

Mayoral Combined Authority Board

25 July 2022

Tram Operating Model

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan	Not a key decision

Director Approving Submission of the Report:
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Executive Summary

As per the Scheme of Delegation, this report is to advise MCA Board that to progress work on the future Tram Operating model post March 2024, specialist procurement, legal and commercial advisors will be engaged from August 2022.

What does this mean for businesses, people and places in South Yorkshire?

The tram is a central component of our plans for a fully integrated low carbon transport system to enable residents and businesses to access education, employment, and leisure facilities across South Yorkshire.

Recommendations

That Board note progress on the future Tram Operating Model and the requirement for associated specialist support, to be funded in line with the 2022-23 revised budget and within the Scheme of Delegation.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Mayoral Combined Authority Board

21 March 2022

1. Background

- 1.1 The light rail tram network infrastructure in South Yorkshire is publicly owned by South Yorkshire Passenger Transport Executive (SYPTTE). In 1997, SYPTTE awarded a 27-year concession to a private company, South Yorkshire Supertram Limited (SYSL), a wholly owned subsidiary of Stagecoach Group, to operate the tram network.
- 1.2 The concession contract covers responsibility for the day to day operation, maintenance and operating costs and revenues of the tram and expires on 21 March 2024. At expiration of this contract, operational, managerial and financial responsibility for the system reverts to SYMCA.
- 1.3 Consideration needs to be given to the future operating model of the tram system post March 2024. Having assessed the activities to be undertaken to achieve a seamless transition upon expiry of the current concession agreement, further preparatory work now needs to be undertaken to mobilise for the end of the concession. This work requires support from specialist advisors, to robustly prepare and develop details around a future operating model for the tram system.

2. Key Issues

- 2.1 A new operating model for the tram has to be effective from 22 March 2024 and the mobilisation for this represents a significant workload in a range of specialist areas. The prompt progression of further work around procurement, commercials and legal is critical in this programme of activities.

3. Options Considered and Recommended Proposal

3.1 Option 1

Accept the recommendations of this report

3.2 Option 1 Risks and Mitigations:

In agreeing this report, the Board decision will support the timely progress of work activities required to prepare for a future tram operating model, upon expiry of the current concession agreement in March 2024.

3.3 Option 2

The recommendations in this report could be rejected.

3.4 Option 2 Risks and Mitigations:

A decision not to accept the recommendation could result in delays to the programme of activities required to achieve a transition to a new tram operating model in March 2024.

3.5 Recommended Option

Option 1

4. Consultation on Proposal

- 4.1 The proposals in this report are consistent with the 2022-23 budget revision which is also on the agenda for approval at this meeting.
- 4.2 The results of this further work will help to inform future MCA Board meetings in relation to a tram operating model.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The engagement of external specialist advisors is expected to commence from early August 2022 onwards and this will be undertaken in line with procurement, legal and governance processes.

6. Financial and Procurement Implications and Advice

- 6.1 The expenditure to be incurred will be accommodated within the CRSTS funding and earmarked reserves, as contained in the 2022-23 budget revision paper to this Board. The procurement of external advisors will be undertaken in line with the required procurement processes.

As per the Scheme of Delegation, it is a requirement to inform the MCA Board of the expenditure against the earmarked reserves identified for this work within the budget.

7. Legal Implications and Advice

The tramway is owned by SYPTE (SYMCA). The existing concession with South Yorkshire Supertram Limited (wholly owned subsidiary of Stagecoach Group) ends on 21 March 2024. Under the South Yorkshire Light Rail Transit Acts SYMCA/PTE have the option to award a further private sector operating contract or operate the system via a wholly owned subsidiary of the MCA. If the decision is taken to award a further operating contract to a private sector operator the MCA will be required to follow a compliant procurement process that will need to commence in 2022.

8. Human Resources Implications and Advice

None.

9. Equality and Diversity Implications and Advice

None.

10. Climate Change Implications and Advice

None.

11. Information and Communication Technology Implications and Advice

None.

12. Communications and Marketing Implications and Advice

None.

List of Appendices Included

None included

Background Papers

None included