



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Agenda No:2.7

## Bus Update, including Framework

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 18 January 2023

Public report: Yes

Lead Member: Cllr Anna Smith, Chair of Transport and Infrastructure Committee

From: Tim Bellamy, Interim Head of Transport

Key decision: N/A

Forward Plan ref: N/A

Recommendations: The Transport and Infrastructure Committee are recommended to:

- a) Note the outline programmes for the continued development of the Bus Strategy, the review of the Bus Franchising business case, and refreshed Bus Service Improvement Plan programme and the additional resources being used to accelerate this work;
- b) Recommend to the Combined Authority Board to approve the procurement and retendering of the services provided by the 6 contracts as listed at 2.10 of this report. To also approve the budget for these services and to delegate authority to the interim Head of Transport to enter into contracts with successful bidders.
- c) Recommend to the Combined Authority Board to approve the extension of the current 23 contracts with providers for a period of 12 months subject to budget approval for these services. To also delegate authority to the interim Head of Transport to enter into contracts to extend the period as stated. These contracts will be reviewed as part of a full review of services;

- d) Feedback on the development of the Local Bus Service Assessment Framework; and
- e) Recommend to the Combined Authority Board to approve the re-appointment of the current suppliers for the provision of the ENTCS (English National Concessionary Travel Scheme). In addition to approve the budget for this service. To also, delegate authority to the Interim Head of Transport to enter into contracts with the suppliers.

# 1. Purpose

- 1.1 To outline the programme of work necessary to develop an appropriate Bus Strategy for the region. This Strategy will be strongly aligned to the vision, aims and objectives of the Local Transport and Connectivity Plan (LTCP). Feedback will be subsequently sought from Members around the overarching vision and direction of travel for this Strategy.
- 1.2 To outline the process around the development, consultation, and implementation of a Local Bus Service Assessment Framework (LBSAF) with a standardised series of questions that will assess the need for bus services on a consistent and rational basis. This will allow the provision of a logical bus network within the budget available for service support.

# 2. Background

## **Bus Strategy**

### Principles

- 2.1 A key component of the LTCP's suite of documents is the emerging Bus Strategy. This document articulates what the Combined Authority wants the bus network to look and feel like (vision for buses within Cambridgeshire and Peterborough) and public consultation on this document commenced on 11<sup>th</sup> January 2023 for six weeks. There is clear alignment between the Bus Strategy and the LTCP; the emerging priorities of the Combined Authority; the Climate Change Commission recommendations; and our Devolution Deal.
- 2.2 As outlined previously, implementing the Strategy will require some difficult choices to be made, both in terms of where investment is made and how the infrastructure is used. It will also require additional funding, from both central government and local partners to make the vision a reality. The Combined Authority will need to work closely with operators to make this happen.
- 2.3 Key principles of the vision are:
  - Best-in-class: High quality bus services;
  - Sustainable growth: Bus services that support growth and environmental sustainability; and
  - Opportunity for all: Bus network provides convenient access to jobs, facilities, and services for all, irrespective of income, age, ability, location, or access to a car.
- 2.4 In order to deliver against these principles, it is important that the work of the Combined Authority considers these when undertaking the review and retendering of the bus network and associated services.

## **Bus Services and Retendering**

- 2.5 Our bus services are a mixture of commercial routes (paid for from fares) and supported services (which we commission and fund through competitive tender). Around 90% of journeys on buses in the Combined Authority area are commercial.
- 2.6 Over the last year, severe economic factors have worsened the market for running commercial bus routes:

- Passenger numbers are down by around 24% compared to pre-covid. More people are working from home, reducing bus income;
- Concessionary pass use is down by 48% compared to pre-Covid demonstrating older people choosing to avoid public transport;
- The cost of fuel has risen by around £60 per bus per day;
- There is an ongoing shortage of drivers, driving up training costs and payroll costs; and
- Insurance and utility costs have risen sharply.

2.7 On 16<sup>th</sup> September, it was confirmed by Stagecoach that a number of services would be withdrawn. Therefore, the Combined Authority commenced a competitive tender process that offered alternative operators the chance to provide them.

2.8 These 23 contracts are due to finish at the end of March 2023 unless the Combined Authority invokes the extension clause. If the Combined Authority does not wish to extend the contracts, then due notice needs to be given to operators to allow sufficient time for these services to be deregistered with the Traffic Commissioner. The minimum requirement is 42 days and therefore the Combined Authority will need to confirm with operators by 17<sup>th</sup> February 2023.

