

Title of meeting: Cabinet meeting for member for Traffic & Transportation.

Date of meeting: 8th December 2022

Subject: Portsmouth Supported Bus Services

Report by: Tristan Samuels, Director of Regeneration

Report Author: Peter Shelley, Transport Development Manager

Wards affected: All wards except Hilsea and Paulsgrove

Key decision: Yes

Full Council decision: No

1.0 Purpose of paper:

The purpose of this paper is to seek agreement to further extend the five existing supported bus contracts from 31 July 2023 to 28 October 2023 and have the powers to fund any bus withdrawals following the end of Bus Recovery Grant in March 2023 on a short-term basis. [A report was previously presented to the cabinet member on the 28 July 2022 on Portsmouth Supported Bus Services.](#)

2.0 Recommendations:

It is recommended that the Cabinet Member for Traffic and Transportation;

- 2.1 Approves to extend the current supported bus service contracts from 31 July 2023 to 28 October 2023 with delegated authority to the Director of Regeneration in consultation with the Cabinet Member for Traffic and Transportation and Section 151 Officer to complete the extension.**
- 2.2 Notes that waiver approval will need to be sought from Procurement and Legal Services in respect of the proposed extensions to the contracts set out above, in accordance with the Council's Contracts Procedure Rules.**
- 2.3 Approves the development and implementation by the Transport Service supported by Procurement and Legal Services, of a procurement strategy to re-tender the bus contracts. This procurement strategy will be informed by demand, developing local & national policy, peer review and soft market testing with bus operators.**
- 2.4 Approves the use of Portsmouth Bus Service Improvement Plan (BSIP) expenditure to enhance services 13, 14 and 25 following investigation of options as detailed in the Portsmouth BSIP. To delegate authority to the**



Director of Regeneration in consultation with the Cabinet Member for Traffic and Transportation and Section 151 Officer to procure contracts on the above supported bus routes to enhance services.

- 2.5 To procure any necessary local bus services following the ending of Bus Recovery Grant in March 2023 to 28 October 2023 with delegated authority to the Director of Regeneration in consultation with Cabinet Member for Traffic and Transportation and Section 151 Officer.**
- 2.6 Notes that a paper will be brought back to a Traffic and Transportation Cabinet meeting following the completion of the procurement process to re-tender the contracts and recommend awards. This paper would also deal with any short-term procurements following the cessation of Bus Recovery Grant in March 2023.**

3.0 Background

- 3.1** The Transport Act 1985 outlines the statutory duty and powers of Portsmouth City Council, 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** Portsmouth has a relatively compact bus network, which has been facilitated by previous investment, which is planned to continue through Southeast Hampshire Rapid Transit (SEHRT) and the National Bus Strategy, including bus priority, a comprehensive Real Time Passenger Information (RTPI) offer and good on street bus infrastructure. However, the commercial public transport network has been impacted significantly since the COVID pandemic, as ridership levels have not yet returned to pre pandemic levels.
- 3.3** Portsmouth City Council currently subsidises bus services 12,13/14 (on Sundays/bank holidays), 22 and 25. These routes cover large residential and commercial areas of the city which otherwise do not benefit from a bus service. These routes provide essential travel links for those residents not served by the commercial bus network, which have been identified through proactive consultation exercises and feedback from the public.
- 3.4** All Portsmouth City Council supported bus contracts were awarded through a competitive tender in 2016. At the decision meeting of the Cabinet Member of Traffic & Transportation in December 2021, approval was given for the extension of all five existing supported bus service contracts from 1st January 2022 up to 31 December 2022. This was due to continued uncertainty of the effects of Covid and awaited announcement of the Bus Service Improvement Plan funding. The extension was also subject to approval of a waiver by Procurement and Legal, which was given in December 2021.
- 3.5** At the meeting of the Cabinet Member for Traffic and Transportation in July 2022 permission was given to extend the local bus tenders to 31 July 2023 to progress the procurement process and to deal with the emerging financial impact of the



network review which was initiated by the Department for Transport. Table One below details the contract history.

