

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member – Environment and Transport
Date:	27 July 2011
Title:	Bus Subsidy Review
Reference:	2710
Report From:	Director of Economy, Transport and Environment

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PART 1A – RENEGOTIATION OF LOCAL BUS SUBSIDY CONTRACTS AND REVIEW OF SUPPORT CRITERIA

1. Executive Summary

- 1.1. The reduction in Government funding, especially Rural Bus Subsidy Grant (RBSG), has meant that less money is available to support subsidised bus services. So that funding best meets travel needs, consultation and an Equalities Impact Assessment (EqIA) have been carried out and contracts re-tendered or renegotiated.
- 1.2. The reduced funding requires a £1.1 million reduction in year 2011/12 in the Bus Subsidy budget. In addition, Government Rural Bus Subsidy Grant is being reduced by £544,000 in the year. This has been allocated proportionately across all areas to be equitable. This saving has been applied to tender renewals in Blackwater Valley, Eastleigh and for Congo services in Alton, Andover and Burghclere and in other areas through a negotiated process with bus operators. The negotiated process has the effect of declaring our budget to operators and using their commercial skill and business knowledge to propose changes to services which best meet travel needs within the budget available. This has the added advantage of providing certainty about the outcome at this decision making stage, rather than requiring a further period of uncertainty as operators respond to the County Council's decisions on subsidy reduction.
- 1.3. The public consultation revealed strong preferences for the retention of traditional bus services, with reduced frequency if that was the consequence, but maintaining the current bus network where possible rather than reducing to a core 'hub and spoke' model. These preferences are reflected in the proposals. The EqIA identified the needs of the elderly with lower car access especially in isolated rural areas where there are less local facilities. To this

end the proposals seek to cushion the effect of the cut in RBSG which would especially impact these areas, by applying the reduction as part of the County wide saving rather than on specific rural routes and services.

- 1.4. This review also therefore aims to ensure that communities with an existing public or community transport service retain an essential transport link. Home to School Transport for entitled children is funded separately .
- 1.5. This report sets out the results of the Bus Subsidy Review and seeks approval for changes to supported bus services to best meet travel needs within the available budget.
- 1.6. The report is divided into sections covering:
 - financial context;
 - consultation outcomes;
 - tenders and negotiated approach;
 - mitigating actions; and
 - proposals for each area.

2. Contextual information

- 2.1. Under the terms of the 1985 Transport Act, the County Council has to identify socially necessary bus services which are not provided by the commercial bus operators. Hampshire County Council spends £6.7 million a year supporting such services, which account for 28% of bus journeys and 15% of passenger trips. The Act does not set out the level of support required. In addition, a further £1.6 million of Government Rural Bus Subsidy Grant is used to support services in rural areas. A further £1.8 million is spent on Community Transport services such as Dial-a-Ride.
- 2.2. The County Council is facing a funding gap of £55 million due to a reduction in Government funding which means that the budget available for bus subsidy is being reduced. In addition, Government Rural Bus Subsidy Grant is being reduced by 33% or £544,000.
- 2.3. The meeting of the County Council on 24 February confirmed the need to reduce the bus subsidy budget in 2011/12 by just over £1.1 million from October giving a full year effect of some £2.2 million. As some bus services are funded using monies outside the review, such as developer contributions and externally funded cross boundary routes for specified services, this funding is maintained without reduction where possible, with the £1.1 million reduction made from remaining funding. So that the budget savings can be delivered within the current financial year, it is intended that revised services will be introduced in autumn 2011, generally in October.

- 2.4. Bus use in Hampshire has been at a twenty year high and the County Council has provided support through capital projects such as bus stations or bus stop improvements, through promotion such as travel guides or information services and through subsidy funding of non-commercial services. Over 70% of bus services and 85% of passenger journeys in Hampshire are provided commercially, without subsidy, but bus subsidy has increased by 10% over five years to £6.7 million.
- 2.5. As the funding which produced the present network will no longer be available in full, the support criteria which produced that network have needed to be revised. The Executive Member inaugurated a series of workshops in 2010 through which Members contributed to this process.
- 2.6. Members identified a greater role for Community Transport and for the community itself. To this end, a Rural Tool Kit is being launched which will provide sources of advice and examples of best practice to enable existing facilities to be publicised and local transport to be developed. This will be equally valuable in urban areas and for support groups and will be freely available in print, on disc and online.
- 2.7. Members felt that local bus subsidy should support essential trips not provided by others that were actually used and which ran to a regular timetable with easy access vehicles where possible. Essential journeys such as health or local shopping should be prioritised with work and education. Taxi-share or community transport should be used where the bus was no longer viable.
- 2.8. The traditional criteria for support has been cost per passenger trip but using this alone does not take account of accessibility or local circumstances, journey purpose or the other transport services which may be available though it can be a useful benchmark. To reflect the reduction in RBSG and to the bus subsidy budget, the existing maximum cost per trip of £2.50 would reduce to £1.67 for conventional bus.
- 2.9. Where a bus is not viable, and numbers justify, a taxi-share is considered. This has a higher cost per trip but only runs when required so has a lower total cost. Cango uses accessible vehicles and provides a flexible bus service across an area where otherwise a number of bus routes would be required. A higher cost per trip results.
- 2.10. New criteria have been developed which bring together the output of the Members' Workshops, public consultation and Equalities Impact Assessment and build on the criteria used for the countywide Area Review process in 2006-2008:

'That we seek to provide access to key services (employment, food shopping, doctors, education, leisure) which are not available locally by offering a link to one local centre or as a feeder to the wider transport network using transport appropriate to the level of use and where alternative transport services are not available nearby.'

- 2.11. How to provide transport for an area has been informed by surveys of use, by census and accessibility data, operator information about costs and alternatives and the consultation process. This data provides population, income and car ownership levels, usage of existing services, community priorities, local facilities and travel alternatives including other bus routes, train services and ferries.
- 2.12. Some evening or Sunday journeys have been proposed for retention, where numbers warrant, value for money criteria are met and journey surveys reveal that employment use is high and therefore travel is needed at those times as this reflects the local demographic profile and income levels. Some daytime services, where most journeys may be for shopping, are proposed to have the number of journeys or days of week reduced as travel can be made at different times.
- 2.13. The budget situation had suggested that the needs of most users would be best met by supporting core services - the main routes which connect key destinations - with a safety net of services using community led transport, shopper type routes and taxi-shares to underpin the aim that communities with an existing service retain an essential transport link.
- 2.14. Consultation involved special passenger transport forums and over 5,000 questionnaires distributed by post, online and by hand in local bus stations, town centres and libraries. See Appendix 1.
- 2.15. Respondents were asked whether they would prefer a core network with feeder services or a more even spread of services and whether they would like to keep transport links using alternatives such as shared taxis or have a turn up and go service for which booking was not required, such as a bus, even though this would be provided less frequently.
- 2.16. The public consultation revealed strong preferences for the retention of traditional bus services, with reduced frequency but maintaining the current bus network where possible rather than reducing to a core 'hub and spoke' model with greater use of community transport or taxi-share services. The proposals in this report reflect local circumstances and consultation feedback with retention of local bus, albeit to a reduced timetable, where possible.
- 2.17. As some bus services are funded using monies outside the review, such as developer contributions, the reduction to that part of the bus subsidy budget which is effectively available amounts to some 45%. Savings within a band around this have been applied equitably in all areas. Because of funding outside the review, such as from Bournemouth and Dorset on the X1/X2 from Lymington to Bournemouth, the same level of saving is not possible in all cases. Where developer contributions are available, such as for the 29/30 in Gosport, these are used to best effect to minimise the effect of the revised bus subsidy budget.
- 2.18. Funding has been prioritised according to the outcome of the consultation and the Equalities Impact Assessment. The EqIA identified the needs of the

