and reduce tender costs to the Council.
18. Whilst this approach does potentially remove the possibility that smaller companies could choose to bid for one of the individual contracts, there is no evidence to suggest that this would be the case given the generally low number of tenders submitted for these services.
19. We would therefore anticipate that, for a contract period from 1 September 2024 to 28 August 2027, the total value of this contract would be approximately £2,130,000.
20. This contract would be predominantly funded by the remaining S106 from GWP, with contributions from sites in Wantage, Harwell Campus and a small payment in 2024/25 from West Berkshire Council.

600 – Redbridge to JR Hospital

21. Whilst radial bus services on Oxford's major routes operate at a very high frequency and for long hours of operation, the provision of orbital services around the Eastern Arc is more limited.
22. A successful bid to the Local Sustainable Transport Fund (LSTF) enabled improved connections from Park & Ride sites at Water Eaton (now Oxford Parkway) and Thornhill to the Headington hospital campuses in 2013. Following funding expiry, the services continued on a commercial basis but have been declared unviable in the post-pandemic period and they are now once again financially supported by the Council.
23. In addition, services 10 and 100 provide connections between Blackbird Leys, Cowley Centre and Headington, service 14 provides some orbital connectivity between the Banbury Road, Headington and Risinghurst, and service H2 uses a similar route between Summertown and Brookes University.
24. A key part of the Council's transport strategy in Oxford has been the development of improved orbital services. This will align with the implementation of the traffic filters trial scheme in October 2024, to make travel between the main district centres and key employment areas more attractive when compared to the private car.

25. Service 600 will operate between Redbridge Park & Ride, Oxford Science Park, Oxford Business Park, Cowley Centre, Old Road, Brookes University and JR Hospital. The tender will include:
- a core service every 30 minutes during Monday to Saturday daytimes;
 - an option for evening services to operate at a lower frequency of up to every 60 minutes;
 - an option for Sunday services to operate at a lower frequency of up to every 60 minutes; and
 - an option for an extension of the service to/from Thornhill Park & Ride.
26. All of the above options may be introduced at any time during the contract period subject to affordability.
27. This service is funded by Section 106 money from a variety of developments at the Oxford Science Park and Oxford Business Park. The Council are in regular dialogue with these key stakeholders on the future of bus services in the area and the benefits that the new routes will bring to both employers and employees.
28. The new contract will commence on 6 October 2024, to coincide with the expected commencement of the traffic filters trial scheme and the reopening of Botley Road. It is intended that the initial contract will operate until 25 August 2029.
29. This contract will be the first issued by the Council which mandates the use of zero emission buses from the outset. The anticipated maximum cost of the initial contract period is £2,350,000.

H2 – Carterton and Witney to JR Hospital, Headington and/or Cowley

30. A further element of the Council's orbital transport plans relates to the improvement of services along the A40 corridor between Carterton, Witney and the Eastern Arc.
31. Stagecoach service H2 currently operates hourly on Mondays to Saturdays between Witney, JR Hospital and Brookes University, with peak hour services extending to/from Carterton. There is also a limited Sunday and public holiday service which provides two full return journeys between Carterton and JR Hospital and two contraflow short journeys to/from Witney.
32. This service was previously commercial but since August 2022 has been provided under contract to the Council at a cost of £243,000 per annum. This service is funded by surplus from the ENCTS budget.

33. The improvement of this service will be funded by S106 payments from the Oxford North development, plus a potential contribution of c.£175,000 from LABSG to cover the period between service start and development occupation.
34. The S106 requires the Council to agree the contents of any tender with Oxford City Council and Thomas White Oxford (the developer) prior to a tender process being undertaken. It is intended to propose three options:
 - **Option A:** A 30-minute frequency service throughout from Witney to JR Hospital/Brookes University on Mondays to Saturdays;
 - **Option B:** A 60-minute frequency service between Witney and JR Hospital/Brookes University on Mondays to Saturdays, plus an additional 60-minute frequency service between Peartree Park & Ride and Cowley Centre (creating a 30-minute frequency service between Oxford North and Brookes University); and
 - **Option C:** A 30-minute frequency service from Oxford North to JR Hospital/Brookes University on Mondays to Saturdays, with a 60-minute frequency to/from Witney.

