

**Divisions Affected** – Banbury Calthorpe, Banbury Grimsbury & Castle, Banbury Hardwick, Banbury Ruscote, Benson & Cholsey, Berinsfield & Garsington, Bicester North, Bicester Town, Bicester West, Bloxham & Easington, Chipping Norton, Cowley, Deddington, Isis, Otmoor, Ploughley, Rose Hill & Littlemore, Wallingford, Wroxton & Hook Norton

**CABINET MEMBER FOR HIGHWAYS MANAGEMENT  
– 07 SEPTEMBER 2023**

**BUS SUPPORT CONTRACTS – FEBRUARY 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 Banbury, Heyford Park, villages north of Bicester and between Oxford and Wallingford; and**
  - (b) **delegate approval of final contract award to the Director of Transport & Infrastructure.**

**Executive Summary**

2. The Council wishes to procure bus services for the Banbury town network, an enhanced bus service between Bicester and Heyford Park, a new service connecting villages north of Bicester with the town centre, and improvements to the X40 'River Rapids' service between Oxford and Wallingford.
3. As the whole-life value of each contract will exceed £500,000, this is a Key Decision and requires approval from the Cabinet Member for Highways Management.
4. Existing contracts for the Banbury and Heyford Park services are due to expire on 17 February 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.

## **Introduction**

5. 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.
6. 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). Together with a further allocation (of BSIP+ funding), the Council has been allocated £5,900,000 in revenue funding for enhancements to services, fares reductions and journey planning initiatives over the period to March 2025.
7. The 2023/24 Council budget also created a new ongoing £1,200,000 allocation for rural and community transport services, and £100,000 for improved bus information.
8. In order to ensure that these funds 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.
9. 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.
10. The Council's Constitution requires that contracts with a value in excess of £500,000 are subject to the Key Decision process and therefore the Cabinet Member for Highways Management is requested to approve the commencement of a procurement process to secure the services outlined below.

## **Tender Proposals**

11. The Council intends to tender for four contracts which will be in excess of £500,000 in value:
  - Banbury town network (services B3, B4, B5 and B9), plus service 488 between Banbury and Chipping Norton;
  - Service 25 between Lower/Upper Heyford, Heyford Park and Bicester;

- A new service between several villages in Cherwell District and Bicester; and
- An improvement in frequency on service X40 between Oxford and Wallingford.

12. Each of these is described further below.

Banbury town network and 488

13. For its size, Banbury has a comprehensive town bus network which is extensively supported by Section 106 funding from appropriate development. The four town bus services are operated by Stagecoach and operate as follows:

- **B3 to Bodicote and Longford Park** – operates every 30 minutes during Monday to Saturday daytimes;
- **B4 to Hardwick Hill** – operates every 30 minutes during Monday to Saturday daytimes;
- **B5 to Bretch Hill** – operates every 15 minutes during Monday to Saturday daytimes and every 30 minutes in the evenings and on Sundays; and
- **B9 to Banbury Gateway and Hardwick** – operates every 15 minutes to Hardwick and every 30 minutes to Banbury Gateway during Monday to Saturday daytimes and every 30 minutes in the evenings and on Sundays.

14. At the present time, the annual value of contracts for the four services is £675,841 which is exclusively funded by Section 106 agreements and therefore is finite.

15. Service 488 operates hourly on Monday to Saturday daytimes and two-hourly on Sundays between Banbury, Bloxham, Hook Norton and Chipping Norton. It is predominantly a commercial service but attracts financial support from the Council for certain peak hour journeys and the Sunday service.

16. Peak hour journeys are funded by Section 106 agreements on the route, whereas the Sunday service is currently provided with funding from the Council's anticipated underspend on the concessionary fares (ENCTS) budget.