elderly with lower car access especially in isolated rural areas where there are less local facilities. To this end the proposals seek to cushion the effect of the cut in RBSG which would especially affect those areas. Whilst some services such as the 6 from Lymington to Southampton, the 46 from Winchester to Southampton and the 67 from Petersfield to Winchester were introduced or saw frequency doubled due to the introduction of RBSG, these routes have now been curtailed or reduced in frequency rather than see areas left without a service. In general however the RBSG reduction has been added to the overall bus subsidy budget reduction and applied equally across the county to mitigate the impact on rural areas in line with the EqIA findings.

- 2.19. The 45% saving has been applied equitably to tender renewals in the Blackwater Valley and Eastleigh areas and has included Cango services in Alton, Andover and Burghclere. In other areas a similar revised budget has been applied through a new negotiated process with bus operators.
- 2.20. The negotiated process is a new approach developed with support from legal and procurement teams to negotiate with operators with contracts covering several routes or journeys on mainly commercial services. The process has the effect of declaring our revised budget to operators for them to use their commercial skill and business knowledge to propose changes to services which best meet travel needs within the budget available.
- 2.21. The effect has been to achieve budget savings without the risks of countywide re-tendering of all 116 contracts which could have led to no bids being received for some routes and substantial price increases on others.
- 2.22. Where operators have individual contracts which cover a group of services, these have been dealt with through negotiation. Where operators are contracted to provide route enhancements, such as an extra journey on a commercial service, they have been asked to take these over without subsidy. Examples of where this has happened include the Goldstar 1 (between Aldershot, Farnborough and Camberley), the 69 (between Fareham and Winchester) and summer Sunday services in the Fareham and Gosport area. In other cases single tender arrangements may be available and where this is not possible, emergency 12 month contracts remain an option.
- 2.23. The negotiated process has proved successful, but because it is a new process, and due to the pressures on the bus operators' commercial offices due to large tenders in neighbouring authority areas, this has proved more difficult and lengthy than anticipated. Negotiated changes will operate for the life of the existing contract, subject to performance review.

- 2.24. Due to changes being proposed in all areas of the county, operators have asked that implementation is phased to match their commercial office staff resources. This will allow smoother introduction of new services but will mean that different start dates will apply in different areas. Start dates will be between September and December 2011 to allow for this but will have the same full year budget effect as the October start date.
- 2.25. The wider economic situation has meant that operators have also come to us with services they no longer consider economic and which they intend to cease running. Examples include the 2 to Oliver's Battery in Winchester, the 10 between Basingstoke and Camberley and the 64 between Winchester and Old Alresford. Where possible, supported services have been adjusted so that key links are retained though routes and levels of service have, of necessity, altered.
- 2.26. Any variation introduced will be reviewed and two months' notice of termination can be given if required.
- 2.27. A summary of the Equalities Impact assessment is attached as Appendix 2.
- 2.28. Bus Subsidy Review main proposals are shown below. It is important to note that only the key points are shown here. Full details of the proposals are given in Appendix 3. Tenders are detailed in sections 1B, 1C and 1D of this report.
- 2.29. **Alton**
- The 13 Liphook, Bordon, Alton service will be combined with the 28/X28 route from Alton to Basingstoke as bus 8. Both mainly commercial routes. Beech, Bentworth and Lasham will be served by taxi-share.
 - 64 Old Alresford-Winchester: operator proposes withdrawing commercial weekday journeys and supported Sunday journeys would be withdrawn. Itchen Stoke, Itchen Abbas, Martyr Worthy to be served by diverted bus 67 on weekdays but lose Sunday buses. Old Alresford to be served by limited replacement. On Sundays, commercial bus 64 to serve Alton, Alresford, Winchester via the main road.
 - 94/95 Petersfield local services to be combined. Froxfield to be taxi-share.
 - 250 Liphook local service. Operator has proposed 3 day a week all day service. 5 day a week 9.30 am-2.30 pm to be piloted as part of Eco-town initiative.

2.30. Andover

- 5 Andover-Monxton MOD reduced service. Amport, Grateley and Thruxton reduce to three journeys.
- X24/25/26 Andover-Winchester: new 79 change to 68 at Stockbridge. Barton Stacey (commercial) peak use being evaluated for taxi-share.
- 68/X68/78/X78 Andover-Stockbridge-Winchester: simplified routes; Stockbridge-Salisbury route withdrawn.
- 77/87 Andover-Salisbury/Stockbridge: withdrawn – use 8 from Andover.
- 79 Andover-Stockbridge: change to route, Longstock off route, taxi-share if use found.

2.31. Basingstoke

- Evening buses stop at 9.30pm.
- 5 North Hants Hospital to Popley section withdrawn, bus 4 every 2 hours.
- 10 Basingstoke-Camberley: commercial service withdrawn, Bus 7 extended commercially Basingstoke to Odiham. Sunday buses to Old Basingstoke withdrawn.
- 14/15 Basingstoke –Bramley: revised route following end of developer funding.

2.32. Fareham & Gosport

- 26/28 Fareham-Hedge End/Whiteley/Locks Heath: reduced timetable, little-used commercial section to Fareham Community Hospital withdrawn.
- 33/35 Fareham Stubbington: 35 withdrawn but hourly 33 via Newgate Lane remains.
- 36 Lee-on-the-Solent-Fareham: reduced afternoon timetable.
- 63 Fareham-Havant: first and last Saturday journeys withdrawn.
- 88 Fareham-Stokes Bay-Gosport: evening journeys withdrawn.

2.33. Havant

- 30/31Havant-Hayling Island: 9.40 and 10.40pm evening journeys withdrawn.
- 38/138 Waterlooville/Cosham-Fareham: replace with taxi-share.