Peak hour services to/from Carterton would remain under all the options. Some of the additional journeys to/from Witney may be amended to start/finish at Eynsham Park & Ride in the future.

35. The current contract for service H2 is due to expire on 31 August 2024, and will be extended by temporary arrangements (not covered by this decision) until the start of the new contract on 6 October 2024.
36. The new contract is anticipated to cost £600,000 per annum. It is intended that the initial contract will operate until 28 August 2027, with a potential extension up to 25 August 2029. Therefore, the initial contract period is anticipated to cost £1,750,000.

X9 Witney to Chipping Norton

37. Service X9 offers an hourly service on Mondays to Saturdays between Witney, Charlbury and Chipping Norton. It is operated by Pulhams Coaches and offers a key inter-urban link between major settlements in West Oxfordshire.
38. After the withdrawal of bus subsidies in 2016, the service was operated commercially with a slightly lower frequency in the afternoons and on Saturdays. In 2020 this was improved to hourly throughout, but unfortunately the main daytime service was declared as non-commercial in 2022 and the Council is financially supporting this service by £165,000 per annum.
39. It is intended to tender for maintenance of the current level of service on Mondays to Saturdays, plus an optional addition of a two-hourly service on Sundays and public holidays (which does not currently exist).

40. The service is funded by surplus from the ENCTS budget, although S106 is also available from a development in Chipping Norton. It is proposed to offer a 3-year contract with no extension period, from 1 September 2024 to 28 August 2027. The total value of the core service is expected to be c.£500,000, and any Sunday service would be c£90,000 if awarded.

Approval of LABSG/ENCTS on contract extensions

41. Following large-scale withdrawals of commercial services in 2022, the Council resolved to utilise held Local Authority Bus Subsidy Grant (LABSG) and surplus from the English National Concessionary Travel Scheme (ENCTS) budget to maintain these routes under contract.
42. These initial contracts, the list of which is in Annex A, will expire on 31 August 2024. These include:
- short-term extensions to services H2 and X40 to permit improvements to these services to take place in October 2024 alongside the traffic filters trial scheme (improvements to service X40 were approved at CMD on 7 September 2023);
 - 6-month extensions (to 29 March 2025) to services which may be positively impacted by the traffic filters trial scheme, to avoid unnecessary contract costs where patronage and revenue may increase (this includes a number of services within or to Oxford, including links to major hospitals and the city centre from both urban districts and rural market towns); and
 - 12-month extensions (to 30 August 2025) to a number of services outside of Oxford, to maintain connectivity and service continuity. Many of these arrangements can be undertaken by officers without a tender process, as per regulations covering so-called “de-minimis” bus service procurement.
43. The total cost of these contracts is expected to be c.£1,337,500. **It is emphasised that this represents continuation of existing arrangements and not new provision.**
44. Whilst services 200 (Daventry – Banbury) and 500 (Brackley – Banbury on Sundays) are currently wholly funded by the Council, discussions are ongoing with West Northamptonshire Council about a potential contribution. These services play a vital role in bringing people from surrounding areas into Banbury town centre, supporting its economy.
45. Further support requests may come from other operators during the 2024/25 financial year. Should this be the case, officers request that approval is given for the Director of Transport & Infrastructure to authorise such awards subject to:
- (1) a suitable case being made for service retention;

- (2) suitable funds being available;
- (3) the usual procurement processes being undertaken where necessary; and
- (4) an end date of 31 March 2025.

46. The availability of LABSG and ENCTS funding to cover these contracts is covered in “Financial and Staff Implications” below. **It is emphasised that the availability of budgets will be part of the standard tender evaluation and award process by the Finance team and are confirmed at that time.**

Consultation

47. The Council does not routinely consult on bus service tender processes, because time constraints associated with the securing of services often precludes this.