Route	Operational information	Contract awarded	Extended	Further extension	Further extension	Further extension
12	Days of Operation: Monday - Saturday Frequency: hourly off peak Route Description: Tipner - North End - Chichester Road - Fratton Way	January 2019 until 30 December 2020.	To 31 March 2021 (see report 18/9/2020)	To 31 December 2021 (see report 25/2/2021)	To 31 December 2022 (see report 13/12/2021)	To 31 July 2023 (see report 28/7/2022)
13/ 14	Days of Operation: Sunday/ Bank Holidays Frequency: 2 hourly Route Description: City Centre - Fratton - Milton - Baffins	January 2019 until 30 December 2020.	To 31 March 2021 (see report 18/9/2020)	To 31 December 2021 (see report 25/2/2021)	To 31 December 2022 (see report 13/12/2021)	To 31 July 2023 (see report 28/7/2022)
13/ 14	Days of Operation: weekday Frequency: 2 hourly Route Description: City Centre - Fratton - Milton - Baffins	1 October 2022 to 31 July 2023 (see report 28/7/2023)				
22	Days of Operation: All days of the week Frequency: Every 70 minutes Route Description: Highbury - Cosham - Drayton - Farlington	January 2019 until 30 December 2020.	To 31 March 2021 (see report 18/9/2020)	To 31 December 2021 (see report 25/2/2021)	To 31 December 2022 (see report 13/12/2021)	To 31 July 2023 (see report 28/7/2022)
25	Days of Operation: All days of the week Frequency: Every 45/90 minutes Route Description: The Hard - Old Portsmouth -	30 August 2020 until 31 March 2021		To 31 December 2021 (see report 25/2/2021)	To 31 December 2022 (see report 13/12/2021)	To 31 July 2023 (see report 28/7/2022)



	Southsea Shops - Devonshire Avenue - Eastney - Hayling Ferry					
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- 3.6 This was after an extensive review of consultation regarding the offer on the tendered bus services contained within the paper which included on-bus surveys, public consultation via the BSIP and Councillor focus groups. The outcome of the survey was a desire to maintain the general level of service but to examine the opportunity for additional evening buses, smaller vehicles and adopt clockface frequencies.
- 3.7 However, PCC are now seeking a further extension on the July decision due to reflecting on the ability to deliver against the tight procurement timescales and additional reasons set out in this report. This further extension will enable effective competition as it will allow enough time to establish an operation, recruit drivers and source appropriate vehicles. This will allow a decision to be made at a subsequent Traffic & Transportation meeting with an award to commence on 28 October 2023.
- 3.8 First Solent identified several routes which would require financial support on the cessation of Bus Recovery Grant, (originally due to end in October 2022). However, in August 2022 the government identified new funding for the Bus Recovery Grant and this would be extended to the end of March 2023. This allowed operators to continue services with a reduced need for financial support than thought at the Cabinet Member for Traffic and Transportation meeting in July 2022. This was an additional £20 000 for service 22, £41 000 for the weekday service 13/14, (prices per annum) from October 2022.
- 3.9 The ending of Bus Recovery Grant in March 2023 may lead to a further reduction of commercial local bus services in Portsmouth from April 2023. First Bus have however committed to continue to provide tendered local bus services with the Network Review prices above to October 2023, (with a contractual inflationary increase which is standard in PCC local bus contracts).
- 4.0 National Bus Strategy**
- 4.1 National Bus Strategy, Bus Back Better published in March 2021 sets out a new approach to the provision of bus transport in England outside of London. It outlined requirements for local transport authorities to improve punctuality, reliability and to review supported bus provision. The Council is responsible for the timetabling and routing of supported services.
- 4.2 The National Bus Strategy places new responsibilities on Local Transport Authorities (LTAs) to enter into an Enhanced Partnerships (EP) with bus operators and to set ambitious and measured targets to deliver improvements to bus services and to the city through a Bus Service Improvement Plan (BSIP).



- 4.3 Portsmouth City Council were successful in receiving an indicative allocation of £48.3m for their BSIP which identifies how bus services should be improving public confidence and addressing misconceptions to encourage people to use the bus. The funding will be used to enhance services, improve infrastructure and consider changes to fares and ticketing. BSIP funding cannot be used for the support of existing provision of supported bus services but can improve them.
- 4.4 The Portsmouth BSIP includes scheme 24 which outlines a project to improve socially beneficial connections and specifically mentions east west links, (amongst other possible schemes). This has total funding over the three years of £1.3 million for 2022 to 2025. This could be used for additional buses on the supported local bus network improving frequencies and a longer operating day.
- 4.5 Portsmouth has also been successful in attracting government investment for the improvement of local bus services through Transforming Cities funding for the SEHRT 2nd tranche of schemes worth £55.6m, and £6.5m for the electrification of bus services jointly with Hampshire County Council and First Bus through Zero Emission Bus Regional Area (ZEBRA) funding award. Whilst the Council has been successful in attracting external funding through the aforementioned awards, it should be noted that this is against a backdrop of pressure on commercial service provision. This is in the line with pressures on all local bus services across England due to the effects of the pandemic, to the fuel price increase and driver shortage.
- 5.0 **Reasons for recommendations**
- 5.1 The Council wishes to extend the waiver to ensure that the procurement process is completely fair to all bus operators who may engage in the tendering process for the contract. There is a concern that a shorter timescale would give an advantage to the existing operator which could lead to the detriment of ensuring best value for effective competition.
- 5.2 The supported bus network will now include service 13/14 on Mondays to Saturdays which was identified following the "Network Review" process required by the Department of Transport to identify commercially unsustainable local bus services.
- 5.3 The ending of Bus Recovery Grant in March 2023 may also result in further withdrawals from the commercial bus network, although no changes have been registered at present.
- 5.4 The Portsmouth BSIP gives the opportunity for investment in additional services and the restructuring of supported local bus services. This could result in lower tender costs or the return of services to the commercial market, (for services increased to three buses per hour or more).



