



NOTICE OF MEETING

CABINET MEMBER FOR TRAFFIC & TRANSPORTATION

MONDAY, 13 DECEMBER 2021 AT 4.00 PM

COUNCIL CHAMBER - THE GUILDHALL

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If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

CABINET MEMBER FOR TRAFFIC & TRANSPORTATION

Councillor Lynne Stagg (Liberal Democrat)

Group Spokespersons

Councillor Simon Boshier, Conservative
Councillor Graham Heaney, Labour

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

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SUPPLEMENTARY AGENDA

4 Portsmouth supported bus services - contract extensions (Pages 3 - 14)

Purpose of report

- 1.1 The purpose of this paper is to outline Portsmouth City Council's current position on supported bus services and to seek agreement to extend the 5 existing contracts to 31 December 2022.

RECOMMENDED

It is recommended that the Cabinet Member for Traffic & Transportation:

- 2.1 Approves the extension of all 5 existing supported bus service contracts from 1 January 2022 up to 31 December 2022.**

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Title of meeting: Traffic & Transportation Cabinet Member Decision Meeting

Date of meeting: 13 December 2021

Subject: Portsmouth Supported Bus Services - contract extensions

Report by: Tristan Samuels - Director of Regeneration

Wards affected: All wards - except Paulsgrove and Hilsea

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 The purpose of this paper is to outline Portsmouth City Council's current position on supported bus services and to seek agreement to extend the 5 existing contracts to 31 December 2022.

2. Recommendations

It is recommended that the Cabinet Member for Traffic & Transportation:

- 2.1 **Approves the extension of all 5 existing supported bus service contracts from 1st January 2022 up to 31 December 2022.**

3. Background

- 3.1 Portsmouth City Council has a statutory duty under the Transport Act 1985 Act, to consider the provision of bus routes where there are no commercial services, but there is demand from residents and visitors who otherwise would be unserved by public transport.
- 3.2 The City Council subsidises three complete weekday bus routes: 12, 22 and 25, plus Sunday and Bank Holiday services on the 13 and 14. Please see table 1 and appendix A for details of each of the routes.

Table 1: summary of supported bus service operation information

Service	Operational Information
12	Days of Operation: Monday - Saturday Frequency: hourly off peak Route Description: Tipner - North End - Chichester Road - Fratton Way
13/14	Days of Operation: Sunday/ Bank Holidays Frequency: 2 hourly Route Description: City Centre - Fratton - Milton - Baffins
22	Days of Operation: All days of the week Frequency: Every 70 minutes Route Description: Highbury - Cosham - Drayton - Farlington
25	Days of Operation: All days of the week Frequency: Every 45/90 minutes Route Description: The Hard - Old Portsmouth - Southsea Shops - Devonshire Avenue - Eastney - Hayling Ferry.

3.3 All current contracts are due to expire on 31 December 2021.

3.4 Services 12, 13/14, and 22, were awarded in January 2019, and were extended from 30 December 2020 to 31 March 2021 at the Traffic & Transportation decision meeting on 18 September 2020. This brought each of the contracts in line with new service 25 contract, which commenced operation on 30 August 2020 and was due to expire on 31 March 2021.

3.5 All contracts were extended to 31 December 2021 at the Traffic and Transportation 25 February 2021 due to the effects of COVID on bus ridership.

3.6 The contract for an additional 12 months from 1 January 2022 are outlined in the table below:

Service	Full year cost (£)
12	45,781
13/14	9,849
22	42,650
25	117,600
Total	215,880

3.7 The tables in appendix B provide a comparison route by route of the number of passenger journeys made on supported bus services in Portsmouth. These tables show that due to the current COVID-19 pandemic, bus ridership has started to return to normal, but still has a long way to go before it comparable to pre-COVID-19 passenger numbers.

3.8 All of the existing supported bus service contract routes cover large residential and commercial areas of the city, otherwise not benefitting from a bus service.

These include:

- 3.8.1 Service 12 serves Tipner, North End, Chichester Road, St Mary's Hospital and Tesco (Fratton), operating hourly Monday to Saturday day times.
- 3.8.2 Service 22 serves the Highbury, Cosham High Street, Lower Wymering, residential areas in Drayton and Farlington, Drayton Shops and Sainsbury's (Farlington), operating every 70 minutes daily.
- 3.8.3 Service 25 is a new route, which started operation on a trial basis from 30th August 2020 replacing previous services 6, 15 and 16, which had been withdrawn for most of the summer due to the impact of COVID. The route serves both commercial and residential areas as well visitor attractions and provides a connecting service for both the Hayling, Wightlink and Gosport Ferries and the Hovercraft. The route serves The Hard Interchange, Old Portsmouth, Clarence Pier, Southsea shops, Albert Road, Devonshire Avenue, and Eastney to the Hayling Ferry through residential areas, which had no commercial bus services. The service operates every 90 minutes (45 minutes off peak Monday to Saturday) daily, including Sundays and Bank Holidays.
- 3.8.4 Services 13/14 serve the City Centre, Fratton, Milton, Portsmouth College and Baffins. The subsidised services operates Sundays and Bank Holidays every 2 hours and complements the Monday to Saturday commercial service.

