

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	10 July 2023
Title:	Bus Contracts in the New Forest, Romsey and Eastleigh Areas
Report From:	Director of Universal Services

Contact name: Mike Griffin-Thorn

Tel:

Email: mike.griffin-thorn@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to detail the outcomes of tenders to provide one bus service in the New Forest, one bus service in Eastleigh and four services in Romsey areas. The services have been tendered via the Dynamic Purchasing System for the Provision of Passenger Transport Services. If approved, the contracts will cost a total of £372,940. £112,591 is due to be funded from the Public Bus budget, with a £105,971 contribution from the Home to School Transport Budget for Service 634 and in part for Service 35. Subject to approval by the Executive Lead Member for Universal Services, the remaining £154,378 is proposed to be met by the Local Transport Fund.

Recommendations

2. That the Executive Lead Member for Universal Services gives authority to spend and enter into contractual arrangements (in consultation with the Head of Legal Services) for new contracts for the Eastleigh and Romsey local bus services, as set out in the supporting report, to commence from 31 October 2023 for a period of one year, at a total cost of £306,663, which includes a contribution of £105,971 from the Home to School Transport Budget for Service 634 and in part for Service 35 with, subject to approval by the Executive Lead Member for Universal Services, £140,137 funded through the Local Transport Fund and the remaining £60,555 to be met by the Public Bus budget.
3. That the Executive Lead Member for Universal Services gives authority to spend and enter into contractual arrangements (in consultation with the Head of Legal Services) for a new contract for the 120 Service in the New Forest, as set out in the supporting report, to commence from 1 September 2023 for a period of one year, at a total cost of £66,277, with £52,036 to be met from the Public Bus Budget and the remaining £14,241, subject to approval by the Executive Lead Member for Universal Services, to be funded through the Local Transport Fund.
4. That the Executive Lead Member for Universal Services delegates authority to the Director of Universal Services, in consultation with the Executive Lead

Member for Universal Services, to make minor amendments to the contracts detailed above.

Executive Summary

5. This paper seeks to propose a course of action to ensure that public transport services continue to support access to work, education, retail, and health for the widest section of the community, thereby supporting quality of life and wellbeing while achieving value for money.
6. The proposed bus tenders retain the existing level of service as far as is affordable and take account of any known changes to the commercial network.

Contextual information

7. The Covid-19 pandemic has had a negative impact on all passenger transport services in Hampshire, from rail, to ferry, to bus to community transport. Patronage on these services dropped sharply at the outset of the pandemic and, due to a number of factors, including changes in the way people work, shop and choose to travel, patronage levels have not recovered. This is especially the case for passengers who hold either an Older Persons' or Disabled Persons concessionary bus pass.
8. This reduction in patronage has led to a fall in fare revenue for all passenger transport services which means it is now more expensive than pre-covid to provide these services. Severe driver shortages and inflationary pressures through rises in energy, staff and fuel costs have further increased these costs.
9. The County Council continues to enjoy a strong working relationship with all bus operators in Hampshire which not only ensures that both the Council and operators have an understanding of the challenges that each partner faces, but also that the County Council can support bus operators in Hampshire with issues such as driver recruitment. This national issue tends to have localised areas where recruitment is more difficult, several of these being in Hampshire.
10. The services within this report were last tendered in 2016. They were extended via Single Tender Agreement throughout the pandemic to ensure continuity of service.
11. The services have now been competitively tendered via the Dynamic Purchasing System for the Provision of Passenger Transport Services where several Lots or options were tendered:
 - a. **Service 120 (New Forest)**
 - Lot 1 Existing timetable (Monday to Saturday)
 - Lot 2 Existing timetable (Mon, Weds, Sat)
 - Lot 3 Enhanced timetable of Lot 2 with peak journeys both AM & PM (Mon, Weds, Sat)
 - Lot 4 Additional PM journey to Lot 3 operating across more days (Monday to Saturday)
 - Lot 5 As per Lot 4 but reduced operating days (Mon, Weds, Sat)

b. Service H1/H2 & T3/T4 (Romsey)

