

Forward Plan reference number: (n/a)

Report title: Award of Contracts for Evening and Sunday supported local bus services	
Report to: Cllr Ray Gooding - Cabinet Member for Education and Skills	
Report author: Andrew Cook, Director, Highways and Transportation	
Date: 17 December 2019	For: Decision
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County Divisions affected: All Essex	

Confidential Appendix

This report has a confidential appendix (Appendix 1) which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of Report

- 1.1. This report asks the Cabinet Member to award contracts for a number of subsidised evening and Sunday bus services which are due to expire in March 2020 and ask for a decision on – service 21 (Black Notley to Bocking) and 418B (Loughton to Harlow) which exceed the £5 per passenger journey value for money test and agreed that if the cost of the tendered services continues to fail this test then the services could potentially be withdrawn.

2. Recommendations

- 2.1. Award the tenders for the local bus network as set out in appendix 1, which in each case is to the tenderer who submitted the most economically advantageous tender as set out in the appendix, such contracts to cover the period from 1 April 2020 to 31 March 2022 with the possibility of allowing extensions for up to a further two years.
- 2.2. Award a one year contract for service 21 and 418B as set out in the confidential appendix notwithstanding that it exceeded the £5 cost per passenger journey (cppj) for one year and consult on withdrawing this service.
- 2.3. Note that services 5 and 42 are to be awarded on a declining subsidy basis and are included in Appendix 1.

3. Summary of issue

- 3.1 In Essex around 85 per cent of the bus network, by passenger miles travelled, is provided commercially. On these services, commercial operators set their own bus routes, set their own fares, maintain their own buses and run their services as their commercial interests dictate. ECC's role is to decide (where

the commercial operators do not provide a service) whether one is needed and if it determines that one is, then to provide it.

- 3.2 To help make this decision ECC looks at many factors including what alternatives are available; how many people use them and whether they offer value for money. ECC will not support a service where it pays the operator £5.00 or more per passenger carried after all finances of that service has been taken into consideration (All paying fares and concessionary fares included). This is commonly known as Cost Per Passenger Journey (CPPJ) and is a criteria to determine whether services should be provided by the local authority when forward planning for future demand.
- 3.3 The remaining 15 per cent of the bus network is supported by ECC. The Essex local bus network currently supports over 3 million passenger journeys a year. In 2018/19 the bus network supported by ECC accounts for over 200 services at a cost of £8.09m net per annum.
- 3.4 ECC's strategy for the local bus network is set out in 'Getting Around in Essex – a bus and passenger transport strategy' (the Strategy) and was published in September 2015.
- 3.5 The current evening and Sunday bus services provided by ECC support in total around 900,000 passenger journeys a year at a cost of £1.767m.
- 3.6 In 2018 ECC began a thorough review of its financial support for those local bus services that it funds across the County. In December 2018 the Cabinet Member for Education and Skills approved a 12 week consultation period on proposals, which sought to consult on
- a new evening and Sunday policy for supported services
 - the individual impacts of those policies by service and by journey
 - exceptions to those policies.
 - withdrawing 2 evening services (service 21 Bocking to Black Notley and 418B Harlow to Loughton) as they exceeded ECC's cost per passenger journey criteria of £5.
 - a more flexible approach to procurement of services
- 3.7 The Cabinet subsequently agreed to introduce revised services based on the new specification. This included tendering for service 21 and 418B in case it was possible to reduce the cost per passenger journey on these services. The tender documents have been received and all services fall within the £5 per passenger journey threshold with the exception of service 21. For service 21 it is proposed to award a one year contract and consult on withdrawal.

4. Options

4.1 Option 1 – Award contracts as per Appendix 1 (recommended Option)

- Evening journeys to operate until 22:00 Monday to Fridays and 23:00 on Saturdays with appropriate exceptions where there are more than six passengers on a journey;

- on Sundays to operate with a two hourly frequency between 08:00 – 19:00 with appropriate exceptions where there are more than six passengers on a journey.

5.1.1 Benefits:

- Local communities served would retain access to evening and Sunday bus services;
- Services are tailored to meet local usage requirements;
- The needs of communities are balanced proportionately against the cost to taxpayers.

5.1.2 Issues:

- Some areas will have reduced service provision where there has been a lack of patronage
- Some areas will have a reduced frequency

5.2 **Option 2** – No action – all current evening and Sunday services expire at the end March 2020 and will cease to operate. (Not recommended).

5.2.1 Benefits:

- There would be a saving to taxpayers of £1.9m per annum from April 2020.

5.2.2 Issues:

- With existing contracts due to finish in March 2020 this will leave communities with no ECC supported evening and Sunday services on these routes following this date;
- ECC have not consulted on the withdrawal of evening and Sunday services;
- This approach would not meet the objectives of the current Passenger Transport Strategy. See appendix D

6. **Issues for consideration**

6.1 **Financial Implications**

- 6.1.1 The total contract cost to procure Evening and Sunday services of £3.03m over 2 financial years is affordable within the draft budget envelope for Local Bus. The contract spend falls across two financial years which is in line with the proposed contract term. Affordability is detailed in the table below;

Local Bus Service	Draft MTRS £000	
	2020/21	2021/22
All Other Services	6,242	6,399
Sunday & Evening Tender Round	1,518	1,518
Sunday & Evening De Minimus Contract	60	60
<i>Net Budget Requirement</i>	<i>7,820</i>	<i>7,977</i>
<i>Local Bus MTRS Draft Budget</i>	<i>7,820</i>	<i>7,977</i>

6.1.2. As the contract ties the Authority in to the agreement for two years there is no inflation risk in the short term. Once the agreement expires, the affordability of future options will need to be evaluated.

6.1.3. Any adjustments or amendments required to the contract that result in a higher cost than anticipated will have to be contained within the Passenger Transport budget envelope.

6.2 Legal implications

6.2.1 The Transport Act 1985 puts ECC under a statutory duty to 'secure the provision of such passenger transport services, as ECC consider it appropriate to meet any public transport requirements within their area which would not in their view be met otherwise. As a result, in practice ECC has a wide discretion as to what services it considers appropriate to secure.

6.2.2 Where the providers choose not to extend the current contracts, ECC will undertake a procurement exercise in accordance with the provisions set out within the Public Contract's Regulations 2015 and ECC's procurement policy and procedures. The contracts for these services will be procured via ECC's Passenger Transport Dynamic Purchasing System/Framework Contract. Operators have pre-qualified to enable them to submit bids in mini-competitions for specific services. Bids are evaluated 100% on price.

7. Equality and Diversity implications

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will have a disproportionately adverse impact on all people with particular characteristics, particularly in areas where there are known inequalities. In some cases, passengers will need to find alternative modes of transport. This will be mitigated if there were more than 6 passengers travelling, then it is likely that the journey remains.

8. List of appendices

- Appendix 1 List of services to be awarded
- Appendix 2 Standard year & financial illustration
- Appendix 3 Equality Impact Assessment

9. List of Background papers

Cabinet Report FP/41/04/19
Local Bus Consultation

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Ray Gooding, Cabinet Member for Education and Skills <u>or</u>	07/01/2020
Andrew Cook, Director, Highways and Transportation	

In consultation with:

Role	Date
Councillor Ray Gooding, Cabinet Member for Education and Skills	07/01/2020
Andrew Cook Director consulted	
Executive Director for Corporate and Customer Services (S151 Officer) Please send to your Head of Finance/Finance Business Partner who will arrange S151 sign off.	07/01/2020
Stephanie Mitchener	
Director, Legal and Assurance (Monitoring Officer)	19/12/2020
Paul Turner	