National Bus Strategy: Bus Back Better

- 3.9 The National Bus Strategy (NBS) was published on 15th March 2021 and sets out a new approach for the provision of bus transport in England outside of London.
- 3.10 The NBS places new responsibilities on Local Transport Authorities (LTA) to enter into an Enhanced Partnership (EP) with bus operators and to set ambitious and measured targets to deliver improvements to bus services and to the city by means of a Bus Service Improvement Plan (BSIP), which sets out the detail.
- 3.11 The full published DfT guidance can be found here: [Bus service improvement plans: guidance to local authorities and bus operators \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/guidance/what-is-a-bus-service-improvement-plan)
- 3.12 The BSIP identifies how bus services should be improve public confidence and address misconceptions, encouraging people to use the bus. This allows LTAs to bid for funding from Government to enhance services, improve infrastructure and consider fares and ticketing.
- 3.13 It would be difficult to retendered bus services before Government announce the outcome of LTA funding through the NBS. This announcement is expected in spring 2022.

4. Reasons for recommendations

- 4.1 The Coronavirus pandemic has had a major impact on public transport ridership and the number of passengers travelling by bus, but these services are still essential to allow key workers to access employment and residents to access health and make essential journeys.
- 4.2 Current ridership levels on supported bus services do not reflect likely ridership once we are out of the pandemic. Therefore, planning bus services based on this level of ridership is not recommended for the reasons outlined below.
- 4.3 When bus companies submit prices for tendered bus service contracts, they estimate what the passenger revenue will be; this includes concessionary fares. Tender prices are likely to be higher than the current contract prices, as ridership (and revenue) is lower than pre COVID-19 levels. Although ridership may not return in full to pre pandemic levels immediately, it is reasonable to assume it could reach 80% of pre pandemic levels by the summer 2022 once it has been possible to vaccinate a large percentage of the adult population allowing users to have the confidence to travel. Portsmouth City Council will continue to monitor the situation and work closely with bus operators during this time.
- 4.4 Currently bus operators are in receipt of Bus Recovery Grant (BRG) funding from the government which makes up the shortfall in revenue on commercial bus services and council supported services 12, 13 and 14. In addition the City Council has been allocated LTA BRG funding which is being used to make up the revenue shortfall on service 22. It is also being used to part support service 25.
- 4.5 The future of BRG after the 5 April 2022 remains unclear. At that point, the only other source of Government funding for supporting bus services, outside of transformational funding, will be Bus Service Operator Grant (local and commercial/operator) and the Revenue Support Grant from Department of Levelling Up Housing and Communities (formerly MHCLG). A clearer picture of funding provided in response to BSIP should be known by then.
- 4.6 In addition to this funding the Council is in receipt of Bus Service Operating Grant (BSOG) and the allocation for 2021/22 is being used to support bus services. The Council was also successful in being award some Better Deal for Bus Users funding in 2020 which has been transferred to 2021/22 and is being used to maintain supported bus services this year.
- 4.7 As outlined in section 3.8 of this report, Portsmouth City Council have recently submitted the Portsmouth BSIP to Government and anticipate a response in spring 2022. It would be difficult to retendered bus services before Government announce the outcome of LTA funding through the NBS.

4.8 As outlined in section 6 of this report, Portsmouth City Council Procurement Team, would support the proposed extension of the existing supported bus service contracts in the current climate.

5. **Integrated Impact Assessment**

5.1 An Integrated Impact Assessment is not required for an extension to the existing contract as there would be no changes to the level of service provision provided.

6. **Procurement implications**

6.1 The contracts in question were last procured following a compliant process in 2015/16 with the contract running from 27th March 2016 to 26th March 2019. No extension provisions beyond this date were included for.

6.2 Since 27th March 2019 the contracts have been extended and re-let at the approval of the Traffic and Transportation Cabinet Member, and via the application of waivers approved by legal and procurement.

6.3 The cumulative value of the contracts let since 27th March 2019 is above both the Council's tender threshold of £100k as set out within the Contract Procedure Rules, and the statutory threshold for services stated within the Public Contracts Regulations (2015) of £189k.

