

Agenda Item IMD9

INDIVIDUAL EXECUTIVE MEMBER DECISION

REFERENCE IMD: 2022/09

TITLE	Local Bus Service SoM4
DECISION TO BE MADE BY	Executive Member for Active Travel, Transport and Highways - Paul Fishwick and the Executive Member for Finance – Imogen Shepherd-DuBey
DATE, MEETING ROOM and TIME	8 August 2022 SF2 at 1:15pm
WARD	Arborfield; Barkham; Evendons; Finchampstead North; Finchampstead South; Shinfield North; Shinfield South; Swallowfield;
DIRECTOR / KEY OFFICER	Director, Place and Growth - Steve Moore

PURPOSE OF REPORT (Inc Strategic Outcomes)

The purpose of this report is to gain approval to modify the term of local bus service contracts procured as part of Contract WBC100 and modify the service pattern. The modifications will allow local bus services to continue to operate in Spencers Wood, Shinfield, Riseley, Swallowfield, Arborfield, Finchampstead and Barkham areas. These local bus services provide a critical service to residents in the borough who may otherwise be socially isolated and unable to access key services including medical services, food shops, places of education and employment.

The decision is being treated as urgent as the bus contracts have come to their natural end. The contract term must be modified to allow the Council to continue to meet its statutory duty under the 1985 Transport Act. It was not possible to retender the contracts before now due to the impact of COVID on the industry, rapid rising fuel and driver costs, uncertainty around central government funding and the need to review the local network considering the above pressures.

RECOMMENDATION

That the Individual Executive Member for Active Travel, Transport and Highways and the Executive Member for Finance give approval to modify the contract term of contracts tendered under WBC100.

SUMMARY OF REPORT

Wokingham Borough Council has a statutory duty to provide local bus services under the 1985 Transport Act, where in the view of the Council the bus services are required and would not otherwise be provided by the commercial market. A contract modification is proposed under procurement Regulation 72 (1)(c). The routes affected are Leopard 3, Leopard 8, Leopard 9 and Tiger 7.

Contracts tendered under WBC100 have come to their natural end and the term must be modified if the services are to continue. Preparations were initially made to retender the services, however the impact of COVID on passenger numbers and revenue, driver

shortages, certainty over central government funding and now cost inflation driven by the cost of fuel and cost of living crisis have all impacted on the stability of the market and the Council's ability to retender. A review of all bus routes in the borough is required and will then need to be approved before the retender can take place.

Background

Contract WBC100 had an initial contract term of 5 years with the option to extend for two further periods (2+1). The full permitted contract term has now come to its natural end.

The Council has a statutory duty to provide local bus services where in the view of the Council the bus services are required and would not otherwise be provided by the commercial market.

The bus services affected are:

- **Leopard 3:** Reading – Shinfield – Arborfield – Finchampstead – Barkham - Wokingham
- **Leopard 8:** Reading – Shinfield – Thames Valley Science Park – Fullbrook Avenue
- **Leopard 9:** Reading – Whitely Wood – Spencers Wood – Fullbrook Avenue
- **Tiger 7:** Reading – Three Mile Cross – Spencers Wood – Swallowfield - Riseley

A recent review of current operating costs and revenues indicate that the above services could not be provided commercially at the current time.

It is the Councils current view that the above local bus services are required as they enable vulnerable residents to access medical services, attend places of education and employment, and provide access to retail and amenities. Without the above services there would be a particular risk of social exclusion for communities in Spencers Wood, Swallowfield, Riseley, Finchampstead and Arborfield.

The pattern of service will be modified as permitted under the “Future Route Enhancement” and “Registration of Routes & Timetable” clauses of the General Specification.

Consideration was given to retendering during 2020 and again in 2021, however the Covid pandemic had a significant impact on the services both in terms of passenger journeys and revenue. There was and continues to be uncertainty around government funding, which has been provided to mitigate the impacts of Covid and ensure services continue to operate. The industry has been acutely affected by a driver shortage, increasing driver wages. Inflationary costs, particularly relating to the cost of fuel and cost of living have further increased operational costs.

In May 2022 the Department for Transport (DfT) required all Local Transport Authorities to undertake a Local Bus Service Network Review. Following the completion of the Network Review, local bus services will be retendered. In the meantime, to ensure that these critical services continue, and that the Council continues to meet the requirements of the Transport Act 1985, it is proposed to modify the contract term.

The originally awarded contract had a total ascertainable value of £976,000 over an 8-year term.

The costs associated with modifying the contract term are set out in Part 2.

Procurement Regulation 72.1(C) permits the modification of contracts during their term where all of the following conditions are fulfilled:—

(i) the need for modification has been brought about by circumstances which diligent contracting authority could not have foreseen;

(ii) the modification does not alter the overall nature of the contract;

(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.

Business Case (including Analysis of Issues)

Option 1: Withdraw local bus services

- Approximately 1,226,256 passenger journeys¹ per annum are currently made on the Leopard and Tiger services, many of which would no longer be possible.
- There would be a significant impact on residents in terms of access to health care, employment, and education, especially from Spencers Wood, Swallowfield, Riseley, Finchampstead and Arborfield.
- The Council would not meet the statutory duty of the 1985 Transport Act.
- It would be detrimental to the climate emergency, air quality, residents' health & wellbeing, and congestion on local roads.

Option 2: Retender Local Bus Service

- There is insufficient time to retender the service before the contracts come to their natural end or by October 2022 when government funding ceases.
- A gap in service would result if a new supplier won a re-tender exercise, as a 70-day registration process post award, along with any appropriate mobilisation & TUPE process would be required.
- A gap in service would result in the same impacts as listed under Option 1.

Option 3: Modify the Contract Term

- Modifying the contract term would allow the services to continue whilst a retender takes place. Allowing local bus services to continue would mitigate the impacts identified under Options 1 and 2.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£241,466 (S106)	Yes	Revenue
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

¹ based on Feb/March 2022 data

Cross-Council Implications
(Local bus services have a significant impact on cross-council services. Local bus services allowing children who are eligible for travel assistance to get to school and vulnerable adults can travel to social activities. Alternative provisions would need to be put in place to enable the Council to fulfill its statutory duties for adults and children. The concessionary bus pass allows elderly and disabled residents to travel on local bus service, without these services there is a risk of social isolation. For residents travelling for medical appointments increased pressure for travel assistance would fall on community transport services and the NHS.

Public Sector Equality Duty
An equalities assessment has been completed.

SUMMARY OF CONSULTATION RESPONSES	
Director – Resources and Assets	To be updated at the meeting
Monitoring Officer	To be updated at the meeting
Leader of the Council	To be updated at the meeting

Reasons for considering the report in Part 2
Financial Modelling has taken place, this information is commercially sensitive. The information is subject to a NDA.

List of Background Papers
N/A

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