

DELEGATED DECISIONS BY CABINET MEMBER FOR TRANSPORT MANAGEMENT

26 MARCH 2026

BUS SUPPORT CONTRACTS – AUGUST 2026

Report by Director for Environment & Highways

RECOMMENDATION

The Cabinet Member is **RECOMMENDED** to:

- (a) Approve the allocation of funding as set out in paragraph 19, to support and enhance bus provision as set out in Table 1 in line with the Council's Local Transport and Connectivity Plan (LTCP) and Bus Service Improvement Plan.**
- (b) Approve the use of held Local Authority Bus Service Operators Grant (LABSOG) on services where no other sources of funding are available.**
- (c) Approve commencement of procurement to secure the proposed new and enhanced bus service provision.**
- (d) Delegate the award of contracts (including any contract negotiation required) and any future extensions to the Director of Environment & Highways.**

Executive Summary

- 2. The Council plan and implement regular bus contract tender processes to ensure delivery of the Council's strategic objectives. There is a requirement to procure new contracts for bus routes across Oxfordshire in order to secure the continuity of existing services and for new provision on certain corridors.
- 3. These proposed contracts would commence in August 2026 and run for periods up to and including March 2029.
- 4. Funding for these contracts comes from a variety of sources including the Council's own internal budgets, Government grant funding and planning obligations (known as Section 106 agreements).

5. Continued approval is sought to use expected surplus from the English National Concessionary Travel Scheme (ENCTS) budget and held grant income from Local Authority Bus Service Operators Grant (LABSOG) for some services in this report, and others at the Council's discretion.

Introduction

6. The Council has undertaken significant work in recent years to improve Oxfordshire's bus network and now holds 95 contracts with local providers for services, with an annual value of £11.65m.
7. These contracts cover a variety of services, including whole routes, supplemental evening and Sunday journeys, or improved frequencies on otherwise commercial services.
8. Funding for bus service contracts originates from the following sources:
 - (1) Section 106 agreements – agreements with developers to provide funding for bus services associated with residential and commercial projects;
 - (2) Local Authority Bus Grant (LABG) funding from the Government, formerly known as Bus Service Improvement Fund;
 - (3) Local Authority Bus Service Operators Grant (LABSOG), which is an annual Government grant for the maintenance of supported bus services and infrastructure;
 - (4) ENCTS – surplus from the national concessionary fares scheme for older and disabled people; and
 - (5) the OCC budget for rural and community transport.
9. Some services are also part-funded by third parties such as neighbouring local authorities or major employers.

Procurement Strategy

10. The Council intends to tender for 15 Lots in total, details of which are contained in Table 1 below.

Table 1: Tenders

Lot	Service No.	Route	Current Frequency
1	29/H5	Bicester – Ambrosden – Arcott/JR Hospital	30 mins to Ambrosden, hourly to Arcott/JR Hospital, Monday to Saturday

2	25	Heyford Park – Bicester	Hourly, Monday to Saturday
3	25/29	Heyford Park – Bicester – Amcott	90 mins, Sunday
4	121	Haddenham – Thame	Hourly, Monday to Saturday
5	200	Daventry – Banbury	Hourly, Monday to Saturday
6	X15 19	Witney – Abingdon Witney – Carterton	Hourly, Monday to Saturday (both routes)
7	233/234	Burford – Witney	30 mins, Monday to Saturday 60 mins, Sunday
8	S7	Woodstock – Witney	30 mins, Monday to Saturday daytime 60 mins, evening and Sunday
9	S9	Wantage – Grove – Oxford	20-30 mins, Monday to Saturday 30 mins, evening and Sunday Late night services Friday/Saturday
10	4B	Harcourt Hill – Oxford	30 mins, Monday to Saturday
11	600	Redbridge P&R – Thornhill P&R	30 mins, Monday to Saturday daytime 60 mins, evening and Sunday
12	H2	Thornhill P&R – JR Hospital	30 mins, Monday to Saturday daytime
13	81/82	Bicester – Somerton/ Finmere	5 journeys each, Monday to Saturday daytime
14		Risinghurst	60 mins, daily
15		Valley Park	30 mins, Monday to Saturday daytime

11. The total cost of these contracts is expected to be c.£8.37m. Lots 1 and 11 are expected to have a value in excess of £1m. In addition to the services listed in Table 1, further routes may be tendered provided that they do not exceed this individual value.

Consultation

12. Historically the Council consulted on changes to its supported bus network, but this has not been a regular feature since 2016 as time constraints associated with the securing of services often precludes this.
13. In recent tender rounds the Council has used best endeavours to consult with parish councils and some interest groups where this is felt to be necessary and/or beneficial. For these proposals, consultation is being undertaken for some Lots where changes have been proposed or where there is more than one option available.

