

## **CEREDIGION COUNTY COUNCIL**

**Report to:** Cabinet

**Date of meeting:** 4 July 2023

**Title:** Public Bus Services update including the recent procurement exercise.

**Purpose of the report:** To update Cabinet on the current position

**For:** Information

**Cabinet Portfolio and Cabinet Member:** Councillor Keith Henson - Cabinet Member for Highways and Environmental Services and Carbon Management

### **BACKGROUND**

#### **1.0 Funding beyond the Bus Emergency Scheme (BES)**

In April 2023 it was confirmed that BES would be coming to an end, initially it was advised that this would be on 30 June 2023 however, this was subsequently extended to 24 July 2023 to coincide with the end of school year.

Following this announcement both Local Authorities (LAs) and Operators raised significant concerns with Welsh Government (WG) in relation to the impact of the withdrawal of funding on the viability of public services and, the potential for bus operators to withdraw commercial services as well as hand back contracts for subsidised services as of 24 July 2023.

Subsequently WG have confirmed that it is seeking to introduce an interim funding mechanism to support Public Bus Services while it seeks to introduce a franchising model incrementally across Wales.

This will be support provided directly to Regions (Ceredigion is recognised as a Region in its own right), rather than as support direct to individual Operators which was the case with BES.

Officers from Ceredigion have been participating in an ongoing series of meetings at both regional and national level with Transport for Wales (TfW), WG and Operators to establish:

1. The current service levels within each Region (frequency, days of operation and window of operation) and what scope there may be to reduce current levels of service and, the levels of funding required to maintain them.

- Ceredigion's local public bus network (excluding the Traws Cymru services) is already considered to be sub-optimal with services continuing to be below those operated pre-Covid.
  - TfW/WG have acknowledged that there is little to no scope to purposely reduce service levels in Ceredigion further.
2. The potential impact on service levels from the withdrawal of BES.
- There is a high probability that services which have been supported by BES to date will either be cancelled and cease to operate or be handed back (in the case of Council subsidised routes) and, on the completion of procurement exercises, there will be significant uplifts on the cost of contracts.
3. What funding deficit will likely arise from subsidised contracts being handed back or coming to a natural end and being retendered.
- As all the Ceredigion subsidised Public Bus Services contracts were due to end as of either 31 August 2023 or 31 December 2023, the Council was in a fortunate position that it had already commenced a procurement process.
  - Officers have therefore been able to calculate the funding deficit between the contract prices the Council was paying in 2022 and the bids submitted by Operators.
  - Using the information from the procurement process the Council has confirmed to TfW/WG that it's requirement for support from 24 July 2023 – 31 March 2024 is £518,000. The Council has also confirmed to TfW/WG that it will have an ongoing annual funding requirement of £846,000 for the lifetime of the contracts awarded (2 year + 1 year + 1 year extensions).
4. What funding deficit may arise if Council's are required to replace current commercial services which are ended by Operators.
- Currently, no Operators have confirmed that they are intending to cancel commercial services which operate in Ceredigion however, due to the nature of the commercial services market, it is likely that Operators will not want to confirm their position to Local Authorities.
  - Until such time as Operators submit any cancellation notices to the Traffic Commissioner the Council is not in a position to review or consider the implications.
  - The Council has confirmed to TfW/WG that if any commercial services are cancelled, then the funding required by Ceredigion may increase if the Council need to consider replacement subsidised services.

Although formal/written confirmation is yet to be received, the Council understands that the funding request of £518,000 for the period 24 July 2023 – 31 March 2024 will be granted, and based on this funding that the contract awards will be confirmed.

## 2.0 Public Bus Service Procurement Exercise April / May 2023

All Ceredigion County Council managed and funded subsidised Public Bus Services were due to come to an end in 2023, and this was a combination of:

- long term contracts coming to a natural end (408 and 588) and
- those which were recently retendered at the end of 2022 and were awarded on 6 months + 6 months extension option contracts to allow a further review (T21, 525, 526 and 588) pending the future of BES.

The Council went out to tender for all of its subsidised local bus services during April and May 2023. The specifications for the services all sought to:

- revert services levels back to at least pre-Covid levels
- provide more frequent services in areas which currently are only afforded services on limited days of the week
- standardise where possible departure or arrival times at key destinations
- combine contracts into a single contract where routes were made up of a number of smaller contracts
- apply consistent fare tables based on distance travelled and industry standard multipliers
- further optimise opportunities to integrate learner and public services

The contracts which were put to tender were:

