

Divisions(s): Chipping Norton Cherwell
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## **DEPUTY LEADER OF THE COUNCIL - 6 SEPTEMBER 2012**

### **BUS SERVICE SUBSIDIES**

#### **Report by Deputy Director for Environment & Economy (Commercial & Delivery)**

#### **Introduction**

1. This report and the associated Annexes deal with the following items, which now require decisions to be made by the Deputy Leader of the Council and portfolio holder for Highways & Transport. The review of subsidised bus services in the Chipping Norton and Charlbury areas, which, if awarded, will be effective from Sunday 9 December 2012.
2. Background information on the item above is included at Annex 1 together with a summary of the relevant points from the responses received through local consultation. Information relating to the main County Council subsidy contracts is also included at Annex 1 for each service, but in some cases there are wider issues affecting particular contracts, which are discussed later in the main body of this report.
3. Tender prices obtained for contracts specified in paragraph 1 will be contained in a confidential Supplementary Exempt Annex 2, to be circulated separately.

#### **Reasons for Exempt Annex**

4. The contents of Annex 2 should be considered as confidential and therefore in exempt session because their discussion in public might lead to the disclosure to members of the public present of information relating to the financial or business affairs of any particular person (including the authority holding that information) as a result of discussions between Oxfordshire County Council and/or other local authorities and organisations.
5. The costs 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 a decision has been taken 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 remain confidential after the date of this meeting for 10 days (until 16 September 2012) under the objection period specified in the Public Contract Regulations 2006.

## **Subsidy Prices**

6. Tender prices will not be available until shortly before the meeting and will therefore be reported separately in Supplementary Exempt Annex 2, together with recommendations for each contract. Until all tender prices and 'de minimis' propositions received have been analysed, the overall impact on the Public Transport budget will not be known. Local Members will be advised in writing of recommendations affecting their Divisions at least one week before this meeting and invited to comment. Any responses received will be included as an annex to Supplementary Exempt Annex 2.
7. If further support for any contract is not agreed at the meeting on Thursday 6 September 2012 (except where they have been replaced by alternative arrangements or contracts) then the service or journey(s) concerned will cease after operation on Saturday 8 December 2012. The only exception to this may be if a settlement will be left with no other form of public transport. In such cases, it may be recommended that existing contract arrangements be extended until 2 June 2013 to allow time for alternative facilities such as voluntary community transport to be explored.

## **Exemption from Call-in**

8. On 10 January 2006 Council agreed an amendment to the Constitution which means that the County Council's call-in procedure should not apply to any decision on the letting of a contract, arising from termination of an existing contract. However, this amendment is only allowed if the time available is such that allowing for a call-in would result in service discontinuity and where all members of the relevant Scrutiny Committee had been informed of the circumstances of the decision to be made and given an opportunity to make representations to the decision maker about it. Since existing subsidy contracts will inevitably end on 8 December 2012, the effect of any call-in would be to prevent introduction of any replacement contracts, thus resulting in complete withdrawal of the services concerned and a consequent service discontinuity. The 10 January 2006 amendment therefore applies.
9. With regard to that provision, local members and Growth & Infrastructure Scrutiny Committee Members will be advised of the recommended contract awards (as contained in Supplementary Exempt Annex 2) at least one week before the date of this meeting to allow them the opportunity to put their comments in writing or arrange to speak at the meeting.
10. The above arrangements are separate from the provisions of the Public Contracts Regulations 2006 which allow a 10 day 'cooling-off' period for contractors who have any grievance with regards to the tender awards or processes. Successful tenderers will be advised of the outcome as soon as is practicable after the meeting, so that they will be in a position to register services with the Traffic Commissioners before the end of the 10 day period, if necessary. Because of this it will not be possible to disclose any information to the public in respect of the tender awards until Monday 17 September 2012 (the tenth day of the 'cooling-off' period being the preceding Sunday).

## Financial Position – Current Year (2012 - 2013)

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

	<u>£000's</u>
Bus Subsidy Budget	2,989
Rural Bus Subsidy Grant (RBSG)	1,788

Annual inflation, which is applied to existing contracts, does have a minor impact on available funding for new contracts.