Lot 1 Existing timetable (Mon, Weds, Fri/Tu, Thur)

c. Service 35 (Romsey)

Lot 1 Existing timetable (Monday to Friday)

d. Service 634 (Romsey)

Lot 1 Existing timetable (Monday to Friday)

e. Service E1/E2 (Eastleigh)

Lot 1 Existing timetable (Monday to Saturday)

Lot 2 Enhancement of the E1 service with no E2. (Monday to Saturday)

Lot 3 Same as Lot 2 but with a reduced, two hourly service Saturdays (Monday to Saturday)

Lot 4 Same as Lot 2 but with no Saturday service (Monday to Friday)

12. This report proposes that the following are awarded:

Service	Proposed Lot to be awarded	Proposed New Annual Contract Value	Difference in service levels
120	Lot 1	£66,277	Service is curtailed at 14:45 Monday to Saturday
H1/H2 & T3/T4	Lot 1	£55,000	None
35	Lot 1	£64,692	None
634	Lot 1	£53,971	None
E1/E2	Lot 2	£133,000	Enhanced service for Colden Common residents with minimal disruption
Total value		£372,940	

13. Due to the unaffordability of the pricing within the current passenger transport market, it was only possible for the County Council to award those contracts for one year. Awarding contracts for one year only would allow patronage levels to further recover from the impact of the pandemic which would in turn shape subsequent contracts.

Finance

14. With regards to the potential options that were tendered for the 120 service, this included options of varying different operating models and sized vehicles. Unfortunately, due to the industry wide shortage of drivers, the County Council was not successful in receiving bids from operators looking to provide the service in a different way.

15. Approval for the Home to School element associated to the Service 634 and 35 is in line with the statutory right imposed on Childrens Services and has been agreed with service leads.
16. In May 2023 the Department for Transport announced that Hampshire County Council was successful in being awarded £3.6million of BSIP+ (Bus Service Improvement Plan) funding. To date the Terms and Conditions of this funding have not been announced. When these are known, a decision day report will be taken to the Executive Lead Member for Universal Services, seeking approval to spend this funding in line with the Terms and Conditions that accompany this grant. Until this time, it is not possible to utilise this funding for these services.
17. In addition, the County Council is in receipt of the Local Transport Fund (LTF), a government grant provided to Local Transport Authorities (LTAs) for the provision of bus services which require local authority support, including tendered bus services. The Grant provides funding in addition to, but not as a replacement of, any normal funding the LTA receives for the running of tendered bus services. The terms and conditions of this grant do not mandate a specific or minimum level.
18. As set out in paragraph 7 of this report, the operating environment for bus operators is exceptionally challenging. As a result, the County Council has been anticipating a large increase in tender prices for some time, setting this out in a number of reports which have been considered by the Executive Lead Member for Universal Services.
19. Overall, this tendering round represents a £154,378 higher cost per annum than the previous contracts, despite in some cases, awarding tenders for reduced timetables.
20. It is proposed that the County Council will utilise any relevant and available external funding streams, such as those set out in paragraphs 16 and 17 above, to meet the shortfall in budget. Provided the Executive Lead Member for Universal Services gives approval to the proposed arrangements for the local administration of LTF at his decision day in July, it is likely that this will be the source of funding used for this year.
21. These external funding sources are finite and therefore, using them to cover this shortfall will have an impact on the availability of funding elsewhere around the County. Despite this, it is considered that utilising this funding for this purpose still represents good value for money for the Council due to the impact that reductions in these services at this time would have on passengers, particularly those with protected characteristics.
22. It is worth noting that despite the availability of this funding, there is still a proposed reduction in service levels for the 120 service (previously known as New Forest Cango). This is because in the Passenger Transport SP23 Decision Proposals report, taken to the Executive Lead Member for Universal Services in November 2022, it was agreed that this service would be withdrawn after 14:45 Monday to Friday and on Saturdays. It was also agreed that the service would operate via a fixed timetable, rather than being bookable. These changes generated a £32,200pa saving. In between the time that the November report was approved and the tendering exercise for this contract carried out, costs have increased again for this reduced level of service. Therefore, it is a permissible use of the funding available to temporarily meet the additional costs

between the budget following savings of £52,036pa and the contract value for the reduced timetable, £66,277pa.