Route number	Route description
T21	Aberystwyth – Llanafan – Tyn-Y-Graig – Pontrhydygroes – Pontrhydfendigaid – Tregaron (all locations are not served every day)
408	Cardigan (town circular) – St Dogmaels
525	Aberystwyth – Ponterwyd – Llanidloes
526	Aberystwyth – Capel Dewi – Penrhyncoch
585	Aberystwyth – Llanilar – Tregaron – Llanddewi Brefi – Lampeter
588	Aberystwyth – Llangwryfon – Penuwch – Tregaron – Betws Bledrws – Lampeter
710	Aberystwyth – Llanfihangel y Creuddyn – Llanafan – Tyn-Y-Graig – Swyddffynnon – Tregaron (this is not an existing service but was an enhancement option which could, alongside the 720, have replaced the T21)
720	Aberystwyth - Capel Seion - Devil's Bridge – Pontrhydygroes - Ysbyty Ystwyth – Pontrhydfendigaid - Tregaron (this is not an existing service but was an enhancement option which could, alongside the 710, have replaced the T21)

Bids were requested for 2 year + 1 year + 1 year extension and 5 year + 1 year + 1 year extension contract lengths as well as on the basis of Gross and Net cost.

(Gross cost being where the Council keeps the income and Net costs is where the Operator keeps the income, which includes fare paying passengers, concessionary pass reimbursements and BSSG live kilometre payments)

Unfortunately, in all but one case, no bids were received from Operators for the specifications provided by the Council.

This means that, the Council has been unable to procure the level of service which it, as a minimum, would have liked to have operated and offered to the travelling public.

However, in most cases, Operators submitted alternative specifications for routes based on what they were willing and able to provide.

Not all Operators submitted Gross cost bids, and where both Net and Gross were submitted, the Council has considered the expected income on the service and the difference in bid price when deciding on whether, to award on a Gross or Net basis, is most advantageous to the Council.

**Appendix 1 - Public Bus Services Procurement process summary (exempt)** provides further detail in relation to the bids received and the key outcomes of the process are:

- All contracts to be awarded on the basis of the 2 years + 1 year + 1 year extension option.
- 408 to be awarded based on the bid for the Council specification and Net cost basis
- T21, 585 and 588 to be awarded based on alternative operator bids and Net cost basis
- 526 to awarded on alternative operator bid and Gross cost basis
- 525 contract not to be awarded. An alternative option has been pursued with Powys County Council (PCC) for Ceredigion to contribute towards the X47 service at a cost of £58,500 per annum. Whilst this will result in the removal of some journey opportunities, it will remove duplication on the route whilst at the same time securing eligible learner transport. This cost is circa £175,000 lower per annum than the cost of awarding a 2-year contract for the 525.
- 710 – unable to award as no bids received
- 720 – unable to award as no bid received

Contracts will be awarded to commence as of 1 September 2023 (except for the 408 which will commence as of 1 January 2024) with an initial contract end date of 31 August 2025.

An interim support arrangement will need to be agreed with WG for the period 25 July 2023 – 31 August 2023 / 31 December (as appropriate to current contact end dates) to cover the period between BES coming to an end and the new service contracts commencing.

### 3.0 Future of Public Bus Services in Wales

The Public Bus Service industry continues to experience significant challenges, exacerbated by Covid-19 and continuing uncertainty around passenger number recovery and funding streams, and this means that there will likely be some significant volatility across Wales.

However, due to the relatively low number of services, the small commercial offer and the timing of the Council's procurement process, the position in Ceredigion in the very short term, is currently considered to be more stable than other regions.

The Council is however, aware of WG aspirations to franchise Public Bus Services in Wales, and officers will continue to engage with TfW and WG in relation to these proposals and report as appropriate any significant developments that become apparent.

<b>Wellbeing of Future Generations:</b>	<p><b>Has an Integrated Impact Assessment been completed?</b>  <b>If, not, please state why</b>  <b>Summary:</b>  <b>Long term:</b>  <b>Collaboration:</b>  <b>Involvement:</b>  <b>Prevention:</b>  <b>Integration:</b></p>	<p>No – the purpose of the report is to provide an update to Cabinet on the current position.</p>
<b>Recommendation(s):</b>	That the report is noted	
<b>Reasons for decision:</b>	Not Applicable	
<b>Overview and Scrutiny:</b>	Thriving Communities Overview and Scrutiny Committee	
<b>Policy Framework:</b>	Not applicable	
<b>Corporate Well-being Objectives:</b>	Boosting the economy, supporting businesses and enabling employment and Creating Sustainable, Greener and Well-Connected Communities	
<b>Finance and Procurement implications:</b>	Additional budgetary pressure, however, this will be met by Welsh Government.	
<b>Legal Implications:</b>	None	
<b>Staffing implications:</b>	None	

**Property / asset implications:** None

**Risk(s):** Funding from WG is withdrawn.

**Statutory Powers:** Transport Act 1985 and Transport Act (Wales) 2006

**Background Papers:** None

**Appendices:** Appendix 1- Public Bus Services Procurement process summary (Exempt)

**Corporate Lead Officer:** Rhodri Llwyd, Corporate Lead Officer: Highways and Environmental Services

**Reporting Officer:** Gerwyn Jones, Corporate Manager: Local Environmental Services / Katy Spain, Service Manager Transport Services

**Date:** 12 June 2023