14. These responses are due back before mid-April 2026 and will be considered when the specifications for the services are drawn up. However, the Council has been clear that proposals which are likely to incur significant spend are unlikely to be implemented.

Corporate Policies and Priorities

15. 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.
16. 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.
17. 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.

Financial and Staff Implications

18. The contracts expected to be awarded following approval of this tender exercise have an estimated combined value of **£8,369,476** (including any extension periods). It is emphasised that all contract values indicated in this report are estimates based on current or indicative costs and therefore may vary subject to tender prices received.
19. It is intended that the contracts in this report will be funded as follows:
 - Section 106 Agreements: £5,303,982
 - LABSOG: £429,655
 - LABG: £1,656,635
 - Rural and community transport budget: £502,843
 - Other local authority contributions:
 - West Northamptonshire Council (for Lot 5): £244,805; and
 - Buckinghamshire Council (for Lot 4): £231,556.

Total £8,369,476

Section 106

20. Lots 2, 6, 8, 9, 11 and 15 are wholly funded by Section 106, with part-funding of Lots 1, 4 and 7.
21. At the time of writing this report, the Council holds £8,632,704 of Section 106 funds related to the services above. Existing commitments for the 2025/26 and 2026/27 financial years total £2,699,343. As a result, £5,933,361 is held and available for these contracts.
22. In addition, a total of £7,302,413 is secured but not yet held by the Council. A significant proportion of this is expected to be received within the period of the contracts.
23. The Planning Obligations Manager has confirmed the availability of funds secured and held for the purposes of this exercise.

LABSOG

24. As a result of historic underspends whilst there was no supported bus network in place, the Council currently holds a balance of £2,128,677.20 in LABSOG.
25. Approval is sought to utilise held LABSOG going forwards to maintain services for which no other source of funding has been identified. This will usually be Section 106 agreements, where such funding has expired, or where commercial deregistrations are received.
26. Lots 7 (in part) and 10 in this report are proposed to be funded by this at a total estimated cost of £429,655. Lot 10 was commercially operated until July 2025, after which it has been financially supported by the County Council; Lot 7 has insufficient Section 106 funding to be awarded in full, but emerging development proposals in Witney are expected to come forward during the contract period.

LABG

27. Total LABG revenue funding to be received each year for three years from 2026/27 is £5,132,289, accompanied by a further estimate of £700,000 of revenue underspend from 2025/26.
28. A separate Cabinet decision will be made on 17 March 2026 on the contents of the Consolidated Transport Delivery Plan for 2025/26, which contains the services indicated in Lots 1, 3, 5, 12 and 14. The total value of these contracts to be funded by LABG is £1,656,635 over a three-year period.

Rural and community transport budget

29. The value of the County Council's rural and community transport budget was £1.27m in 2025/26, and is expected to be increased with inflation for 2026/27.

30. Committed and expected annual spend without the contracts included in the review is £1.04m. The total annual value of the contract in this review is expected to be c.£195,000 and therefore can be accommodated within the budget.
31. 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.
32. 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

33. Local authorities are required to identify public transport requirements which would not otherwise be met, and once identified, secure appropriate services. As part of this process, councils may take into account the funds that are available to them. The Council is not obliged to financially support bus services.
34. Legal implications of the proposals are as follows:

The Council will comply with the Procurement Act 2023 as well as the Transport Act 1985 in procuring services for all the contracts. As stated above, the Council utilises a mix of competitive tenders through a compliant Dynamic Purchasing System (DPS) and direct awards made pursuant to the Council's powers to subsidise passenger transport services under the Transport Act 1985 (as amended).

Comments checked by:

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Procurement

35. 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.

36. 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.
37. The initial invitation to the Public Bus Services DPS was published, via the South East Business Portal, on 12 July 2021. Slightly prior to this date, on 19 May 2021, a notice advising of the opportunity was published on Find a Tender and Contract Finder. The DPS invitation has not closed and will be ongoing until 27 October 2028.
38. There are a total of 15 suppliers accepted onto the DPS, who would be invited to tender for the Lots available in this tender process.
39. Should the recommendations in this report be approved, the Council will undertake a tender process which will commence in April 2026 and be completed by June 2026, followed by mobilisation period leading up to commencement of the contracts in August 2026.
40. Following evaluation of the received tenders, an Award Recommendation Report will be produced with any proposed awards. This report will be submitted for approval by the Director of Environment & Highways in accordance with the recommendation for delegation.
41. Any new contracts awarded would commence on 30 August 2026, but the Council reserves the right to not award any Lots where prices received are not considered to be value for money.

Equality & Inclusion Implications

42. 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.
43. There are no impacts on protected groups, as the intention is to retain and/or improve bus services for local residents.

Sustainability Implications

44. 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.
45. 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.

46. 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

47. 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.
48. 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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March 2026