2.34. **New Forest**

- X1/X2 Lymington-Bournemouth: withdraw evening/Sunday journeys; daytime route maintained to allow reductions in 194/5.
- 6 Lymington-Southampton: reduce to hourly due to cut in RBSG.
- 112 Lymington-Hythe: reduce to school journeys otherwise 3 days a week from 6 days.
- 119, 136/7,191/2 reduced/revised timetable.
- 194/195 – largely withdrawn. 2/3 journeys each way retained for Becton. Service X1 runs nearby in rest of Barton-on-Sea.
- 175/6 Ringwood-Bransgore-Christchurch: reduce to school journeys otherwise 3 days a week from 6 days.

2.35. **Romsey, Totton and Waterside**

- 8 Southampton-Marchwood-Hythe: withdraw Sunday services.
- 9 Southampton-Langley: withdraw evening diversions via Marchwood due to low use.
- 9 Blackfield-Heather Road extension withdrawn except H3 school journey.
- 30 Romsey-Halterworth: withdraw Saturday service.
- 32/33 Romsey local service: 2 buses an hour from 3.
- 34/36 Romsey-Salisbury: revised route and timetables.
- 35 Romsey-Braishfield: withdraw Saturday service.

2.36. **Winchester**

- Evening buses stop at 9.30 pm.
- 2 Winchester-Oliver's Battery: operator to withdraw commercial hourly service. Replacement 3 journeys a day to be funded by the County Council.
- 67 Petersfield-Winchester: reduce from hourly to 2 hourly due to cut in RBSG. Divert via Itchen Valley to replace withdrawn commercial 64 service.
- 69 Fareham-Winchester: operator to add journeys to commercial weekday service. Supported Sunday service to be withdrawn due to low use.

- 86 Winchester-Springvale-Whitchurch: withdraw Friday/Saturday evening journeys due to low use and end of developer contributions.

3. Finance

- 3.1. The proposals from the negotiated process shown above and detailed in Appendix 3 produce full year savings of £2,095,499.

4. Future direction

- 4.1. The revised evaluation process and proposed measures will match future support to changing needs and available budget.
- 4.2. The consultation programme and Equalities Impact Assessment will ensure the decision process is properly informed.

5. Recommendations

- 5.1 That the outcome of the Bus Subsidy Review be noted.
- 5.2 That the strategy for reducing the bus subsidy budget and the rural bus subsidy grant be approved.
- 5.3 That approval be given to revise supported services in line with the detailed proposals set out in the report and appendices.
- 5.4 That the Director of Economy, Transport and Environment be given delegated authority to carry out all the necessary steps to implement the proposed changes to bus subsidies and supported services.
- 5.5 That the Director of Economy, Transport and Environment be given delegated authority, in consultation with the Executive Member for Environment and Transport, to vary specific proposals as long as equivalent overall budget savings are maintained.

Part 1B: Retendering of Local Bus Services – Blackwater Valley Area

6. Executive Summary

- 6.1. The purpose of this section of the report is to detail the outcomes of tenders for renewal of the four year bus subsidy contracts in the Blackwater Valley tendering area, which include Farnborough and Fleet town routes and inter-urban routes serving Farnborough, Fleet, Aldershot, Camberley, Basingstoke and Reading, as well as rail connection links and school services.
- 6.2. The existing contracts had been extended for 6 months from 17 April 2011 to 15 October 2011 to accommodate the outcome of the Bus Subsidy Review Consultation.
- 6.3. The report proposes a plan of action to ensure that transport services continue to support access to work, education, retail and health for the widest section of the community thereby supporting quality of life and well being whilst achieving value for money. Services provided will also reflect the current financial situation and reduced budget availability.
- 6.4. The proposals also respond to changes in commercial service provision and rising costs by amending some timetables and days of operation to maintain key services for as many areas as possible all within the reduced budget level.
- 6.5. Information from the Bus Subsidy Review consultation was used when prioritising the main issues to be addressed together with survey data and census and accessibility information. The Bus Subsidy Review included a detailed Equality Impact Assessment.
- 6.6. The retendering programme was the first to follow the revised procurement guidelines which strived to achieve high quality procurement solutions that aimed to deliver service enhancements alongside efficiencies.
- 6.7. Tenders were evaluated on the basis of 80% price and 20% quality.
- 6.8. Awarding tenders for new contracts as proposed ensures vital transport links at a total cost of £244,706 per annum plus contracts funded through developer contributions at a cost £37,000. A new tender for a reduced Saturday service between Fleet and Frimley Park Hospital will be issued. The current cost to the bus subsidy budget and RBSG is £477,359 per annum. This equates to a saving to these budgets of £222,653 per annum.

7. Contextual information

- 7.1. Tenders were invited for the existing pattern of services and for alternative service options aimed at ensuring a continued service provision with the proposed budget reduction and aiming to maintain value for money criteria. Timetables comprised of daily, weekly and weekend options as well as

reduced services timings in order to keep within procurement guidelines and budget constraints.

- 7.2. Before tendering it became evident that the Aldershot-Farnborough-Camberley service 1 – ‘Goldline’ had a significant increase in passenger figures on its Monday–Saturday evenings and Sunday journeys and was therefore deemed to be able to be run commercially. Similarly Service 56, a college day run from Aldershot to Farnborough Sixth Form College had very low passenger numbers and its route was covered by other services so the service will cease with effect from the end of the academic year 2011.
- 7.3. As the Developer Contributions at 8.1 are limited to the sum shown it was decided to offer budget release bids for both the Service 10 (see note on bus 10 below) Hook Holt Estate–Basingstoke funded by developer funding, as the amount remaining would allow 4 years of service to a specific timetable at a cost of £26,000 per annum, and Service 18 on a Sunday where the current timetable will be retained at a reduced cost of £11,000 per annum.
- 7.4. Three operators submitted tenders and all tenders were the subject of at least one bid.

8. Finance

- 8.1. The current cost of bus services is £594,997 and is made up from the following:

Bus Subsidy Budget	£344688
RBSG	£132671
Developer Contributions	£117638

Surrey County Council contributes 41.6% towards Services 1,2,3 Monday – Saturday evenings, 40.1% towards the same Sunday services and 41.1% towards Service 41. Funding appears secure until the end of the 2011/2012 financial year but all local authorities are considering the need for significant financial savings.

- 8.2. It became evident that prices submitted for the tendered journeys had significantly increased and retaining the current service would increase the cost to the bus subsidy budget to £448,029, despite two services, the 56 and Service 1 Goldline not being tendered.
- 8.3. Service 10 is a partly commercial service between Basingstoke, Odiham and Camberley. Journeys between the peaks are supported between Odiham and Camberley but are not to be re-awarded. Negotiation took place with the current operator Stagecoach to offer a return journey from Odiham to Basingstoke. This will be provided without subsidy. (The operator has since decided to cease commercial journeys to Camberley and will run journeys from Odiham to Basingstoke as service 7.) Passengers between Yateley and

Camberley have the alternative of the 3 and to have retained the supported journeys for Blackbushe, Odiham and Winchfield passengers would cost £10.64 per passenger trip. For Blackbushe and Winchfield, a two day a week taxi share would be offered at an estimated annual cost of £3,200.