*Note that this excludes budgets for public transport development, some of which are used for pump-priming bus services. It also excludes over £611K of income from developer, partnership and service-specific Government grant funding. 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 'netted out' in any references to the subsidy cost to the Council of the services concerned.*

## Commercial declarations

12. At an early stage in the review process the County Council contacts all operators on the approved tender list (roundly some 200 in total), to enquire if there are any opportunities to provide all or part of the services under review on a commercial basis. Recent reviews have seen a number of declarations by operators resulting in significant savings in expenditure. Two separate declarations have been received for routes within this review under Annex 1 (for detail see paragraph 25 below).

## Financial Position – Chipping Norton & Charlbury area Review

13. The current annual net cost to the bus subsidy budget of the contracts under review (as at 1 April 2012) is £313,083.17. There are no other external contributions to the contracts under review (from for example Section 106 developer contributions).

## Contract Numbering

14. Contracts have been given a letter code in the first column of each Annex (and also in any references to the service within this report) and members are recommended to use this code for cross-reference purposes. Existing service and contract numbers are mentioned, for members' information only, in the service descriptions. Both service and contract numbers may change following award of new contracts.

## **Review of Subsidised Bus Services in the Chipping Norton and Charlbury areas**

### **Background**

15. Subsidised bus services in the Chipping Norton and Charlbury areas are due for their regular review, and tenders have been invited for new contracts to run from 9 December 2012 until 31 May 2014. This is the date of the next review of services in the Witney (West Oxfordshire) area. Nine existing contracts were originally included within the scope of this review.
16. Details of all of the services concerned, together with information on the present subsidy cost and patronage data are contained at Annex 1. All affected Parish/Town Councils were consulted, as were two District Councils. The transport representative of each parish was notified of the consultation process in addition to the parish clerk. Numerous further interested parties were also consulted in the course of this review including Bus Users UK, Oxfordshire Unlimited and colleagues elsewhere within Oxfordshire County Council. Notices were placed on buses operating the routes concerned and at major bus stops. As a result views were also received from private individuals and other representative bodies. Comments received from the consultees, including any particular requests for new services or variations to existing routes, are also summarised under the respective contract headings in Annex 1.

### **Consultation during Review**

17. The consultation process undertaken was similar to other area reviews, in that some 48 parishes/towns were consulted and an open meeting for representatives held in Chipping Norton in May 2012.
18. A response rate of around 35% was achieved from parish and town Councils as a result of the public consultation exercise. Two locations have in recent years completed "parish plans" under guidance from the County Council.
19. A number of representations were made for new services, additional journeys or variations to services, although it was made clear at the commencement of the consultation process (in March 2012) that it was very unlikely that there would be spare funds for any significant improvements in view of the budgetary constraints imposed by Government.
20. Specifications for the new contracts have therefore sought prices for some minor route diversions or other realistic improvements where feasible, to meet any requests. In addition to the above responses, several further lengthy comments were received from other external consultees such as Bus Users UK.

## Services under Review

21. A number of factors have had to be taken into consideration during the course of the review. These include:-
- a. The wholly or partial commercial declarations, and subsequent 'de minimis' prices sought.
  - b. Other 'de minimis' prices sought for some contracts.
  - c. Cotswold Line "Rail-link" services.
  - d. Home to School Transport: revised joint working arrangement.
  - e. Exploration of possible use of other transport providers including unconventional modes.

### **a) – Wholly or partial commercial declarations and subsequent de minimis prices sought**

22. The position regarding commercial declarations received during this review, which are still the subject of further discussions, will be set out fully in Annex 2. In some cases, certain of the existing journeys have not been included within the scope of the commercial declaration in which case "de minimis" prices have been sought so as to ascertain the value of maintaining these trips. Prices for these are included at Annex 2.

23. However R.H.Transport have already declared the following services as mainly "commercial" and one of these has already been registered with the Traffic Commissioners to start on 9 December.

#### A) Service X8 (Chipping Norton – Kingham Station)

Commercial Monday to Friday timetable (only) but excluding a number of current early and late journeys. De Minimis prices will be sought for these and for a Saturday operation - See Item J).