6.4 In view of this a new advertised procurement procedure should ideally be undertaken on an expedited basis. However, as outlined in this report, there are several factors that have impacted the completion of a new procurement procedure. These factors include:

- The impacts of other work streams, including the National Bus Strategy, Bus Back Better and Zero Emissions Bus Regional Areas Scheme, the outcomes of which will not be known for some time which makes tendering with a set specification difficult in the immediate future.
- The impacts of the pandemic which have been felt acutely within this market and which would have significantly compromised any procurement process undertaken in this difficult period and subsequent commercial terms agreed.

6.5 As a result a further extension outside of competition is required and is accepted by procurement. Whilst compliant competition has not been applied for some time, satisfaction of Best Value obligations can be evidenced through the tracking of any agreed cost increases to the original tendered pricing submissions.

6.6 There is also a known and evidenced lack of competition beyond the two established operators for the Council's routes, making risk of challenge and associated significant operational, financial, legal and reputational consequences low, despite the breach of regulations and Council rules.

- 6.7 The procurement manager is aware of these issues and is in broad agreement of the analysis and has approved the application of a further waiver on the condition that an advertised procurement process is undertaken as soon as market conditions allow.
- 6.8 Any extension outside of term via waiver should only be for the minimum time period required, as such Procurement are satisfied with the 1 year extension request.
- 6.9 This is on the proviso that the service works with procurement to agree a formalised waiver in accordance with the Council's Contract Procedure Rules and a re-tender is progressed as soon as market conditions allow, in accordance with the Public Contract Regulations (2015).

7. Legal implications

- 7.1 The Council's relevant statutory powers and duties in relation to the provision of public passenger transport services and related service subsidies are contained in section 63(4), (5) and (8) of the Transport Act 1985.
- 7.2 Section 63(8) of the Transport Act 1985 imposes a specific statutory duty upon the Council in exercising the functions concerned to have regard to the transport needs of members of the public who are elderly or disabled.
- 7.3 The steps outlined in paragraph 6.9 of the report are necessary in order to mitigate the procurement risk entailed in the proposed further extensions.

8. Director of Finance's comments

- 8.1 The current Supported Bus Services are funded entirely from external Government grants, but we only have surety of this funding until 31 December 2021. We are currently receiving Bus Services Operator Grant (BSOG) of around £89,000, this is likely to continue but we are yet to be formally notified of the amount that we'll receive for 2022/23. This year we have also received Coronavirus Bus Service Support Grant (CBSSG) that has helped support the current level of supported bus routes, this grant funding will not continue in its current form. The funding arrangements for next financial year are unknown, but an announcement is expected from the Government in the Spring of 2022.
- 8.2 The cost to extend the Supported Bus Service contract for an additional 12 months from 1 January 2022 will be £215,880.
- 8.3 Additionally the operator is seeking to charge an additional £50 per day on top of the Costs for the 25 service quoted above because of the introduction of the Clean Air Zone in Portsmouth. This amounts to an additional cost to the Council of £18,250 per annum, or part thereof until the fleet is made compliant.

- 8.3 This extension to the current supported bus services will be funded from the Parking Reserve, however if the Council are successful in securing future government grants, then the amount of funds required from the Parking Reserve would reduce accordingly.
- 8.4 As there is uncertainty regarding the future funding of Supported Services. Any future provision for Supported Bus Services beyond 31 December 2022 will need to be approved at a future decision meeting.

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Signed by:
Tristan Samuels
Director of Regeneration

Appendices:

- Appendix A - Supported bus service route maps
- Appendix B - Supported bus service passenger numbers