8.4. The preferred tender options are as follows:

Service 2 Farnborough-Camberley: a Saturday evening and a reduced Sunday service (currently there are 3 late journeys on Monday–Saturday and a longer Sunday timetable) Cost £15,884

Service 3 Aldershot-Camberley-Yateley: a Saturday evening and a reduced Sunday service (currently there are 3 late journeys on Monday–Saturday and a longer Sunday timetable) Cost £8,880

These proposals maintain a seven day a week service.

Service 10 Camberley-Basingstoke: tender will not be awarded (see note above)

Service 41 Farnborough-Ash: a Monday – Friday full timetable (currently Monday – Saturday) with a new operator at a cost of £57,708.

Service 70 Aldershot-Fleet-Elvetham Heath: a Monday – Friday full timetable (currently Monday – Saturday) at a cost of £74,535. This replaces the supported section of the former 72 following an operator-led route change in April. To have retained the Saturday journeys would have cost £7.86 per passenger trip

Service 73 Fleet-Farnborough-Frimley Park Hospital: a Monday – Friday full timetable (currently Monday – Saturday) at a cost of £84,499. A Saturday service is not affordable within the budget available.

These proposals will offer a five day a week service. In view of the lack of a satisfactory proposal for a Saturday service between Fleet and Frimley Park Hospital, a new tender will be issued.

In addition:

Service 56 Aldershot-Farnborough: one trip each way service to Farnborough Sixth Form College has been withdrawn due to poor passenger numbers and the £13,973 cost of the service remains within the budget

The overall effect of these proposals is that all communities retain transport services, albeit with reduced span of day or days of operation, within expenditure which meets the new budget environment at a total cost of £281,706 with a further £10,000 allowed for the proposed Saturday service.

9. Performance

- 9.1. The proposed tenders meet the value for money criteria and provide services to the widest area within affordable budget levels. The tenders offer generally the same level of service, be it only during the week or at weekends as is currently provided.

10. Other key issues

- 10.1. Renewal of these tenders will enable continued provision of prioritised services which were identified in the Bus Service Review consultation.
- 10.2. Identifying tender costs from various operators and providing services only at core times has enabled key journey opportunities to be retained within the budget available.

11. Consultation

- 11.1. Details of the services due to be tendered were sent to local County Councillors, District Councillors, Parish Clerks and other interested parties for the area and the surrounding areas affected by the services being tendered, more than 138 in total.
- 11.2. In response to this, comments were received from six councillors and parish councils. In the main, these expressed the wish that existing service levels be retained and enhancements explored, for example more services to hospitals, stations and town centres in response to the ageing population. However, against the background of rising tender prices and budget constraints, enhancements did not prove affordable and emphasis has been placed on communities retaining some form of transport.
- 11.3. Councillor Collett was concerned about the possible loss of evening journeys on bus 3 Yateley-Camberley-Aldershot after 6.50pm if Stagecoach did not decide to run these commercially and was surprised that Stagecoach had decided to withdraw commercial service 10 Basingstoke-Camberley as this served a number of communities including East Green and Frogmore. Response: commercial decisions are for the bus operators; East Green and Frogmore will have bus 82 to Farnborough and Reading.
- 11.4. Councillor Radley was concerned about Saturday journeys to the hospital being lost from the Fleet area and that residents on The Grange Estate were keen to retain a weekday service. Response: the tenders for the 73 and for a Saturday service to Frimley Park Hospital would address this.
- 11.5. Councillor Wall was concerned that bus 41 Farnborough to Ash would run Monday to Friday instead on Monday to Saturday. Response: change reflects cost rises and budget situation, revised service would meet essential travel needs.

- 11.6. A Bus Subsidy Review consultation was also undertaken between February and May 2011.
- 11.7. A special Passenger Transport Forum was arranged for Rushmoor and Hart to discuss bus subsidy options. Councillors Kimber, Leversha, Radley and Wheale were able to attend together with two district councillors and representatives from bus operators and local groups. All invitees received the briefing papers and workshop notes with a further invitation to comment.
- 11.8. Key priorities from the forum were journeys to hospital and for local shopping. The proposed changes to the 2 and 3 will mean that weekday evening visits to Frimley Park Hospital will no longer be served, though daytime, including Sundays, and Saturday evening trips will be available. The proposed change to the 73 will mean that journeys to the hospital from Fleet will be limited to Monday to Friday. A new tender will be invited for a Saturday service between Fleet and Frimley Park Hospital. A range of shopping opportunities are still provided.

12. Future direction

- 12.1. The award of these tenders represents the best means to meet the local communities prioritisation of travel requirements in the current financial climate.
- 12.2. If Surrey County Council revise the future funding to services this may have an overall impact of the services that they help to support.

13. Recommendations

- 13.1. That approval be given to award tenders for new four year bus subsidy contracts for the Blackwater Valley area at a total cost of £281,706 per annum.
- 13.2. That a new tender be issued for a reduced Saturday Fleet-Frimley Park Hospital service at a cost not exceeding £10,000 per annum and award to be subject to approval of the Executive Member in September 2011.

Part 1C: Retendering of Local Bus Services – Eastleigh Area

1. Executive Summary

- 1.1 The purpose of this paper is to detail the outcome of tenders for renewal of four year bus subsidy contracts in the Eastleigh tendering area (inter-urban, rural and local town routes serving Chandler's Ford, Hedge End, Bishop's Waltham, Botley, Hamble, Petersfield and Droxford areas but extending to Winchester and Southampton).
- 1.2 The report proposes a plan of action to ensure that transport services continue to support access to work, education, retail and health for the widest section of the community, thereby supporting quality of life and well being whilst achieving value for money. Services provided will also reflect the current financial situation and reduced budget availability.
- 1.3 During the tender process, a local operator announced that it would run much of the proposed Eastleigh-Chandler's Ford tendered service. It is proposed that areas unserved by the new timetable be evaluated and a new tender issued for approval by the Executive Member in September.
- 1.4 Awarding tenders for new contracts ensures vital transport links at a cost of £360,570 per annum including taxi shares for Boorley Green (jointly funded with Eastleigh Borough Council), Stoke Common and Valley Park. The current cost to the bus subsidy budget is £763,451. A sum of £61,300 be retained for areas left unserved by the Eastleigh-Chandler's Ford commercial service. The saving to the bus subsidy budget to date is £341,581 per annum.
- 1.5 Eastleigh Borough Council funds a number of additions to the timetables (as noted) and have had the option to comment on and contribute to the proposals below.