48. However:

- West Berkshire Council has been consulted on the future tender arrangements for service X34 between Harwell and Newbury, which they part-fund;
- Oxford Science Park is regularly kept up to date with progress on bus service improvement resulting from their S106 contributions; and
- as noted above, the procurement of improvements to service H2 requires consultation with Oxford City Council and Thomas White Oxford (the developers of Oxford North) prior to a tender submission being agreed. This will take place immediately after any decision to proceed is forthcoming.

Corporate Policies and Priorities

49. The proposals are fully compliant with a range of Council policies, primarily the Strategic Plan, the Local Transport & Connectivity Plan and the Bus Service Improvement Plan.

50. Priority 5 of the Council’s strategic priorities is to “*invest in an inclusive, integrated and sustainable transport network*”. The proposals also support other strategic priorities including tackling the climate emergency and inequalities.

51. Failure to proceed with a tender process for these services may either place their long-term continuance at risk, with a succession of short-term arrangements likely to result, or delay the introduction of new services which are required to improve travel options around Oxford associated with the traffic filters trial scheme.

Financial and Staff Implications

52. The contracts expected to be awarded following approval of this tender exercise have an estimated combined value of £8,157,500 without extension periods.
53. It is intended that these will be funded as follows:
- Section 106 Agreements:
 - Didcot area (GWP and Kingsgrove) £2,000,000
 - Oxford Science Park/Business Park £2,350,000
 - Oxford North £1,050,000
 - Chipping Norton £90,000
 - **Total £5,490,000**
 - Local Authority Bus Subsidy Grant/ENCTS budget underspend:
 - H2 £700,000
 - X9 £500,000
 - 17 remaining contracts £1,337,500
 - **Total £2,537,500**
 - **BSIP £110,000** (for Didcot area service)
 - **West Berkshire Council contribution: £20,000** (for Didcot area service)
54. At the time of writing this report, the Council holds £3,391,163 of Section 106 funds related to the sites above and a further £4,066,312 is secured, and a further £843,288 anticipated which has been requested against future development (of which £2,728,797 will be needed to cover the anticipated costs), making a total of £8,300,763. There are sufficient held funds for anticipated costs of the Didcot area and X9 contracts, but the H2 contract will require the use of £1,050,000 of funds secured, not yet held to cover its intended duration in full. Contract 600 will require the use of £1,178,312 of funds secured, not yet held to cover as well as £500,485 funds anticipated, not yet secured to cover its intended duration in full. Contracts for H2 and 600 will only be let initially for the duration for which funds are held. Contract extensions will be called-off subsequently when funds become held. In the unlikely event that secured/expected funds do not materialise as expected, contracts will end at the initial contract end date or the end date of any called-off extension(s).
55. The Director of Planning, Environment & Climate Change has confirmed the availability of funds secured and held for the purposes of this exercise.
56. The Council anticipates an annual surplus to the ENCTS budget of c.£2,500,000 in 2024/25, with any remainder funded by held LABSG of which the Council currently holds in excess of £2,000,000. An additional £800,000 of LABSG is received by the Council annually, of which approximately half is utilised by the fleet service (so £400,000 is available).
57. The expected cost of these contracts in 2025/26 to be met by the ENCTS budget/held LABSG is c.£585,435, and in 2026/27 this reduces to £166,670.

These are considerably within the scope of the expected underspend on the ENCTS budget, even were it to reduce substantially in future years.

58. Approval to award contracts will be subject to the Council's usual processes, which includes financial risk review of successful bidders as well as sign-off by senior procurement and financial officers.
59. Subject to approval, officers will commence work on the tender documents immediately. There are no other staff implications and costs will be met from existing staff budgets.