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

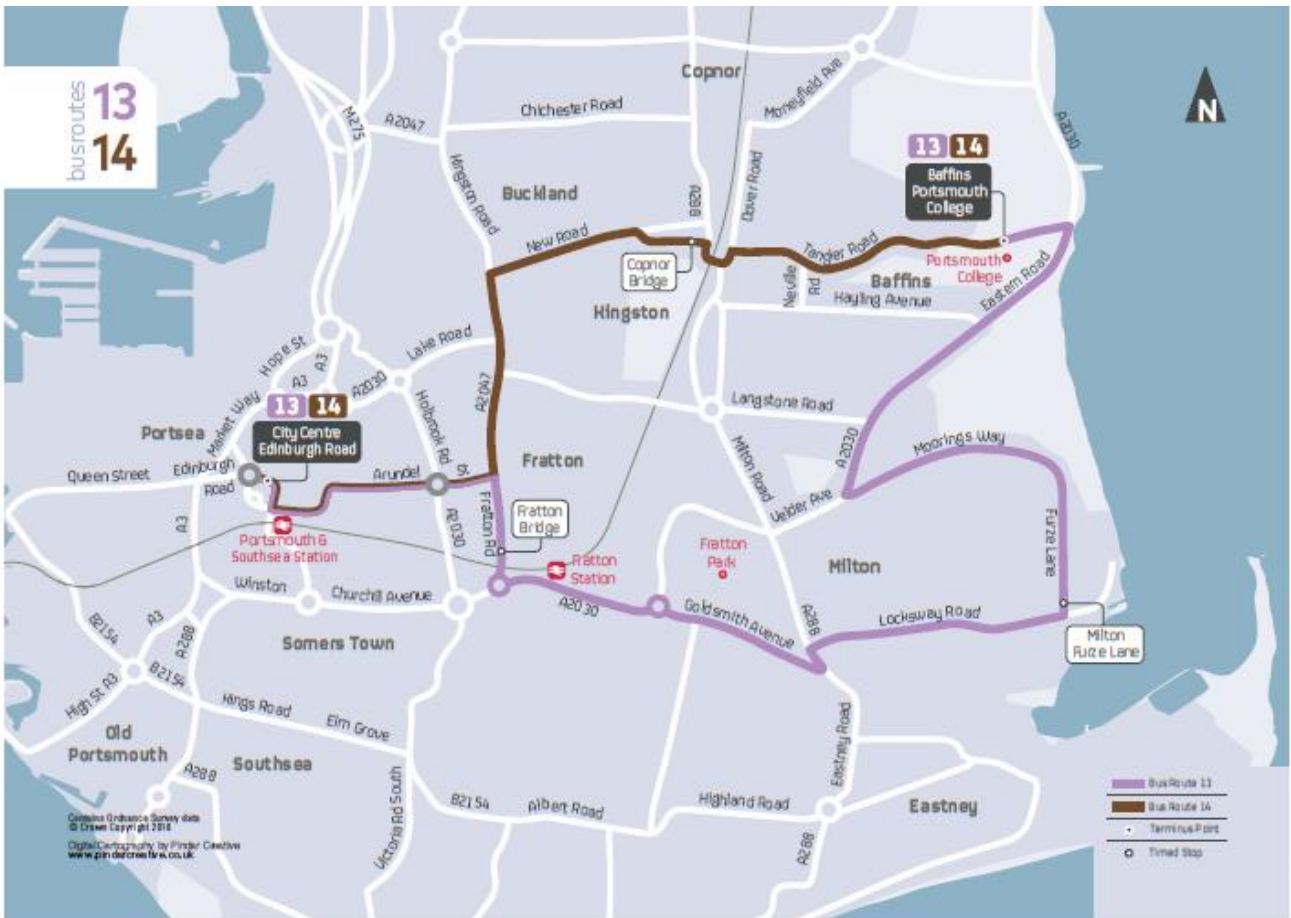
Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

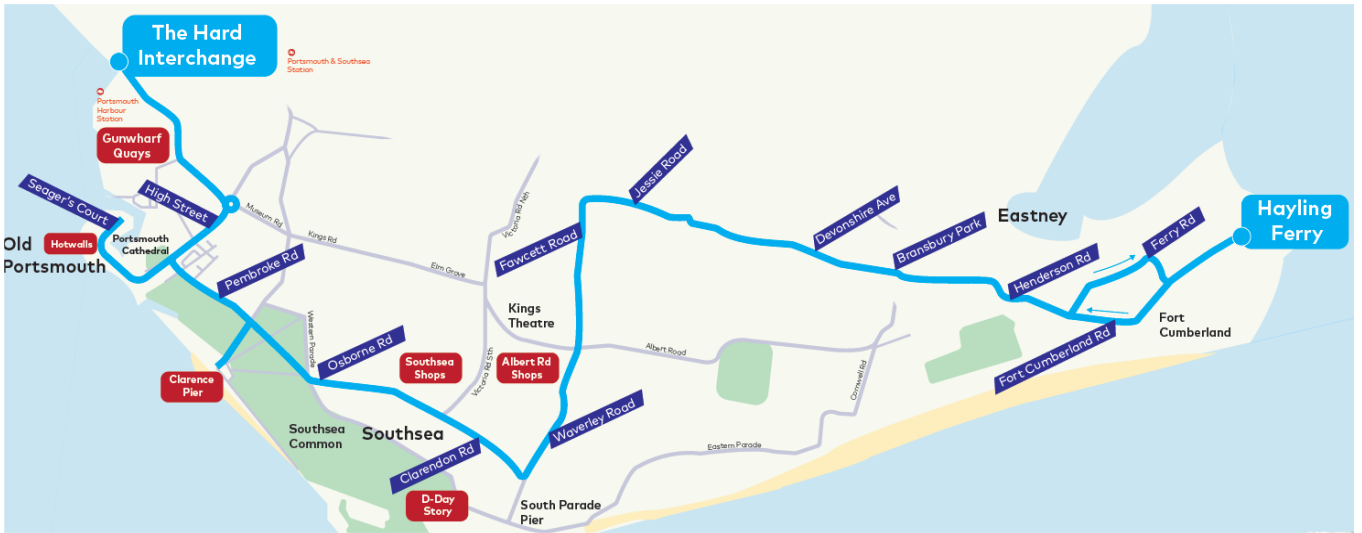
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Signed by:
Councillor Lynne Stagg
Cabinet Member for Traffic & Transportation