2. Contextual information

- 2.1 Tenders were invited for local bus services aimed at ensuring continued transport provision within the available budget.
- 2.2 The review considered a number of options for delivering local transport services including community transport solutions. The volume of passengers recorded on some individual local bus services are more appropriate to alternatives such as a taxi share.
- 2.3 The decision will enable transport provision which gives access to employment, education, health, retail and leisure facilities for the widest section of the community.
- 2.4 Five operators submitted tenders and all tenders were the subject of at least one bid.
- 2.5 The retendering programme was the first to follow the revised procurement guidelines which strived to achieve high quality procurement solutions that aimed to deliver service enhancements alongside efficiencies.

- 2.6 Tenders were evaluated on the basis of 80% price and 20% quality.
- 2.7 The current C1/C2/C3 bus services operate up to three buses an hour between Eastleigh-Velmore-Chandler's Ford-Hiltingbury and Valley Park, with all journeys financially supported. It had been proposed to award an alternative 18/19 timetable, no longer serving Valley Park. The 18/19 would operate to an hourly frequency serving almost all of the areas currently served with a single vehicle, at a cost of £61,500. During the tender process, a local operator decided to run much of the service without subsidy. The new timetable will be evaluated and a revised tender issued for approval by the Executive Member in September for any areas not served. It is proposed to serve Valley Park and parts of the Hiltingbury with a taxi share two days a week at an estimated cost of £5,600 per annum. Hiltingbury and Valley Park will also have bus 46 to Winchester and Southampton General Hospital.
- 2.8 The E1/E2/E3 bus services operate between Eastleigh and Winchester with E1 operating via Twyford and E2/E3 via Otterbourne. It is proposed to reduce the frequency of the E1/E2 from half hourly to hourly and withdraw the E3 which carries an average of one passenger per journey to/from Badger Farm. The Badger Farm area is served by frequent commercial service 5. It is also proposed that the E1/E2 will be diverted to serve Royal Hampshire County Hospital and Lower Stanmore in Winchester and so respond to requests received from residents. This will realise a savings of £148,714.
- 2.9 The F bus service operates between Eastleigh and Bishop's Waltham via Fair Oak, Bishopstoke and Stoke Common. Other than Stoke Common, most of the area is served by alternative bus services. The F currently carries an average of two passengers from Stoke Common which would be more appropriate to a taxi share. It is proposed to replace the F bus service with a taxi share to Stoke Common two days a week at an estimated cost of £3,200 per annum reducing costs by £77,800. This would meet travel demand and ensure that vital transport links are maintained.
- 2.10 The 7/8/17 currently form part of a group contract operating from Bishop's Waltham, with the service 7 operating to Southampton, service 8 to Eastleigh and the 17 operating to Petersfield. It is proposed to maintain similar levels of service on the 7 and 8 with the operator providing some journeys commercially. It is proposed to reduce the days of operation on the service 17 from Monday to Saturday to Wednesday and Saturday only to reflect demand while maintaining links to Petersfield on market days. The journeys on the service 17 which would no longer operate, carry an average of four passengers per trip. This will realise savings of £102,685.
- 2.11 Bus 8A operates between Southampton-West End with an extension to Hedge End and Grange Park at a cost of £0.81 per passenger trip funded from S106 developer contributions. It is proposed to retain this unaltered.
- 2.12 Bus 26 between Hedge End and Hamble is currently operated with a low floor vehicle. This section of the service 26 carries an average of four passengers per trip. It is proposed in future to operate the service with a step entrance vehicle, as used on the 7 and 8. This will maintain vital links while realising savings in the order of £13,000.

- 2.13 The weekday service A bus service, which operates between Eastleigh and Botley is currently contracted to operate an extended route to Boorley Green, funded with a 50% contribution from Eastleigh Borough Council. It is proposed to replace the extension of the bus service to Boorley Green with a taxi share, operating five days a week to points in Botley and Hedge End at an estimated cost to Hampshire of £5,000 per annum. Eastleigh Borough Council support this proposal. There will be a saving to the bus budget of £5,500.
- 2.14 Sunday service A between Hedge End and Eastleigh operates under contract at a cost of £10,180 which is £2.35 per passenger trip. The funding of this tender will be taken over by Eastleigh Borough Council.
- 2.15 Bus 16 operates between Southampton and Hamble on a Sunday and bank holidays at a cost of £10,250 before a contribution of £3,200 from Southampton City Council and a cost per passenger trip of £0.74. It is proposed to retain this. Eastleigh Borough Council fund weekday and Sunday evening journeys on bus 16 which will continue.
- 2.16 Eastleigh Borough Council funds a number of journeys, in particular on evenings and Sundays. Tenders have been invited but award has been subject to a decision to fund by the Borough Council.
- 2.17 Monday to Saturday evening journeys on service A between Eastleigh and Botley is currently a County Council contract funded by Eastleigh Borough Council. The Borough Council wishes to fund journeys on Thursday/Friday/Saturday evenings at a cost of £17,900 to Eastleigh Borough Council.
- 2.18 Monday to Saturday evenings on the C1 between Eastleigh, Chandler's Ford and Hiltingbury is currently a County Council contract funded by Eastleigh Borough Council. The Borough Council wishes to fund journeys on Thursday/Friday/Saturday evenings at a cost of £19,900 to Eastleigh Borough Council.
- 2.19 The Sunday/Bank Holiday service on the C1 between Eastleigh, Chandler's Ford and Hiltingbury is currently a County Council contract funded by Eastleigh Borough Council. The Borough Council wishes to continue this service at a cost to the Borough of £8,800.
- 2.20 Sunday/Bank Holiday service E2 between Eastleigh and Winchester is currently a County Council contract on behalf of Eastleigh Borough Council. The Borough Council wishes to discontinue funding so this service will cease.
- 2.21 It is proposed to retain evening journeys on Bluestar 3 Southampton-Hedge End-Botley at a cost of £25,800 as this is well used with a cost per passenger trip of £0.92.
- 2.22 It is proposed to retain Sunday and bank holiday journeys on Bluestar 3 at an annual cost of £2,200 or £0.58 per passenger trip.

- 2.23 It is proposed to continue funding the following school journeys. This will maintain access to education and reduce reliance on the private car for school journeys. There will be a change of operator.

506 Fair Oak to Bishopstoke, £5,700 passengers 2,185

507 Valley Park to Toynbee School. £5,700 passengers 6,852

542 Park Gate to Hamble Community College, £7,980 passengers 10,165

543 Lowford to Netley Infant and Junior Schools, £3,420 passengers 3,515

A1 Bishopstoke to Wyvern College, Stoke Park Infant & Junior Schools, £7,220 passengers 16,435

3 Finance

- 3.1 The current cost is £763,451 including a contribution of £26,000 from Children's Services towards home to school transport. In addition to the £763,451 Eastleigh Borough Council currently contributes £134,500 and the neighbouring authority of Southampton contribute £3,200.
- 3.2 Awarding tenders for new contracts ensures vital transport links at a cost of £360,570 per annum including taxi shares for Boorley Green, Stoke Common and Valley Park. A sum of £61,300 be retained for areas left unserved by the Eastleigh-Chandler's Ford commercial service. The saving to the bus subsidy budget to date is £341,581 per annum.