Comments checked by:

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Legal Implications

60. Legal implications of the proposals are as follows:

The Council will comply with the Public Contract Regulations 2015 ("PCR 2015") as well as the Transport Act 1985 in procuring services for all the contracts. As stated above, the Council utilises a mixture of competitive tenders through a Dynamic Purchasing System (DPS) procured under PCR 2015 and direct awards pursuant to the Council's powers to subsidise passenger transport services under the Transport Act 1985 (as amended) and the Regulations made under the Transport Act 1985.

Comments checked by:

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Equality & Inclusion Implications

61. The tender process will deliver local bus services which will maintain (and in some communities enhance) public transport connectivity to rural communities and some areas known to suffer from higher levels of deprivation than the Oxfordshire average.
62. It will also provide additional options for orbital travel around Oxford, where travel by car will be less attractive as a result of the traffic filters trial scheme.
63. It is not considered that any protected groups would be disadvantaged by the proposals, as the intention is to retain and/or improve bus services for local residents.

Sustainability Implications

64. The bus services to be delivered through this tender process will lead to higher levels of public transport use than would otherwise have been the case, leading to a reduction in traffic and congestion. This is particularly the case in Oxford, where improved bus services will have a major supporting role in the traffic filters trial scheme to make travel easier between the major district centres and employment areas.
65. Fewer car journeys will reduce traffic emissions, contributing to improved air quality and reducing the impact on climate change. These are fully aligned with the Council's strategic policies.

Risk Management

66. The principal risks associated with the tender process are:
- delayed approval to commence the process may lead to loss of service continuity and/or provision of short-term arrangements at higher cost to the Council;
 - there may be insufficient interest in the services to be tendered to be able to provide the required level of coverage;
 - prices may be unaffordable; and
 - operators of contracted services may cease trading during the contract period or may terminate contracts early because of poor financial performance.
67. These risks can be mitigated by:
- approval of the recommendations in this report;
 - providing a sufficient mobilisation period both for tender returns and for the period between award and contract start date, to maximise the level of potential interest;
 - offering contracts for longer periods of time (as set out in this report);
 - undertaking risk assessments of successful tenderers to ensure as far as possible that companies providing the services are robust, bearing in mind the current state of the bus market; and
 - ensuring that contract conditions make provisions for suppliers to be paid in arrears, to minimise financial risk to the Council.

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Corporate Director for Environment & Place

Background papers: Nil

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March 2024

Annex A: List of initial contracts to be funded by ENCTS/LABSG

H2	Carterton – Witney – JR Hospital – Brookes University	05/10/2024	£30,000
X40	Oxford - Wallingford - Reading (evenings/late nights)		£7,500
14	Oxford – Northway – JR Hospital – Risinghurst	29/03/2025	£245,000
S3	Woodstock – Charlbury		£115,000
S3	Woodstock – Chipping Norton		£55,000
S4	Banbury - Kidlington - Oxford		£90,000
700	Kidlington – JR Hospital – Churchill Hospital – Thornhill		£185,000
29/H5	Bicester - Arncott/JR Hospital		£165,000
21	Chesterton/Highfield - Bicester	29/08/2025	£30,000
800	Diversion via Binfield Heath		£20,000
B7/B8	Banbury town services		£30,000
500	Brackley - Banbury (Sundays)		£30,000
200	Banbury - Daventry		£180,000
41	Abingdon town service		£15,000
V19	Wychwoods - Chipping Norton		£5,000
210	Wychwoods - Witney		£45,000
134	Wallingford - Goring		£90,000

Services H2, X40, 14, S3, S4, 700, 29/H5, 200 operate at least hourly on Mondays to Saturdays. Services H2, 14, S3, S4 and 700 also operate on Sundays.

Service 800 is a diversion of four buses per day on Mondays to Saturdays.

Service 21 is provision of a Saturday service.

Service 500 is provision of a Sunday service.

Services B7/B8 are provision of Monday to Friday afternoon services.

Services 41, V19, 210 and 134 are low frequency rural and town services.