

Transport and the Environment Board

Thursday, 09 February 2023

Approach to Bus Service Tenders for July 2023

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Funding Decision
Is this a Key Decision?	Yes
Has it been included on the Forward Plan of Key Decisions?	Yes

Director Approving Submission of the Report:

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Executive Summary

This report provides the Transport and the Environment Board (TEB) with an update on the latest requirements to manage the future tendered service bus network, assumptions on future funding and decisions on prioritisation of services to protect.

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

The bus network in South Yorkshire is essential to its prosperity. It is vital that services which are not commercially viable are protected as best as possible within the constraints of available budget.

Recommendations

It is recommended that TEB members:

1. Acknowledge the complexity and uncertainty of the funding landscape, compounded by the late decisions from Department of Transport (DfT) on any extension to Bus Recovery Grant (BRG) funding
2. Support the proposal to continue to use the prioritisation of bus service types as defined by the public engagement undertaken in August 2022 ahead of anticipated cuts originally due in October 2022.
3. Endorse that irrespective of the final funding envelope available that SYMCA officers will allocate the full available budget to protect bus services on the basis of the priorities set out.
4. Support the timeline of tendered service contract tender issue and award.

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

None

1. Background

- 1.1 Since the start of the Covid pandemic in 2020, bus operators have been able to access various levels of financial support to ensure that services which would otherwise be commercially unsustainable can continue. At various points in time, there have been numerous suggestions that funding from central government would come to an end, most recently in April and then October 2022.
- 1.2 A current funding settlement continues to provide support to most bus operators in South Yorkshire with the exception of First who declined to claim this funding from October 2022. This funding is due to end on 31 March 2023 though there are indications from DfT that this may be extended yet again in some capacity. An announcement was expected no later than 20 January (in line with statutory notification periods for 1 April) though this has now been delayed until mid-February with no confirmed date.
- 1.3 In order to protect bus services from further cuts, SYMCA agreed to commit additional reserves for protecting non-statutory school services through to July 2024. This has allowed SYMCA to temporarily retain services which would have otherwise been reduced or removed.
- 1.4 Ahead of the potential service cuts originally anticipated in October 2022, SYMCA undertook public engagement to seek views as to the priority types of services which they would like to see protected. This consultation indicated that the main services to protect would provide;
 1. Statutory School Services
 2. Weekday & Saturday Services Peak Hours (07.00-09.30 & 16.31-19.00)
 3. Services providing Access to Employment
 4. Weekday & Saturday Services between Peak Hours (09.31-16.30)
 5. Services providing Access to Healthcare
 6. Services providing Access to Education

2. Key Issues

- 2.1 Given the uncertainty over future funding, in order for SYMCA to put in place more permanent (i.e. 3-year) contracts to replace the existing short-term contracts, a formal procurement exercise needs to be undertaken.
- The intention is to issue tenders to replicate the existing tendered service network plus some services for which we did not secure bids last time due to resource availability among operators, but which would be essential to cover if possible, with the additional opportunity for minor amendments where service gaps still exist, up to a total annual contract value of £18.75m.
- 2.2 The timeline for this procurement activity requires tenders to be issued as follows;
1. Tenders published to market – 10 February (or as soon as TEB approval is given)
 2. Tenders close – 08 March
 3. Submissions analysed and recommendations prepared by – 12 April
 4. Proposed awards issued and standstill commences – 25 April
 5. Standstill ends – 05 May
 6. Commence service change activity (timetables etc.) – 05 May
 7. Service change date – 23 July
- 2.3 As an announcement from DfT on any potential funding settlement beyond the end of March 2023 is now not expected until at least mid-February, it is prudent that the above timeline takes in to account any potential uplift in the scope of services which could be protected. It is recommended that as tenders are evaluated in March and early April, should there be additional scope to increase budget and protect more services, this is factored into the award recommendations to be delegated.
- 2.4 It is proposed that a meeting is arranged with SYMCA Leaders in mid to late February on the assumption that any DfT funding settlement is known by this point, and that officers can therefore describe what this means in terms of the scale of the network that can be protected beyond July 2023.
- 2.5 As such, it is also recommended that following final tenders being returned and analysed for price and priority, a further meeting with SYMCA Leaders is convened towards the end of March to give them a final opportunity to input ahead of contracts being issued and tenders awarded.
- 2.6 Throughout this process, SYMCA officers will continue to engage with Local Authority Transport Officers to ensure they are also suitably sighted on the proposals at a local and service level and allow them to raise concerns as to any specific services which may be at risk or are contrary to local need.

3. Options Considered and Recommended Proposal

3.1 Option 1

Continue with the proposal to issue tenders and award contracts up to the financial budget limit available and dependent on the outcome of any further funding announcement from DfT. This allows tenders to be received from bus operators

potentially above the total budget available but would still ensure that the current network in place as of now can be retained as much as possible using the financial resources available.

3.2 **Option 2**

Wait until DfT announce any funding settlement and only then commence the tender process with the knowledge of the financial resources available.

3.3 **Option 3**

Seek a further extension of use of reserves to ensure that the current network in place can be sustained for a longer period and beyond its current end date at the end of July 2023.

3.4 **Recommended Option**

Option 1

4. **Consultation on Proposal**

- 4.1 As set out in 1.4, a public engagement was conducted in August 2022 which received over 1,500 participants. It is recommended that TEB members support the use of the outputs of this engagement to guide the award of tenders for July 2023 given this was the intention for October 2023 network changes had funding not been extended.

5. **Timetable and Accountability for Implementing this Decision**

- 5.1 Assuming the recommendation is supported, the timeline is set out clearly in 2.2.
- 5.2 The requirement to seek approval of the contract awards to bus operators is proposed to be delegated to the Head of Paid Service between 12 and 25 April 2023.

6. **Financial and Procurement Implications and Advice**

- 6.1 The 2023/24 revenue budget for bus tendered services is £18.75m, of which £6.86m is funded from the Protection of Priority Services reserve. This reserve is now fully committed, hence any additional pressures on the bus tendered services budget would go unfunded.

7. **Legal Implications and Advice**

- 7.1 Contracts for subsidised services need to be awarded in accordance with the provisions of the Transport Acts 1968 and 1985 and need to follow the MCA's Contract Procedure Rules.
- Under the Scheme of Officer delegation the decision to award individual bus service contracts that are within budget is delegated to the Executive Director Infrastructure and Place.

8. Human Resources Implications and Advice

8.1 Not applicable for this paper.

9. Equality and Diversity Implications and Advice

9.1 Not applicable for this paper.

10. Climate Change Implications and Advice

10.1 Not applicable for this paper.

11. Information and Communication Technology Implications and Advice

11.1 Not applicable for this paper.

12. Communications and Marketing Implications and Advice

12.1 Additional reduction in bus services within the region will create media and stakeholder concern about the future viability of public transport so it's vital that we communicate the level of financial support being invested by SYMCA to continue to sustain bus services whilst additional resource and powers are secured. We will need to continue to highlight the existing SYMCA funding for services until July 2023 and the actions being taken to secure the resource and powers.

List of Appendices Included:

None

Background Papers

None