#### B) Service X9 (Chipping Norton - Witney)

Commercial Monday to Saturday; the whole service except three existing journeys (excluding Fri/Sat evening journeys which will be tendered separately–Item K). The commercial journeys will not serve Ramsden or Poffley End. Alternative options for services to these villages have been included in the specifications as necessary.

24. Officers have sought tenders for the current level of service for all contracts under review and made available for tender. Various alternative options have also been specified for some contracts at either an enhanced (to meet requests) or lower (mainly based on usage) level of service or for a combination of existing routes in order to achieve savings. Consequently some 8 contracts were offered for open tender for services in the review area.

## **b) – Other ‘de minimis’ prices sought**

### **Stagecoach Midlands - service 50 (Contract PT/W37) (Item B) Mon-Sat service between Chipping Norton and Shipston / Stratford on Avon.**

- 25 This contract provides for the operation of four journeys each way between Chipping Norton and Shipston-on-Stour (on Monday-Saturday) as an extension of a mainly hourly commercial service operated by Stagecoach between Shipston and Stratford on Avon. These serve Over Norton in Oxfordshire (also served by route 488 from Banbury) and Long Compton in Warwickshire.
- 26 This contract is awarded by Oxfordshire County Council in conjunction with Warwickshire County Council, who pay 67% of the cost of the route 50 extension south from Shipston (based on the scheduled mileage in each authority area). They have indicated a willingness to continue the existing arrangement and level of service for a further period. Consequently “de minimis” prices have been sought from Stagecoach Midlands to continue the existing timetable. Prices received will be detailed within Annex 2 (item B).

### **Stagecoach Oxford / Midlands – services S3/50 (Contract PT/W42) (Item C) Sunday service between Oxford, Chipping Norton and Stratford on Avon.**

- 27 This contract provides for the operation of an hourly service between Woodstock and Chipping Norton (route S3) (extended every two hours to Shipston-on-Stour and Stratford on Avon on Sundays and Public Holidays. The section between Oxford City and Woodstock has a “commercially” provided service every half hour (integrated within the above schedule). Vehicles from both Stagecoach Oxfordshire and Stagecoach Midlands fleets jointly work on this service on Sundays.
- 28 This contract is awarded by Oxfordshire County Council in conjunction with Warwickshire County Council, who pay 43% of the cost of the route 50 extension south from Shipston on a Sunday/Public Holiday. Oxfordshire County Council wholly funds the Chipping Norton to Woodstock section, although the whole service is currently covered by a single contract price.
- 29 Stagecoach Oxfordshire (as lead company) has however indicated that, for operational reasons they are not in favour of continuing the through operation from Stratford-on-Avon to Oxford or vice-versa despite it being a quite efficient use of resources. It is suggested that connections could be maintained at Chipping Norton between S3 and 50, although it is thought that the number of through passengers is quite small. This does, however, mean that the level of service between Chipping Norton and Stratford will be very dependent upon the requirements of Warwickshire C.C. and the level of funding that they have available. Consequently “de minimis” prices have been sought from Stagecoach Oxfordshire and Stagecoach Midlands for their respective operations, which in respect of the latter will have to be considered in conjunction with Warwickshire County Council. In a “worst-case” scenario the service within Oxfordshire on service 50 on Sundays

may possibly be withdrawn completely. The outcome of these discussions together with the prices received will be detailed within Annex 2 (Item C).

### **c) – Cotswold Line “Rail-link Services.**

- 30 This review covers the three “Rail-Link” services that connect with Cotswold Line train services at either Kingham or Charlbury stations. These comprise the X8 (Chipping Norton – Kingham), C1 (Charlbury – Leafield – Wychwoods) and T1 the demand responsive off-peak service from Charlbury Station. All were established around 2000 using specific Government funding. The X8 has from this review been declared partly commercial (see paragraph 25 above) but the Charlbury routes (C1 & T1) remain unsustainable without continued financial support. Various options have been tendered for these latter services, including seeking prices for separate operations on the existing basis (Items F & I) or incorporation with other routes (Item G). The recommended option(s) for these services will be detailed in Annex 2.