5.5 To provide continuity of essential services for residents, to give time for the supplier market to stabilise after the impact of the pandemic and to allow thorough investigation of a procurement strategy to re-tender the contracts.

6.0 Integrated impact assessment

6.1 An Integrated Impact Assessment is found in Appendix B and identifies the following impacts:

- The supported bus services improve quality of life and mental health for those who may be isolated without them.
- The continuation of the supported services until October 2023 will support those protected characteristics who utilise the services particularly gender, age and disability.
- The continuation of supported bus services until October 2023, supports modal shift from private car and supports cleaner air.
- Some services may support individuals in accessing employment.

7.0 Procurement implications

7.1 The procurement implications as discussed with the Assistant Director Procurement have not altered since the paper to T & T on the 28 July. These are the following:

7.2 Due to the continued uncertainty in respect of government funding streams and impacts of the National Bus Strategy, combined with the required procurement timescales and required timescales for registering services, it has not been possible to deliver and undertake an open tendering process.

7.3 Whilst this is not the first extension that has been granted via waiver, the justification for each extension has included a balanced assessment of risks, accounting for variables outside of the Council's control and considered the overall position of market suppliers.

7.4 As the extension of the contract is only for a relatively short period and a procurement process will be undertaken from a greater position of certainty than could be previously achieved, it is not considered that there is a high risk of challenge from the market.

7.5 Whilst a further waiver is required this will be supported by Procurement who are ready, along with Legal Services, to work with the Service to develop the procurement strategy that will be used to re-tender the contracts before the end of the extended term proposed.



8.0 Legal implications

- 8.1 The Council has a duty under the Transport Act 1985 ("TA") "to secure the provision of such public passenger transport services as the Council consider it appropriate to secure to meet any public transport requirements within the city which would not in their view be met apart from any action taken by them for that purpose".
- 8.2 To secure the duty, the Council can enter into agreements for the provision of service subsidies, but this is limited to where the service would otherwise not be provided to a particular standard but for the subsidy. "Standard" in this instance meaning the frequency or timing of the service, the days or times of day the service is provided and the vehicles used to provide the service.
- 8.3 The exercise of the power by the Council is conditional on a competitive tender being undertaken, which must have consideration for a "combination or economy, efficiency and effectiveness" and "the reduction or limitation or traffic congestion, noise or air pollution". These agreements must not exceed 8 years.
- 8.4 Other than the daytime route 13/14 (addressed below), it should be noted that the Council has not lawfully procured any of the subsidised services since 2019. This exposes the Council to legal, financial and reputational risk until they are re-tendered, or the non-compliant subsidy is withdrawn.

Commercial routes becoming subsidised services

- 8.5 The Council is not required to competitively tender for subsidised services where the subsidy is urgently required for the purpose of maintaining an existing service.
- 8.6 The Council must however invite tenders for the provision of the subsidised service as soon as possible. Any agreement entered into which is exempt from the tender process, may only remain in force for a period of 3 months after the tenders have been received as part of the tender process.
- 8.7 The Council relies on this power to subsidise the daytime route 13/14. As such the Council must ensure that this route is subject to competitive tender as soon as possible.

General procurement requirements

- 8.8 These services are standard services under the Public Contract Regulations 2015 ("PCR") and so the Council must procure the services in accordance with Part 2 of PCR.

9.0 Director of Finance's comments

- 9.1 The cost to extend the Supported Bus Service contract for an additional 3 months from 31st July 2023 will be £54,000.
- 9.2 Additional support identified in the Revised Network Review will cost £61,000, bringing the total subsidy requirement identified in this report to £115,000.

- 9.3 The current supported bus services including the extension will be funded from external government grants in the first instance. Any cost in excess of the grants available will be funded through the Parking Reserve. The recommendations in this report will result in an additional £51,000 being called down from the Parking reserve. If the Council are successful in securing future government grants, the amount of funds required from the Parking Reserve will reduce accordingly.
- 9.4 Any enhancements to the bus service 13, 14 and 25 will be full costed before they are implemented to ensure they are affordable, meet the criteria set out in the BSIP grant conditions and will not impact the Council's budgets.