Appendix A - Supported Bus Service Route Maps





Service 25 route map



Appendix B - Supported Bus Service Passenger Numbers

Service 12

Month	Pass	Month	Pass	% change on 2019	Month	Pass	% change on 2020
Jan 19	1613	Jan 20	2745	+7%	Jan 21	876	-68%
Feb 19	1909	Feb 20	2515	+32%	Feb 21	824	-67%
Mar 19	2215	Mar 20	1782	-20%	Mar 21	1429	-19%
April 19	2153	April 20	64 *	-97%	April 21	1476	+744%
May 19	2344	May 20	343	-85%	May 21	1373	+400%
June 19	2346	June 20	712	-70%	June 21	1634	+129%
July 19	2711	July 20	1067	-61%	July 21	1631	+53%
Aug 19	2560	Aug 20	1220	-51%	Aug 21	1599	+31%
Sept 19	2506	Sept 20	1463	-42%	Sep 21	1724	+18%
Oct 19	2681	Oct 20	1562	-42%	Oct 21		
Nov 19	2688	Nov 20	1140 #	-58%			
Dec 19	2369	Dec 20	1313	-45%			

* first lockdown

second lockdown

Service 13/14

Month	Pass	Month	Pass	% change on 2019	Month	Pass	% change on 2020
Jan 19	288	Jan 20	325	+13%	Jan 21	97	-70%
Feb 19	317	Feb 20	326	+2%	Feb 21	111	-66%
Mar 19	365	Mar 20	287	-27%	Mar 21	122	-58%
April 19	337	April 20	44*	-89%	April 21	141	+220%
May 19	421	May 20	83	-80%	May 21	290	+249%
June 19	525	June 20	79	-85%	June 21	232	+293%
July 19	399	July 20	111	-72%	July 21	252	+127%
Aug 19	456	Aug 20	210	-54%	Aug 21	366	+74%
Sept 19	512	Sept 20	219	-58%	Sept 21	271	+23%
Oct 19	398	Oct 20	166	-58%	Oct 21		
Nov 19	366	Nov 20	187 #	-49%			
Dec 19	550	Dec 20	162	-71%			

* first lockdown

second lockdown

Service 22

Month	Pass	Month	Pass	% change on 2019	Month	Pass	% change on 2020
Jan 19	5148	Jan 20	4894	-5%	Jan 21	1515	-70%
Feb 19	4946	Feb 20	4514	-9%	Feb 21	1756	-62%
Mar 19	5376	Mar 20	3392	-37%	Mar 21	2327	-42%
April 19	5253	April 20	877 *	-83%	April 21	2675	+205%
May 19	5799	May 20	1056	-82%	May 21	3061	+190%
June 19	5026	June 20	1334	-73%	June 21	3238	+143%
July 19	5410	July 20	1706	-68%	July 21	3469	+103%
Aug 19	5136	Aug 20	1961	-62%	Aug 21	3486	+78%
Sept 19	4902	Sept 20	2238	-54%	Sep 21	3705	+66%
Oct 19	4675	Oct 20	2754	-41%	Oct 21		
Nov 19	5070	Nov 20	2399 #	-53%			
Dec 19	4635	Dec 20	2433	-48%			

* first lockdown

second lockdown

Service 25 (service started 30th August 2020)

Month	Pass	Month	Pass	% increase on 2020
		Jan 21	1110	n/a
		Feb 21	1387	n/a
		Mar 21	2498	n/a
		April 21	2891	n/a
		May 21	3891	n/a
		June 21	5021	n/a
		July 21	5896	n/a
Aug 20	216 \$	Aug 21	6791	n/a
Sept 20	4184	Sep 21	6359	+52%
Oct 20	3630	Oct 21	5153	+41%
Nov 20	2115 #			
Dec 20	2048			

\$ 2 days operations only

second lockdown