4 Performance

- 4.1 The proposed tenders ensure that a level of service is retained, which meets value for money criteria and provide transport to the widest area within affordable budget levels.

5. Other key issues

- 5.1 The review considered a number of options on how to best deliver local services including investigating Call & Go, community bus services, voluntary car schemes and taxi-share schemes. In future the Boorley Green, Stoke Common and Valley Park areas would be more appropriately served by a taxi-share solution due to the low volume of passengers recorded on local bus services. This will allow the County Council to realise savings while retaining important transport links.

6. Consultation

- 6.1 Details of the proposed tenders were circulated to local County Councillors, town councils and Eastleigh Borough Council. Winchester City Council and Southampton City Council were invited to comment before the tenders were issued. Hampshire Chamber of Commerce were also invited to comment.

- 6.2 Councillor Broadhurst highlighted the needs of those in Sutherlands Way and those wishing to travel on Monday to Wednesday evening. Response: A tender serving Sutherlands Way had been proposed but a local operator is planning a new commercial service. A revised tender will be produced to ensure all areas are served. Evening services have been funded by Eastleigh Borough Council for some years. The Borough Council has reduced support to Thursday to Saturday evenings due to low use.
- 6.3 Councillor Thomas was concerned that the link to the hospital in Winchester would be inadequate. Response: current service runs to the hospital hourly, new timetable will maintain an hourly link from Eastleigh.
- 6.4 A Bus Subsidy Review consultation was also undertaken between February and May 2011.
- 6.5 A special Passenger Transport Forum was arranged for Eastleigh to discuss bus subsidy options. All invitees received the briefing papers and workshop notes.
- 6.6 Comments received, in the main, expressed the wish that existing service levels be retained and enhancements explored. However, against the background of rising tender prices and budget constraints, enhancements did not prove affordable and emphasis has been placed on communities retaining some form of transport.
- 6.7 Key priorities from the forum were journeys to work and to a major town. The proposed changes reflect these priorities.

7. Future direction

- 7.1 The award of tenders represent the best means to meet the travel needs of the local community.

8. Recommendations

- 8.1 That approval be given to award tenders for new four year bus subsidy contracts for the Eastleigh area at a cost to the bus subsidy budget of £360,570. This will retain the widest travel opportunities within available budget levels.
- 8.2 A new tender be issued for areas left unserved by the new Eastleigh-Chandler's Ford commercial service for approval by the Executive Member in September.

Part 1D: Retendering of Local Bus Services – Alton, Andover and Burghclere CANGO

1. Executive Summary

- 1.1 The purpose of this report is to detail the outcome of a tendering exercise for three groups of Cango services operating in the Andover, Burghclere and Alton areas of Hampshire and to recommend the award of new and replacement contracts initially for a two year period with an option to extend up to six years
- 1.2 Cango services use County Council owned vehicles which were provided with the help of Government capital funding. This source of funding is no longer available and this proposal allows for greater use of the operator's own vehicles in the future.
- 1.3 These contract awards will ensure the continued provision of a transport service in all the existing areas to enable users to access a range of facilities with timetables which meeting current funding availability. The three main contracts, which will each continue to include a school journey, will also contribute to the County Council's corporate aim of supporting quality of life and well-being in Hampshire.
- 1.4 This paper seeks to
 - set out the background to the project;
 - consider the finance for the project and the impact on the budget; and
 - highlight the impact the services will have on current passengers.

2. Contextual information

- 2.1. Cango services have been tendered for the following areas:
 - Andover – services in the rural areas to the north and east of Andover;
 - Burghclere – services in Woolton Hill, Ecchinswell area into Newbury; and
 - Alton – services between Alton/Alresford/Basingstoke and in the Froyle/Binsted area to the east of Alton.
- 2.2. For each of these services a number of options were tendered as set out in this section of the report. These included seeking prices from operators to provide the services using Hampshire County Council owned vehicles or with their own vehicles. Tenders were also invited for replacing the Cango services with conventional local bus services or taxi-shares.
- 2.3. Up to five operators submitted tenders for a variety of options and these tenders have been scored on the basis of 80% price and 20% quality. The Cango services have been included in the Bus Subsidy Review and therefore the requirement to identify savings was taken into account when analysing the tender results and in making recommendations in this report. The proposed contracts meet the required quality criteria and offer a level of service which reflects usage and the current funding environment.

The proposals are set out by area:

Andover

2.4 Four options were tendered for the Andover Cango service, each of which had one or more school contracts included:

- Option one - Existing two vehicle service.
- Option two - Existing two vehicle service but without the first and last commuter journeys into Andover which carry only three regular passengers in the morning and no regular passengers in the evening; and without the C2 commuter service to Whitchurch where the two morning journeys have one regular passenger between them while the three evening journeys carry only two regular passengers between them and two once a week travellers. Alternative journeys will operate to Andover at different times of day.
- Option three - One vehicle operation covering the same geographical area but with a reduced number of days available for each location and without the first and last trips on the Andover commuter trips (C1) and without the commuter service into Whitchurch (C2).
- Option four - Conventional one vehicle service covering the same geographical area on a reduced service basis and without any commuter trips.

The results of the tender exercise are set out in the Table 1 below:

Andover Cango Tendering Results

	Current operator Steventon	Current price 232,042		
	Lowest price operator	Lowest price	Other tenders	Results after quality
Option 1	Mikes Travel	208,010	268,034 Steventon 294,935 Stagecoach	Mikes Travel
Option 2	Stagecoach	258,640	259,476 Steventon	Stagecoach
Option 3	Stagecoach	132,065	133,132 Steventon	Stagecoach
Option 4	Steventon	112,539	122,915 Stagecoach 118,000 Mikes Travel	Stagecoach

2.5 The Andover Cango service has previously benefitted from government funding both through the Rural Bus Challenge Fund which is no longer available and the Rural Bus Subsidy Grant, which has been significantly

reduced in this financial year. This has put additional pressure on the Bus Subsidy Budget. Given this, and the results of the tendering exercise, either Option 3 or 4 would seem to be appropriate and affordable options to implement.

2.6 Whilst Option 4, which provides a one vehicle conventional bus service, offers the lowest cost option, there would be a loss of coverage for some areas which the flexible Cango service can offer. Furthermore, given that the wheelchair accessibility of the new service could not be guaranteed, this would provide a less suitable service for the residents of Enham Alamein some of whom rely on a low floor service to meet their travel needs into Andover.