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Signed by:

Appendices:

Appendix A - Supported bus service route maps

Appendix B - Integrated Impact Assessment (IIA)

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
Portsmouth supported bus services - contract extensions. Report to Cabinet Member for Traffic and Transportation, 13 th December 2021	Agenda for Cabinet Member for Traffic & Transportation on Monday, 13th December 2021, 4.00 pm Portsmouth City Council
Portsmouth supported bus services. Report to Cabinet member for Transport and Transportation July 2022	Agenda for Cabinet Member for Traffic & Transportation on Thursday 28th July, 4:00pm Portsmouth City Council.
Portsmouth's Bus Service Improvement Plan (BSIP)	Public transport - Travel Portsmouth
Bus Back Better	Bus back better - GOV.UK (www.gov.uk)

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

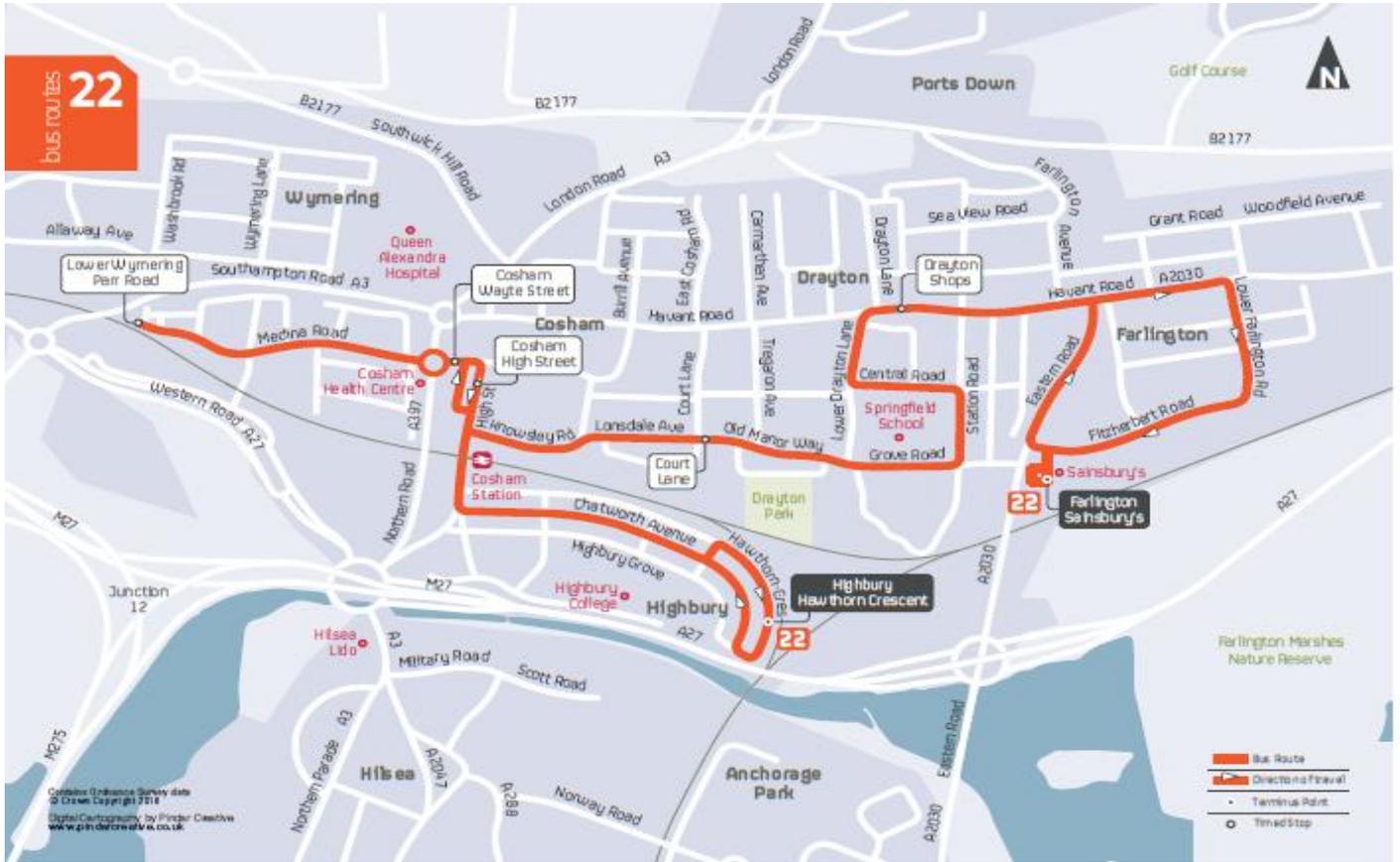
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Signed by:

Appendix A - Supported services route maps

Service 12



Service 22



Service 25