### **d) – Home-to-School Transport – revised joint working arrangements**

- 31 In a recent change, these services have now reverted to being tendered by the Public Transport Section (within the Integrated Transport Unit) but on a separate timescale to the Public Transport bus subsidy contracts. There are no existing education contracts within this review area that utilize public bus services to carry entitled schoolchildren. No other opportunities have been identified at this stage for putting any other groups of students on existing public journeys.

### **d) - Exploration of possible use of other transport providers including unconventional modes**

32. Officers considered the possible use of County Council owned vehicles in the context of this review and several possible opportunities were identified. All of the contracts on offer (with exception of PT/W49–service 811) specify 15 seat vehicles or less. Based on observed loadings it is thought that vehicles of this size will be adequate to meet known demands. Small size vehicles must still, however, be capable of carrying a wheelchair passenger.
33. In addition to the County Council’s own fleet a number of “not for profit” Community Interest Companies exist in our area. One ‘Go-Ride C.I.C.’ already has two contracts with the County Council and also works for West Berkshire District Council. These companies run small vehicles (under 16 seats) under “Section 22” permit arrangements and employ full-time paid staff and managers, but any profit from income is reinvested in the company. Members will also be aware that the Council’s Big Society Fund is focused on stimulating interest amongst community groups to provide local transport solutions.

## **Developer Funding – Section 106 Monies**

- 34 There are no available Section 106 funding (or alternative sources) for the bus services under review in this area.

### **Contract Costs**

- 35 Following the award of any new bus service contracts the financial impact on the Bus Services budget can then be calculated. The financial outturn will be set out in Annex 2. Operators were requested to quote prices on a “Gross” costs basis only for all of the open tendered services listed offered in this review. With “gross” contracts, the operators keep the on-bus revenue but no claim is made for the carriage of concessionary pass holders. An estimate has to be made as to the cost of this and included in their bid price. The “de minimis” contracts, listed on page 1, which also have a commercial element, will continue on a “net cost” basis whereby concessionary reimbursement is claimed separately. It will clearly indicate in Annex 2 which type of contract is being recommended for possible award.

### **Scheduled Community Transport operations**

- 36 Whilst there are a number of community transport operations in this area of West Oxfordshire these have not been considered as part of this review. These receive no funding from Oxfordshire County Council, but comprise services to/from Chipping Norton provided by:-

A) Shipston Community Minibus

From Warwickshire villages to Chipping Norton on a Wednesday –

B) “Villager” community bus services Ltd

Operates the following routes from a base at Oddington in Gloucestershire to/from Chipping Norton (normally one return journey). The Oxfordshire villages served are listed below:

Route V22 (Tues) – Churchill, Kingham, Salford.

Route V2 (Wed) - Cornwell, Salford.

Route V4 (Wed) – Cornwell, Salford.

Route V8 (Fri) – Chasleton, Cornwell, Salford.

Route V9 (Fri) – Fifield, Idbury, Foscot, Kingham, Churchill.

Route V12 (Fri) – Taynton, Burford, Fulbrook, Shipton-under-Wychwood, Milton-under-Wychwood, Bruern, Kingham, Churchill.

Whilst providing the only public transport services to number of these villages, they also (inter alia) provide links to both Moreton-in-the-Marsh and Stow-on-the-Wold.

### **Financial and Staff Implications**

- 37 The financial implications as they relate to bus service subsidies will be dealt with in Annex 2. There are no staff implications.



## **ANNEX 2**

- 38 This document will be circulated prior to the meeting to all relevant County Council members. Each contract (or group of like contracts) will have a separate sheet in the same order and numbering as in Annex 1. Relevant information on the current service pattern, level and route will be repeated in the heading followed by the officer's recommended option and suggested course of action (including the costs of any recommended option). This section will also highlight the likely consequences of proceeding with the award of a recommended option (parishes/areas unserved or known passenger flows displaced). This is followed by a summary of all the other options/prices sought and the cost /likely effect of awarding these options (and which may be awarded by the Deputy Leader in lieu of the officer's recommended option if he so wishes).

## **RECOMMENDATION**

- 39 **The Deputy Leader of the Council is RECOMMENDED to:**
- (a) agree the 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) agree that the decisions made in (a) above 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.**

MARK KEMP

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

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