

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	15 January 2024
Title:	Bus Contracts for Basingstoke Area
Report From:	Director of Universal Services

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Purpose of this Report

1. The purpose of this report is to detail the outcomes of tenders to provide four bus services in the Basingstoke area. The services have been tendered via the Dynamic Purchasing System for the Provision of Passenger Transport Services.

Recommendations

2. That the Executive Lead Member for Universal Services gives approval to spend and enter into contractual arrangements (in consultation with the Head of Legal Services) for new contracts for the Basingstoke local bus services, as set out in the supporting report, to commence from 2 April 2024 for a period of one year at a total cost of £508,450 funded from contributions from Developer Contributions, Basingstoke and Deane Borough Council, Local Transport Fund (LTF) and the Local Bus Budget.
3. 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

4. Hampshire County Council tendered for four bus services in the Basingstoke area. The overall cost to provide these services equate to £508,450 that will be funded by Developer Contributions, Basingstoke and Deane Borough Council, and the Local Bus Budget.
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 4 (Basingstoke)**
Lot 1 Existing timetable (Monday to Saturday)
 - b. **Service 12/15/17 (Basingstoke)**
Lot 1 Existing timetable (Monday to Saturday)
 - c. **Service 14 (Basingstoke)**
Lot 1 Existing timetable (Monday to Saturday)
 - d. **Service 74 (Basingstoke)**
Lot 1 Existing timetable (Monday to Saturday)
12. This report proposes that the following are awarded:

Service	Proposed Lot to be awarded	Proposed New Annual Contract Value	Difference in service levels
4	Lot 1 - 1yrs	£221,000	None
12/15/17	Lot 1 - 1yrs	£125,000	None
14	Lot 1 - 1yrs	£149,000	None
74	Lot 1 - 1yrs	£13,450	None
Total value		£508,450	

13. Due to the requirements set out in the Memorandum of Understanding between the County Council and Department for Transport (DfT) for the provision of BSIP+ grant funding, the County Council should aim to protect vital bus services for the duration of the funding period i.e. until 31 March 2025.
14. In contrast to this, the County Council is facing a severe shortfall to its budget from 1 April 2025 and will be consulting on withdrawing its discretionary functions, including public bus services, early next year. With the uncertainty of the outcome of this consultation, the decision was taken to procure the routes on a maximum tenure of one year with this report proposing a one-year award.

Finance

15. If approved, the contracts will operate from 2 April 2024 until 1 April 2025 with no extension period.
16. The contracts will be funded primarily from within existing budgets, which includes various contributions as set out below. However, overall, this tendering round represents a £161,625 higher cost per annum than the previous contracts and this additional element is not covered by base budget but is instead intended to be met from grant funding.
- 17.

Service	PT Value	LTF	Dev Cons	OLA	TOTAL
4	£62,964	£5,916	£95,817	£56,303	£221,000
12/15/17	£30,263	£94,737			£125,000
14	£75,452	£61,636	£11,912		£149,000
74	£13,450				£13,450
TOTAL	£182,129	£162,289	£107,729	£56,303	£508,450

18. Section 106 Developer contributions to operate Service 4 and Service 14 amount to £107,729 per annum.
19. Additional contributions from Basingstoke and Deane Borough Council towards Service 4 amount to £56,303 per annum.
20. The local bus budget to support these routes equates to £182,129. The shortfall of this will be supported by LTF as per section 21.
21. LTF will support the shortfall on the local bus budget. This amounts to £162,289 per annum.
22. 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 Plus) funding in 2023/24 with a further £3.6million due in 2024/25. 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.

23. Contrary to that of paragraph 23, BSIP+ funding T&C's do not permit us to use the funding to support services that are already supported by the Local Authority but instead allow us to use against other areas of the business such as infrastructure and incentives. LTF funding T&C's offer us the opportunity to use the funding to fund Local Authority supported services. Taking this into account, we will only be able to utilise the funding from LTF and not BSIP+.
24. It is proposed that the County Council will utilise any relevant and available external funding streams, such as those set out in paragraph 22 above, to meet the shortfall in budget. Following the Executive Lead Member for Universal Services giving approval to the proposed arrangements for the local administration of LTF at his decision day in July 2023, if approved this will be used as a source of funding for these services for one year.
25. As set out in paragraph 8 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.
26. 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.
27. LTF expiration is based on the amount of funding remaining and has no specific expiration date. The County Council has £1,086,721 of grant remaining that can be used to offset any additional cost that is outside of the available base budget. The majority of supported local bus services have now been retendered with Ten New Forest contracts remaining to be retendered in early 2024. Five of these contracts are heavily supported by Home to School Transport budgets within the Childrens Services Directorate but to ensure to get the best possible outcomes and value for money, they are tendered along with the local bus network. The cost to operate these five contracts will be met through a contribution from Home to School Transport budgets and the local bus base budget.

Performance

28. This section outlines the new service levels on a service-by-service basis.
 - a. Service 4 currently operates as a fixed timetable service. It is proposed that the new service will continue to operate a fixed timetable Monday to Saturday.
 - b. Service 12/15/17 currently operates as a fixed timetable service. It is proposed that the new service will continue to operate a fixed timetable Monday to Saturday.

- c. Service 14 currently operates as a fixed timetable service. It is proposed that the new service will continue to operate a fixed timetable Monday to Saturday.
- d. Service 74 currently operates as a fixed timetable service. It is proposed that the new service will continue to operate a fixed timetable Monday to Saturday.

Consultation and Equalities

- 29. 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.
- 30. When designing the various lots that were tendered and drawing up recommendations for approval, consideration was not given to reduce the level of service following the release of the terms and conditions as set out by DfT for BSIP+ Funding. The tendering would not see a reduction or increase in service levels provided.
- 31. 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.
- 32. 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

- 33. 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.
- 34. These tools are not designed to be applied to public transport services and therefore are not relevant in this instance.
- 35. Public transport offers an alternative to individuals travelling in a private car thus can help reduce carbon emissions on Hampshire's roads.
- 36. 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

37. 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.
38. 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:	no
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

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.)

<u>Document</u>	<u>Location</u>
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.

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.