

Division(s): All

DEPUTY LEADER OF THE COUNCIL – 21 MARCH 2013

RE-TENDER OF EMERGENCY CONTRACTS FOR SUBSIDISED BUS SERVICES FORMERLY OPERATED BY RH TRANSPORT

Report by Deputy Director for Environment and Economy (Commercial)

Introduction

1. RH Buses entered administration in early October 2012. Emergency contracts were issued to guarantee ongoing short-term coverage of their former services until June 2013, pending further re-tender. This report, following officer review, seeks to:
 - (A) Provide the outcome of the tendering process for contracts formerly operated by RH Transport
 - (B) Recommend the contract award of bus services, formerly operated by RH Buses, in the Chipping Norton and Witney area and the Wantage and Faringdon area.
2. Detailed information for each of the services/routes being retendered is contained in Annex 1.
3. Tender prices will not be available until shortly before the meeting and will therefore be reported separately in Supplementary Exempt Annex 2 together with the recommendations. The overall impact on the Public Transport budget will not be known until tenders have been evaluated.
4. The tender prices contained in Annex 2 must be treated as strictly confidential since they relate to the financial and business affairs of the operator. All prices must be treated as strictly confidential until such time as the Decision Meeting decides whether or not to provide financial support for each service. Revealing operators' prices before then would prejudice the County Council's position if tenders or propositions had to be sought again for any of the services. Prices will remain confidential after the date of this meeting for 10 days (until Monday 1 April) under the objection period specified in the Public Contract Regulations 2006.
5. Further background, including exemption from the Council's call-in procedure and subsidy prices/contract dates, are included in Annex 3.

Consultation during review

6. Extensive consultation has been conducted during the course of this review, though few responses were received. A summary of all comments received is set out in each item detailed within Annex 1.
7. This review has also utilised Oxfordshire County Council's Consultation Portal as a means of attracting comments from local residents.
8. Local Members and the Growth and Infrastructure Scrutiny Committee have been advised in writing of recommendations affecting their Divisions at least one week

before the meeting that considers this report and their written comments sought. Any responses received are included as an appendix to Supplementary Exempt Annex 2.

Considerations in review process

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

Service 98: Didcot to Great Western Park

10. Service 98 (Contract S79: Item K) links the Great Western Park housing development with Didcot Town Centre and Didcot Parkway Station by provision of a half-hourly circular 'bespoke' service. The service is currently funded in its entirety by Section 106 funds resulting from the development.
11. Other contracts formerly operated by RH Buses in the Wantage, Faringdon and Didcot area are next scheduled for full review from autumn 2014 with new contracts to commence in May 2015. As a result contracts for ongoing coverage of most of these services in this area following the expiry of the current emergency contracts will be awarded until the end of May 2015. However, given that the 'spine road' through Great Western Park is likely to be completed before then, officers have tendered for a shorter contract duration for this particular service as the change in road layout will generate additional possibilities for serving the estate via diversion of existing routes, possibly on a commercial or semi-commercial basis.
12. The shorter contract length will enable a more flexible approach to serving the development, and may create improved travel opportunities for residents if longer-distance routes serving employment centres and nearby towns are able to operate via Great Western Park.
13. When awarded to RH Buses in February 2012, officers were advised that Section 106 funds were available to meet the cost of service provision until the termination of the contract in December 2013. Confirmation has been received that such funds are available to cover the cost of the remainder of the contract should an award be made until the revised end date of May 2014.

Service 700: Thornhill Park and Ride to Churchill

14. The contract for service 700 was operated by RH Buses at the time the company entered administration. A contract for emergency coverage was awarded at the same time as those for other services dealt with in this report. It was intended that a new contract for service 700 would be procured to commence in March 2013 as part of the LSTF (Local Sustainable Transport Fund) package for improved bus services in the Headington area. However, for technical reasons the start of the longer-term LSTF contract has been delayed and therefore is not covered by this report.

Publicity

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

Adoption of improved tendering procedure

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

Community Transport

- 18. Any opportunities identified for potential coverage of the routes under review by Community Transport schemes have been communicated to the Community Transport Strategy and Development Officer. It is not anticipated that Community Transport schemes will cover any of the routes available for tender at this stage, although 'grant aided' bus operators such as Villager Community Minibus are free to submit bids for them via the standard tendering process.

Oxford Low Emission Zone

- 19. Service 18 (Contract W2: Item A) is specified to serve Oxford City Centre at a broadly hourly frequency from Monday to Saturday, and as such will be subject to the requirements of the Oxford Low Emission Zone from 1 January 2014. Operators have been informed of the need to comply with the LEZ requirements, which broadly state that vehicles entering the Zone should meet 'Euro 5' emission standards from this date, though with some exemptions and relaxations based upon frequency and vehicle standards. Full details of the Traffic Regulation Condition (which at the time of writing was undergoing consultation) have been made available to prospective tenderers for this service.
- 20. Service 63 (Contract V61: Item I) is also specified to serve Oxford City Centre, but is exempt from the requirements of the Low Emission Zone as it does not attain the required number of journeys per day or per week to trigger the requirement for compliance.

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

- 21. Services 67/67A (Contract PT/V79: Item J) and service X15 (Contract PT/W21: Item H) are timetabled to carry schoolchildren to and from King Alfred's School in Wantage and Abingdon and Witney College's Abingdon site respectively. Re-tendering of these subsidised bus services on the current basis will ensure that pupils will continue to be carried.

Financial and Staff Implications

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

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

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

Financial Position – RH Buses’ former contracts

23. Before RH Buses entered administration, the total annual value of bus subsidy contracts held by the company was approximately £734,000. Following the award of emergency contracts to other operators to maintain services in October 2012 the annualised cost increased to £1,192,155. This increase was not totally unexpected because of the emergency nature of the tendering exercise and subsequent contract awards.
24. The cost implications of the re-tendering of each individual contract are outlined in Supplementary Exempt Annex 2. Annualised contract prices for the original award to RH Buses, the emergency award from October 2012 until June 2013 and the new price from June 2013 until either May 2014 or May 2015 (dependent on geographical area served) are shown for reference.

RECOMMENDATION

25. **The Deputy Leader of the Council is RECOMMENDED to:**
 - (a) **make decisions on subsidy for the services described in this report on the basis of the tender prices (and the periods of time) as set out in Supplementary Exempt Annex 2;**
 - (b) **confirm that these decisions are urgent in that any delay likely to be caused by the call in process would result in service discontinuity and in accordance with the requirements of Scrutiny Procedure Rule 17(b) those decisions should not be subject to the call in process.**

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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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