17. The annual value of financial support for service 488 is currently £103,200.

18. In order to make best use of the available funds, the existing six contracts for individual services will be combined into one single contract. Such an approach presents a number of benefits, including:

- stimulating increased competition, as tenders issued for services in Banbury usually attract only one bid from the incumbent operator;

- alternatively, providing comfort for the successful tenderer that sufficient work will be available in Banbury to justify a continued presence in the town; and
  - the ability for tenderers to interwork vehicles and staff between the different services to maximise efficiencies and reduce tender costs to the Council.
19. Whilst this approach does potentially remove the possibility that small 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 historically low number of tenders submitted for these services.
  20. We would therefore anticipate that, for a contract period from 18 February 2024 to 28 August 2027, the total value of this contract would be approximately £2,760,000. Further work is required to establish what level of funding is available so that contract length and value can be firmly established.

#### Heyford Park and Bicester

21. Up until February 2023, service 250 provided an hourly bus route between Bicester, Heyford Park and Oxford. The incumbent provider, Diamond Bus, withdrew their tender and consequently there were no bidders for the replacement service 25 between Lower/Upper Heyford and Bicester.
22. Following negotiations with several suppliers, a contract was awarded to Red Rose Travel for provision of an hourly service during Monday to Saturday daytimes. This was a reduction from the pre-December 2022 service, which had been half-hourly at peak times and with an hourly service on Sundays.
23. The extremely high value of this arrangement, at £335,700 per annum, reflects its emergency nature. The service is currently being re-procured for the 6 November 2023 to 17 February 2024 period, separate to the arrangements being discussed in this paper.
24. This service is funded by Section 106 money from the Heyford Park development, which is currently being built out by Dorchester Group. Dorchester are particularly interested in the use of these funds and the Council are in regular dialogue with them on the future of bus services in the area.
25. The new contract to commence on 18 February 2024 will consist of the following elements:
  - A frequency of every 30 minutes between Heyford Park and Bicester during Monday to Saturday daytimes, together with a broadly hourly service for Upper/Lower Heyford;
  - A new hourly evening service, which may be called off at any point during the contract life; and

- An hourly service on Sundays, to commence from the start of the contract.
26. The new contract is expected to run until 31 March 2029 and cost in the region of £1,750,000.

New service between Bicester and nearby villages

27. The Council's BSIP contained a number of proposals for improvement of public transport services in rural areas of the county. Two were funded by BSIP, but the remaining seven areas were unfunded.
28. In response, the Council allocated a £1,200,000 budget for rural transport services of which £800,000 is available in the first year to progress some improvements in the specified areas. Several of these services have already been put out to tender or can be achieved at relatively low cost by working with community transport organisations or the Council's fleet service.
29. One such service is to provide new bus services to a wide geographical area north of Bicester, and to Langford Village. Details of the routes and timetables are currently out to consultation and so are not confirmed, however the initial proposal put together by officers is for three services operating between Bicester and the following locations:
- **Service A:** Caversfield, Stoke Lyne, Souldern, Fritwell, Somerton, Ardley and Bucknell;
  - **Service B:** Finmere, Mixbury, Cottisford, Hethe, Fringford, Stratton Audley and Caversfield; and
  - **Service C:** Langford.
30. Services A and B would operate up to five journeys per day on Mondays to Saturdays, with service C operating two journeys (complemented by an additional service being provided via another arrangement). Subject to cost, it is intended to provide journeys on services A and B to arrive in Bicester before 0900 and depart after 1700.
31. This service would represent a significant improvement on any bus service previously provided for many of the communities, the majority of whom have been without a timetabled bus service of any sort since 2016.
32. It is estimated that the cost of providing this service will be £200,000 per annum and it is intended to offer an initial contract to operate until 27 March 2027. As a result, the value of this contract is expected to be approximately £625,000.