2.7 Taking the above into account it is proposed that a contract be awarded on the basis of Option 3. This will retain the Cango concept of a more flexible service whilst reducing the overall cost and reducing the vehicle requirement from two to one. The proposed option would:

- retain one of the current school contracts which brings income to the service;
- provide one commuter trip in and out of Andover (service C1) but would not operate the C2 to Witchchurch;
- provide a two day a week service (reduced from six) in the least densely populated areas (prior to the introduction of Cango some of these areas had a 3 day a week service);
- a four day a week service (reduced from six days) in the areas which generate more passenger journeys; and
- a six day a week service for Enham Alamein for the benefit of those disabled residents in the area who rely on a low floor service to meet their travel needs into Andover.

Table 2 below shows the level of service which would be received by each of the areas currently served by the Andover Cango five/six days a week.

Two day a week service	Four day a week service	Six day a week service
Barton Stacey Hatherden Hurstbourne Priors Linkenholt Picket Piece (see para below) Tangley Upton Vernham Dean	Appleshaw Clanville Hurstbourne Tarrant Little London Penton Mewsey Ragged Appleshaw Redenham Smannell Stoke Upper Chute	Enham Alamein Longparish St. Mary Bourne

- 2.8 The current timetables will be revised but will retain journey opportunities, albeit only on certain days, as indicated in the table. One service (C7) between Andover and Picket Piece will be discontinued as it carries a maximum of one passenger per journey; it will be replaced by a Taxishare on two days per week so that Picket Piece is not left without a service. The time saved by the Cango bus not providing the C7 journeys will be used for journeys to Enham Alamein, so that the service it receives on all six days is broadly similar.
- 2.9 The current Andover Cango service is a two vehicle operation but ridership levels are low on some journeys with a passenger subsidy of £8.00 rising to £9.10 per passenger trip if the current timetable was retained. With the exception of the commuter services the majority of trips are for retail/social purposes and although the number of travel opportunities will be reduced it is anticipated that rather than 3 or 4 people travelling at any one time numbers on the vehicles will increase on each journey.
- 2.10 The proposed option will provide all areas and most current users with a travel opportunity into Andover whilst offering the potential for the passenger subsidy costs to be reduced. Calculations (see Appendix 4) show that around 80% of passenger journeys can be retained at a net subsidy of £4.80 per passenger journey, a worthwhile improvement in value for money.
- 2.11 It is therefore proposed that Option 3 be implemented and that a contract be awarded to Stagecoach at a maximum annual gross cost of £132,065 per annum i.e. before the deduction of fare revenue and income for the Children's Services contract. In addition, a Taxishare for Picket Piece is proposed at an estimated cost of £2,000 per annum. Overall the proposed contracts represent a reduction of 42% on the current gross contract price.

Burghclere

- 2.12 One vehicle currently operates C21/22/23/24 linking Burghclere with Newbury via Ecchinswell or Penwood on Monday to Saturday.
- 2.13 Three options were tendered for the Burghclere Cango service, with each option including a school contract :
- Option one - Existing one vehicle service operating 06.20 – 20.03 Monday - Friday and 08.35 – 18.10 Saturday
 - Option two - Existing service without the first and last commuter trips (the morning commuter journey has no regular bookings and the evening service only provided two passenger trips over a five day period). Under this option the service would operate 07.06 – 19.08 Monday – Friday and 08.35 – 17.58 Saturday.
 - Option three - As Option1 plus second evening commuter trip discontinued. This is currently used by five or more regular passengers.

The results of the tendering exercise are set out in Table 3 below:

Burghclere Cango Tendering Results

	Current operator Steventon	Current price 122,613		
	Cheapest operator	Cheapest price	Other tenders	Results after quality
Option 1	Steventon	122,427	Stagecoach 166,530	Steventon
Option 2	Steventon	116,937	Stagecoach 150,975	Steventon
Option 3	Steventon	110,858	Stagecoach 132,370	Steventon

2.14 The Burghclere Cango service has not benefited from government funding and the costs are met through a combination of Hampshire County Council (Bus Subsidy Budget/Children's Services school contract) and Basingstoke and Deane Borough Council. The Borough Council has confirmed that its current annual funding (£60,218) will be available for a new contract. Options to reduce the service are restricted as only one vehicle is currently used.

2.15 This service has regular ridership across all ages and the majority of journeys. Nonetheless some housekeeping measures are considered appropriate given the low numbers of people using the first and last commuter routes. Option 2 is therefore proposed as the preferred approach. This will maintain a service for the majority of existing users whilst making a contribution towards the overall savings required.

2.16 It is therefore proposed that a contract based on Option 2 is awarded to Steventon at a maximum annual gross cost of £116,937 which is a 4.6% reduction on the current gross contract price and represents a modest saving to the Bus Subsidy Budget.

Alton

2.17 The Alton Cango service is currently a two vehicle service. The existing contract includes the following:

- One conventional fixed route commuter journey in the morning from Alton to Basingstoke and one return journey in the evening.
- Cango services between Alton and Basingstoke via Alresford with a school journey included – the most popular part of this service is between Alresford and Basingstoke.
- Cango services in the Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley areas.

- 2.18 The current service was tendered in 2010 so tenders were sought for alternative options which would reduce the existing contract cost and subsidy levels which are currently around £9.00 per passenger trip.
- 2.19 The passenger flow on this service primarily looks to Basingstoke rather than Alton and therefore the following options were tendered for the separate parts of the service:
- Section 1 – a one vehicle six day a week service serving Alresford to Basingstoke. The vehicle would start with a school contract and then run in a flexible manner between Alresford and Basingstoke during the daytime. This large rural area lends itself well to the Cango concept maintaining maximum flexibility whilst allowing all the settlements the opportunity to travel.
 - Section 2 – a three day a week conventional bus service serving Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley. Under this option residents would see the service reduced from six days to three days a week. Passenger data suggests that Tuesday, Fridays and Saturdays are the busiest days on the existing service, which does not run at commuter times. This is the option that has been tendered. Due to the geography of the area there is only one route which a bus can use and consequently this service is suited to a conventional service. Many of the existing users currently prefer not book their journeys in advance which would suit a conventional bus service.
 - Section 3 – a Taxishare which would provide one return commuter journey between South Warnborough and Basingstoke. The existing commuter journey, which operates from Alton to Basingstoke using one of the Cango vehicles, only picks up passengers from South Warnborough and northwards into Basingstoke. A maximum of six people use this service and therefore this may be better suited to a Taxishare starting in South Warnborough rather than a service provided by a larger vehicle. The Taxishare would retain the existing times of a 08.42 arrival in Basingstoke and 17.05 departure.
- 2.20 A conventional bus option for providing journeys between Alresford and Basingstoke was also tendered and whilst this showed a saving of some £7,000 it is considered that the fixed route approach of this option would disadvantage the more outlying rural areas for which the flexible Cango is better suited.