2.9 Similarly if the Combined Authority wish to extend the contracts, it would be necessary to provide the same notice period. The preference would be to provide operators with more notice, if possible, to allow for effective arrangements to be made. However, the decision on funding for passenger transport and buses is inextricably linked to the budgetary discussions at the Combined Authority Board later in January and therefore the notice period for operators might be limited.

2.10 At the Combined Authority Board meeting on 19<sup>th</sup> October members were informed of short-term waivers issued to delay the tender of six services to terminate at the end of March 2023 rather than their original contract end date. These services are:

- 16A - Cambridge - Long Rd - Teversham - Fulbourn - Balsham - Great Thurlow
- 17 - Royston - Bassingbourn - The Mordens
- 68 - Wisbech Town service
- 101 - Whittlesford - Duxford - Saffron Walden
- 199 – Cambridge - Newnham
- Zipper 1 – Witcham - Haddenham - Wilburton - Ely

2.11 The Combined Authority Board were advised previously in October 2022 that a thorough, robust, and comprehensive review of the bus service network would be completed by March 2023. However, in order to understand the views of the general public and how best to shape the overarching network, it is important that this work is informed by the public consultation that commenced in the week of 9<sup>th</sup> January 2023. It is now envisaged that the full review of the service provision across the region will be presented to the Transport and Infrastructure Committee in autumn 2023 for consideration ahead of the budget setting process later in the financial year. This will allow for the revised network to be in place for April 2023.

2.12 In order to align with this revised programme, it is important that the services outlined in paragraph 2.10 and the 23 contracts previously agreed continue to be supported by being extended with new contracts commencing 1<sup>st</sup> April 2023. Therefore, it is recommended to the Combined Authority Board to approve the extension of the current 23 contracts with

existing providers for a period of 12 months and to approve the budget for these services. These contracts will therefore be reviewed as part of a full review of services. The retender of the services identified an extra cost of £1.7m for the 5-month period this would suggest a cost of £4.08m for a full 12-month period.

## Framework

- 2.13 In order to allow for informed decisions to be made around bus provision and routes across the region based on a range of funding options, it is important that the Combined Authority continue to develop, agree, and deliver an appropriate framework to ensure transparency when releasing any potential funds to support our bus services if required in future years. Feedback from Members on the appropriateness of the framework is sought. The Local Bus Service Assessment Framework (LBSAF) seeks to prioritise bus services in a logical, passenger-focused way. The LBSAF would have two functions, namely:
- Allow the Combined Authority to prioritise where the limited financial resources could be allocated if such service costs exceed the revenue funding available; and
  - Once a revised supported bus network is put in place, it would allow the Combined Authority to respond to specific changes to the commercial bus network over which it has no control and assess the need for additional contracted services that result from commercial changes (or indeed to operators ceasing to provide a contracted service where a comparable commercial service is started), in a way that is structured, agreed, and transparent.
- 2.14 It is important that the Combined Authority adopts a methodical, objective, and consistent approach to enable it to balance the differing potential transport needs of residents; and, to manage the network in the light of changes to the commercial bus network and public demand; and the potential changes in available funding.
- 2.15 The LBSAF aims to determine whether there is a need for a service as a result of commercial transport operators' failure to provide one. This would comprise 'gateway' assessments that will help the Combined Authority to determine whether they need to consider procuring a supported service in each circumstance. The five assessment stages could be:
- Is there market failure?
  - Will the service intervention offer value for money?
  - Does the available transport for the area affected meet the Service Intervention Point (SIP) benchmark?
  - What is the impact on current transport users?
  - Conclusion and decision making.
- 2.16 Increases or reductions in public transport provision will impact on social exclusion. For example, it maybe that service reductions would prevent people from accessing key local services or activities, such as jobs, learning, healthcare, food shopping or leisure. Problems may vary by type of area (for example urban or rural) and for different groups of people, such as disabled people, older people, or families with children. Therefore, it is proposed that the second component part of the LBSAF will be used to assess social exclusion and access to key destinations and feedback from Members is sought, further information on this element of the LBSAF can be found in the appendices (entitled *Methodology for Prioritising Bus Routes for Investment*).