## Oxford to Wallingford

33. Thames Travel operate the X40 'River Rapids' bus service between Oxford, Wallingford and Reading, which operates every 30 minutes on Mondays to Saturdays and hourly in the evenings and on Sundays.
34. This service has previously been more frequent, with a service every 20 minutes between Oxford and Wallingford, a branch to Henley-on-Thames and a 30-minute frequency on Sundays.
35. In addition, the service now operates via the Iffley Road in Oxford rather than Abingdon Road. This has been a source of complaints as journey times have become extended; the service also now takes longer because of slower speeds on arterial routes, all journeys now serving Woodcote and a new route in Caversham.
36. The route is difficult for the buses, with fast speeds on some sections and significant hills on the Wallingford to Reading section. Consequently, breakdowns and other operational issues are frequent. The Council has increasingly been asked to step in and fund some elements of this service to maintain them as this situation has deteriorated.
37. The Council has been liaising with Thames Travel on the potential use of Section 106 funds on the corridor. A potential package has been developed including the operator making a business case for brand new, higher specification buses capable of operating the route alongside mobility hub improvements at Benson and an increase in frequency to every 15 minutes between Oxford and Wallingford, including a 30-minute frequency service via Abingdon Road.
38. Thames Travel believe that this alone could improve the service for 3.5 years but consider this is not quite long enough to give a fair chance of commercial sustainability. It is therefore proposed that an additional £215,000 of BSIP+ funding is provided to extend the total contract period.
39. The total contract value from 18 February 2024 to 25 March 2028 is therefore estimated to be £1,637,000.

## **Consultation**

40. The Council does not routinely consult on bus service tender processes, because time constraints associated with the securing of services often precludes this.
41. However, the Banbury tender will be informed by a survey which was undertaken on the Let's Talk Oxfordshire consultation portal between 19 June and 17 July 2023. Copies of the survey were also made available at libraries and council offices.

42. Nearly 400 responses were made to the survey, which intended to identify the reasons people used or did not use buses and the potential measures that could encourage further patronage in the town.
43. The consultation response is currently being developed and will be published in due course; the results will be taken into account in decisions over the contents of the Banbury area tender.
44. Parish councils, parish transport representatives and community transport operators are currently being consulted on the Bicester area services with a closing date of 29 September 2023. Feedback will be taken into account in determining the routes and timetables of services A, B and C to be included in the tender.
45. The route and timetable for service 25 between Heyford Park and Bicester has been developed in conjunction with Dorchester Group.

## **Corporate Policies and Priorities**

46. 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.
47. 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.
48. Failure to proceed with a tender process for these services may place their long-term continuance at risk, with a succession of short-term arrangements likely to result.

## **Financial and Staff Implications**

49. The contracts expected to be awarded through this tender process have an estimated combined value of £6,772,000.
50. It is intended that these will be funded as follows:
  - Section 106 Agreements:
    - Banbury area and Heyford Park: £4,293,335
    - X40 Oxford to Wallingford: £1,422,000
  - Community Transport Initiatives Budget: £625,000
  - Local Authority Bus Subsidy Grant/ENCTS budget underspend: £216,665
  - BSIP+ funding: £215,000.

51. The Council has the ability to terminate contracts with three months' notice if expected receipts from Section 106 Agreements do not materialise due to slow or no development on certain sites.
52. 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.
53. Subject to approval, officers will commence work on the tender documents with a view to commencing the procurement process in early October 2023. There are no other staff implications.

Comments checked by:

Prem Salhan, Finance Business Partner  
(prem.salhan@oxfordshire.gov.uk)

## **Legal Implications**

54. There are no legal implications of the proposals.

Comments checked by:

Busola Akande, Solicitor (Contracts Team)  
(busola.akande@oxfordshire.gov.uk)

## **Equality & Inclusion Implications**

55. 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 of Banbury known to suffer from higher levels of deprivation than the Oxfordshire average.
56. 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**

57. 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.
58. Fewer car journeys will reduce traffic emissions, contributing to improved air quality and reducing the impact on climate change.



## Risk Management

59. 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;
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- 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.

60. 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.

**BILL COTTON**

Corporate Director for Environment & Place

Background papers: Nil

Contact Officer: Dave Harrison, Principal Public Transport Planner  
07901331751  
dave.harrison@oxfordshire.gov.uk

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