The results of the tender exercise are set out in the Table 4 below:

Alton Cango Tendering Results

	Current operator Steventon	Current price 219,681		
	Lowest price operator	Lowest price	Other tenders	Results after quality
Section 1 Alresford to Basingstoke	RJB	107,360	Steventon 115,058 Stagecoach 138,775 Mikes Travel 118,187	RJB
Section 2 Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley	Stagecoach	26,364	RJB 51,850 Steventon 44,760 Wheeler's 104,255	Stagecoach
Section 3 Proposed Taxishare	Taxi operator	18,000 (estimate)		

- 2.21 The Alton Cango service previously benefitted from government funding both through the Rural Bus Challenge Fund which is no longer available and the Rural Bus Subsidy Grant, which has been significantly reduced in this financial year, and this has put additional pressure on the Bus Subsidy Budget.
- 2.22 Taking this into consideration, the current travel requirements and the results of the tendering exercise it is proposed that the number of Cango vehicles is reduced from two to one and that;
- a contract for a one vehicle six day a week service serving the Alresford to Basingstoke area be awarded as a Cango contract to RJB at a gross annual cost of £107,360
 - a contract for a three day a week service serving Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley be awarded to Stagecoach at an annual cost of £26,364 for the operation of a conventional bus service
 - a contract for a five day commuter return journey between South Warnborough and Basingstoke be awarded as a Taxishare at an estimated cost of £18,000. A formal tender process is still taking place for this service.

- 2.23 The total cost of awarding these contracts is £151,724 which is a saving of 31% against the current contract cost. Whilst addressing the reduction in Government funding and current budgets pressures, these measures also maintain a level of service to the communities which are currently being served by the Alton Cango service.
- 2.24 Calculations (see Appendix 4) show that some 75% of passenger journeys can be retained at a net subsidy of £7.30 per passenger journey, compared with £9.00 for the current service.

3. Finance

- 3.1 A summary of the costs for the proposed options for each of the Cango services is shown in Table 5 below:

Cost Of Proposed Options

Contract	Current Gross Cost	New Gross Cost	% decrease	Winning tenderer
Andover Cango Taxishare – Picket Piece	232,042	132,065 <u>2,000</u> 134,065	42	Stagecoach Taxi operator
Burghclere Cango	122,613	116,937	4.6	Steventon
Alton Cango <ul style="list-style-type: none"> • Alresford to Basingstoke Cango • Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley – Conventional Bus • South Warnborough to Basingstoke Taxi Share 	219,860	107,360 26,364 <u>18,000</u> 151,724	31	RJB Stagecoach Taxi operator
Total	574,515	402,726	30	

- 3.2 The prices shown in Table 5 above are based on the operator providing their own vehicle for 100% of the Cango journeys. Where a Hampshire County Council owned vehicle is used on the service then a reduction will apply to the above costs. The current vehicles were originally purchased through government capital grants which are no longer available. Given the age and condition of the vehicles which the County Council currently owns and that there is no funding available to replace these vehicles, the costs in the above table represent in reality the longer term cost of operating the proposed services. For this reason the tenders have been assessed on the above basis. Whilst the operator continues to use a County Council owned vehicle in the short term on the Cango services then further savings will accrue.

3.3 The current Cango contracts operate as gross contracts with the revenue being netted against the cost on which the contract is awarded. Revenue on all the current Cango services is estimated at £81,458. The reduction in service levels from the options being recommended are expected to result in a reduced revenue income of £60,000 and this reduces the effective savings by £21,458. In the short term this could be offset through the savings which should be accrued from the operators' use of a County Council owned vehicle on the remaining Cango services. The annual average price reduction for the use of a County Council owned vehicle is estimated at £19,000 for the Andover and Burghclere Cango Services; there is no reduction for the Alresford to Basingstoke Cango Service.

The proposed contracts would be funded as set out in Table 6 below:

Funding Of Proposed Options

	Gross cost	Revenue	Children services	Bus Subsidy Budget	Basingstoke & Deane BC
Cost of existing services	574,515	81,458	99,300	333,539	60,218
Cost of proposed Options	402,726	60,000	82,151	200,357	60,218
Difference	171,789	-21458	-17,149	-133,182	0

3.4 The figures take account of an anticipated fall in fare revenue and suggest an overall saving of £133,182 or 40% to the Bus Subsidy Budget for these services and produce a valuable reduction in cost per passenger trip as shown below in Table 7.

Cost Per Trip of Proposed Options

	Current subsidies	Subsidy of current service level but at new tendered price	Anticipated subsidy with new service provision for total area
Andover	£8	£9.10	£4.80
Burghclere	£6	£6	£6
Alton	£6.50	£9	£4.50

4. Consultation

- 4.1 The Cango services were included in the public consultation exercise which formed part of the Bus Subsidy Review which has looked at the scope for reducing support for local bus services in order to meet budgetary pressures. As part of this consultation exercise:
- feedback has been sought from stakeholders through the passenger transport forums;
 - information has been sent to district, parish and town councils;
 - leaflets have been distributed at bus stops and on buses to users; and
 - an on-line form has been available through the website for the public to complete and return.
- 4.2 The consultation period finished on 31 May 2011.
- 4.3 Councillor Drew agreed to the proposals, albeit reluctantly.
- 4.4 Councillor Porter asked for Bighton to be linked to Old Alresford. Response: Bighton will be linked to Old Alresford.
- 4.5 Councillor Mutton was concerned that some parishes without local facilities would see their Cango service reduce to two days a week. Response: Existing use is low, journeys will run on market days which are usually the busiest days.
- 4.6 Councillor West wanted to ensure that older people's groups and Parish Councils had been consulted. Response: detailed consultation has been carried out as part of the Bus Subsidy Review.

5. Recommendations

- 5.1 That a two year contract for the Andover Cango service be awarded to Stagecoach at a maximum annual gross cost of £132,065 (Option 3 in paragraph 2.11 of part 1D of this report) with an option to extend up to six years.
- 5.2 That a two year contract for a two day a week service between Picket Piece and Andover be awarded as a Taxishare at an estimated annual cost of £2,000 (paragraph 2.11 of part D of this report) with an option to extend up to six years.
- 5.3 That a two year contract for the Burghclere Cango be awarded to Steventon at a maximum annual gross cost of £116,937 (Option 2 in paragraph 2.16 of part 1D of this report) with an option to extend up to six years.
- 5.4 That a two year contract for an Alresford to Basingstoke Cango service be awarded to RJB at a maximum annual cost of £107,360 (section 1 - paragraph 2.20 of part 1D of this report) with an option to extend up to six years.

- 5.5 That a two year contract for a three day a week conventional bus service serving Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley be awarded to Stagecoach at an annual cost of £26,364 (section 2 – paragraph 2.20 of part 1D of this report) with an option to extend up to six years.
- 5.6 That a two year contract for a five day commuter return journey between South Warnborough and Basingstoke be awarded as a Taxishare at an estimated cost of £18,000 (section 3 – paragraph 2.20 of part 1D of this report) with an option to extend up to six years.