23. It is proposed that a detailed patronage analysis is undertaken during the first half of the year that these new contracts operate to identify and understand the demand and travel patterns for these services. At this point a further tendering exercise will be undertaken to secure continuity of service within the available budget. The results of this process will be brought back to decision day.
24. This position recognises that at the time this report is being considered, the County Council is consulting residents on how to address a £130million budgetary shortfall.

Performance

25. This section outlines the new service levels on a service-by-service basis.
 - a. Service 120 currently operates as a pre-bookable service. It is proposed that the new service will operate a fixed timetable Monday to Saturday.
 - b. Service H1/H2 & T3/T4 currently operates across different days covering different areas. It is proposed that the new service will operate to the same level as it does currently.
 - c. Service 35 currently operates one off peak round trip and one scholar round trip Monday to Friday. It is proposed that the new service will operate to the same level as it does currently.
 - d. Service 634 currently operates one scholar round trip Monday to Friday. It is proposed that the new service will operate to the same level as it does currently and will continue to be supported by Home to School Transport Team.
 - e. Service E1/E2 currently operates Monday to Saturday hourly departure from Winchester. It is proposed that the new service will operate Monday to Friday only with a 2 hourly service.

Consultation and Equalities

26. The tendering exercise for service 120 has been undertaken with consultation with the relevant Parishes.
27. The County Council carried out a Passenger Transport consultation in 2022 to inform the Council on how it could best implement its savings in 2023. Views were sought from users of all subsidised bus services including the services this report focusses on.
28. When designing the various lots that were tendered and drawing up recommendations for approval, consideration was given to the views expressed in this consultation, and as such lots included an opportunity to retain existing service levels if this proved to be within budget.
29. Data shows that the main users of these services tend to belong to groups with the following protected characteristics: Age, Disability, Gender, Pregnancy & Maternity, Race, Rurality and Poverty. Therefore, the ongoing provision of the unchanged services is expected to have a neutral impact on these groups.

30. Service 120 & E1/E2 – Due to the proposed reduction in timetable, it is likely that there could be a negative impact on the protected groups identified above that travel on these services.
31. It is expected that service users who belong to groups with the following protected characteristics: Gender Reassignment, Religion or Belief, Sexual Orientation and Marriage & Civil Partnership will be neutrally impacted as there is no evidence to suggest that people with these characteristics are more likely to use public transport than those without.

Climate Change Impact Assessments

32. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
33. These tools are not designed to be applied to public transport services and therefore are not relevant in this instance.
34. Public transport offers an alternative to individuals travelling in a private car thus can help reduce carbon emissions on Hampshire's roads.
35. Work will be undertaken to ensure these services are well publicised and promoted within their relevant communities to ensure that as many people as possible benefit from their positive climate credentials.

Conclusions

36. The recommendations offer the best value which can be achieved at this time given the challenging environment surrounding public transport at the time of tendering.
37. The proposed approach within this report ensures that the communities served by these services retain their local transport links which improve their access to retail, health, education and leisure facilities.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Data shows that the main users of these services tend to belong to groups with the following protected characteristics: Age, Disability, Gender, Pregnancy & Maternity, Race, Rurality and Poverty. Therefore, the ongoing provision of the unchanged services is expected to have a neutral impact on these groups.

Service 120 & E1/E2 – Due to the proposed reduction in timetable, it is likely that there could be a negative impact on the protected groups identified above that travel on these services.

It is expected that service users which belong to groups with the following protected characteristics: Gender Reassignment, Religion or Belief, Sexual Orientation and Marriage & Civil Partnership will be neutrally impacted as there is no evidence to suggest that people with these characteristics are more likely to use public transport than those without.