- 2.17 The LBSAF will try to consider the amount of community support for each of the services under threat. This will be one of the assessment criteria within the LBSAF and enable Members to make informed decisions.
- 2.18 Through active engagement with partners and Leaders, the Combined Authority will be able to finalise a LBSAF that will assess any future reductions in bus provisions and potentially allow limited funding to be allocated through a clear, transparent process.

### Timescales

- 2.19 A full and thorough review of the bus network will be delivered following the agreement of the Bus Strategy in Spring 2023. This assessment will utilise the emerging LBSAF and will involve the use of external consultants to assist the Combined Authority in making an independent evaluation of all the services that it financially assists. In order to deliver this critical review a budget will need to be found to support this work going forward.
- 2.20 In addition, it is essential that the assessment maintains a golden thread between the Combined Authority's overarching strategy, the LTCP and the emerging position around Franchising and Enhanced Partnerships. Franchising would mean that the Combined Authority becomes responsible and accountable for the planning and provision of bus services within a defined area (either all or part of a Local Authority's area) and therefore any development in this space needs to dovetail with those of the LBSAF.

### **English National Concessionary Travel Scheme**

- 2.21 The Combined Authority acts as the Travel Concession Authority (TCA) on behalf of the DfT to administer the Statutory English National Concessionary Travel Scheme (ENCTS) for its residents. Prior to April 2021 the ENCTS was administered on behalf of the Combined Authority by Cambridgeshire County Council and Peterborough City Council under two separate arrangements. Work has taken place this year to combine these services onto one Cambridgeshire-wide system that is more compliant with both DfT guidelines and with GDPR legislation. This project goes live on 1st February 2023.
- 2.22 The DfT specifies which digital systems must be used to underpin the scheme and that these must be obtained through ITSO accredited suppliers. In the past CCC and PCC joined together to procure these services under a bespoke framework agreement led by CCC; allowing each Authority to draw down services from the same suppliers. This Framework awarded the Unicard Ltd the contract for the Host Operated Processing system (HOPS) which tracks card usage on buses and Card Bureau and Printing services to Euclid Ltd. Both suppliers are ITSO accredited, leaders in a small field and have won two CCC Framework retendering rounds based on quality and cost. The contracts have been reviewed quarterly and have always met or exceeded the service levels expected. The Cambridgeshire application system has been developed with automatic two-way links with both suppliers that work seamlessly and without human intervention to update each other and to issue passes. This has greatly increased the efficiency of the process and complies with our statutory obligations for data storage and handling.
- 2.23 The current framework is due to expire on 31st March 2023. Since the last retendering round several frameworks have become available that TCAs can join without going out to full tender. The Combined Authority is not specifically named in these frameworks, but they are made available to all TCAs to use. It is beneficial re-award the contracts to the current suppliers because the Combined Authority has a statutory duty to maintain continuity of

service for residents. The timescale involved means that there is insufficient time to do a full retendering exercise. The existing framework route is one now used by the majority of TCAs and is considered appropriate and more efficient.

- 2.24 The pool of ITSO accredited suppliers is limited, and the two current suppliers are leaders in the field and have provided good service. In addition, it would take time to redevelop the links within CCC's system were we to change suppliers which would affect continuity of the service.
- 2.25 It is not possible to request a proposal from the Frameworks until after the 1st February when all passholder details will be held in the Cambridgeshire system and an accurate report can be obtained. Indicative costs for the contract are given below based on this year's budget, however it should be borne in mind that costs have increased since the last Framework was awarded five years ago,

### 3. Financial Implications

- 3.1 The financial assistance will need to align with the Medium-Term Financial Plan and budget conversation that the Combined Authority Board will be finalising at its meeting in January. Any extension to these contracts would be dependent on funds being approved at this meeting. The six existing contracts detailed in Paragraph 2.10 previously equated to £355,000 per annum.
- 3.2 The total cost associated with the bus contracts equates to approximately £6.9m.
- 3.3 Whilst the total one-year cost of the Euclid work equates to £88,931 and a four year budget of £355,724.

### 4. Legal Implications

- 4.1 None.

### 5. Public Health Implications

- 5.1 With potential service reductions, access to healthcare facilities may be reduced significantly and therefore this will be considered through the LBSAF.

### 6. Environmental and Climate Change Implications

- 6.1 With a reduction in public transport provision, there will be a potential for adverse impacts on the area's environment and climate change due to the increased reliance on the private car.

### 7. Other Significant Implications

- 7.1 None.

### 8. Appendices

- 8.1 Appendix 1 – LBSAF

## Appendix 2 - Methodology