

Mobilising South Yorkshire's Tram for Public Control

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A. Context

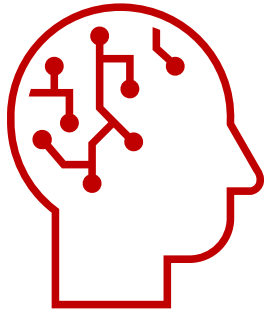
Background

- South Yorkshire's tram network is almost 30 years old.
- The tram network infrastructure and tram fleet are assets owned by the South Yorkshire Mayoral Combined Authority ("SYMCA") (formerly SYPTE).
- In 1997, SYPTE awarded a contract to operate and maintain the tram network to South Yorkshire Supertram Limited (SYSL) to operate and maintain the tram network via a Concession Agreement.
- This Concession Agreement expires in March 2024, when the operational, managerial and financial responsibility reverts to SYMCA.



Choosing a Future Operating Model: Considerations

RISKS & ISSUES



DECLINING DEMAND TREND

- Tram patronage peaked at 15m trip per annum in 2010/11, with a decline to 11.4m by 2014/15. This reduced to 6.7m in 2021/22 through Covid.
- Signs of recovery, but still below pre-Covid demand

AGEING ASSETS

- The system is almost 30 years old and requires significant capital investment to renew assets at the end of their economic and design life
- £100m secured to start renewals, with disruptive risks
- Significant further investment is needed

CONCESSION AGREEMENT PROVISIONS

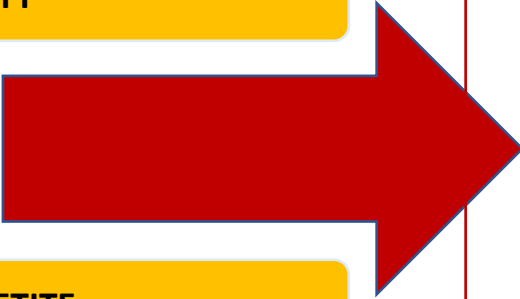
- The ca. 25 year concession agreement term, meant limited provision was made to handle the end of the contract
- Reliance on operator collaboration to provide for key features that would support transition / reletting (e.g. as a basic data room)

Choosing a Future Operating Model: Considerations

LEGAL & PROCUREMENT OPTIONS

FINANCIAL RISKS

DELIVERABILITY



MARKET APPETITE

IN-HOUSE COMPETENCIES

IN-HOUSE CAPACITY

SYMCA had to take a decision about what future operating model, once the SYSL concession agreement ends in March 2024, would be best suited to SYMCA in the circumstances.

This was a critical decision point, considering the choice of operating model informs further key developments, in particular:

- The required mobilisation activities;
- Associated resource planning;
- Timeline;
- Risks and opportunities;
- Governance and management approach.

To inform the decision, significant background was done, including:

- Market testing for potential private sector operation;
- Legal evaluation on all operating model options;
- Detailing specification options of a Service Level Agreement or procurement specification;
- Transition arrangement discussions with current operator SYSL.

Choosing a Future Operating Model: Considerations

Option 1: Private sector operated

- Procurement of the management and operations from the private sector via a new concession agreement.
- **Key challenges:** limitations of data/information to enable preparation of detailed tender specification, unknown levels of risk transfer, handling of a significant renewals programme via a contractual change mechanism

Option 2: Public sector operated

- Procurement of the management and operations from the private sector via a new concession agreement.
- **Key challenges:** limited capacity of in-house support systems (HR, payroll, pensions, IT, finance, safety management etc), limited know-how of transitioning and need to buy in specialist resources

B. Mobilising for Public Control

South Yorkshire's Tram: The Headlines

WHAT SYMCA NEEDS TO ACHIEVE THROUGH MOBILISATION BY 21 MARCH 2024

350

tram employees transferred under TUPE

£100m

of investment in tram vehicles and infrastructure to be delivered by Q1 2027

32

Trams to be operated and maintained safely

2

employee work locations to be identified or transferred

2 yr

business plan to be delivered to make the system affordable

c.250

operating supply contracts and agreements to be put in place

12m

customers per annum served to experience a great tram service

29

route km and lineside infrastructure to be operated and maintained safely

170

IT assets to be replaced

2,650

services operated each week

1

tram maintenance depot to be run safely and efficiently

48

tram stops to be operated and maintained

1st

tram train system in the UK



1. Achieve a seamless transition on day 1

2. Set the new operating company up for success

Workstream Overview for Mobilisation

A. Programme Structure Activities

A1. PROGRAMME SET UP

- Resourcing of mobilisation team
- Stakeholder & communications plan
- Programme plan detailing and management

A2. DATA & INTELLIGENCE

- Operational data
- Financial data
- Support systems data

A3. TRANSITION AGREEMENT

- Demobilisation activities current operator
- Closing out existing contract commitments
- Handover arrangements of key assets

B. Core Mobilisation Workstreams

B1. LEGAL

- Wholly-owned subsidiary set up
- Setting up new contract and SLA
- Governance & delegated authorities

B2. IT INFRASTRUCTURE & SYSTEMS

- Establishing new corporate support systems
- Operational systems
- IT assets & infrastructure

B3. PEOPLE

- TUPE arrangements
- People engagement
- Trade Union engagement

B4. RETAILING SYSTEMS

- Set up of new fares retailing systems
- Website & app development
- Ticket vending infrastructure

B5. MARKETING

- Customer service proposition
- Day one plan
- Branding

B6. PROCUREMENT & CONTRACTS

- New contracts in place
- Novation of contracts agreed
- Non contracted supply chain agreed

B7. OPERATIONS / SAFETY

- Specification of service operations
- Operational, safety and customer performance
- Resource deployed – new accommodation

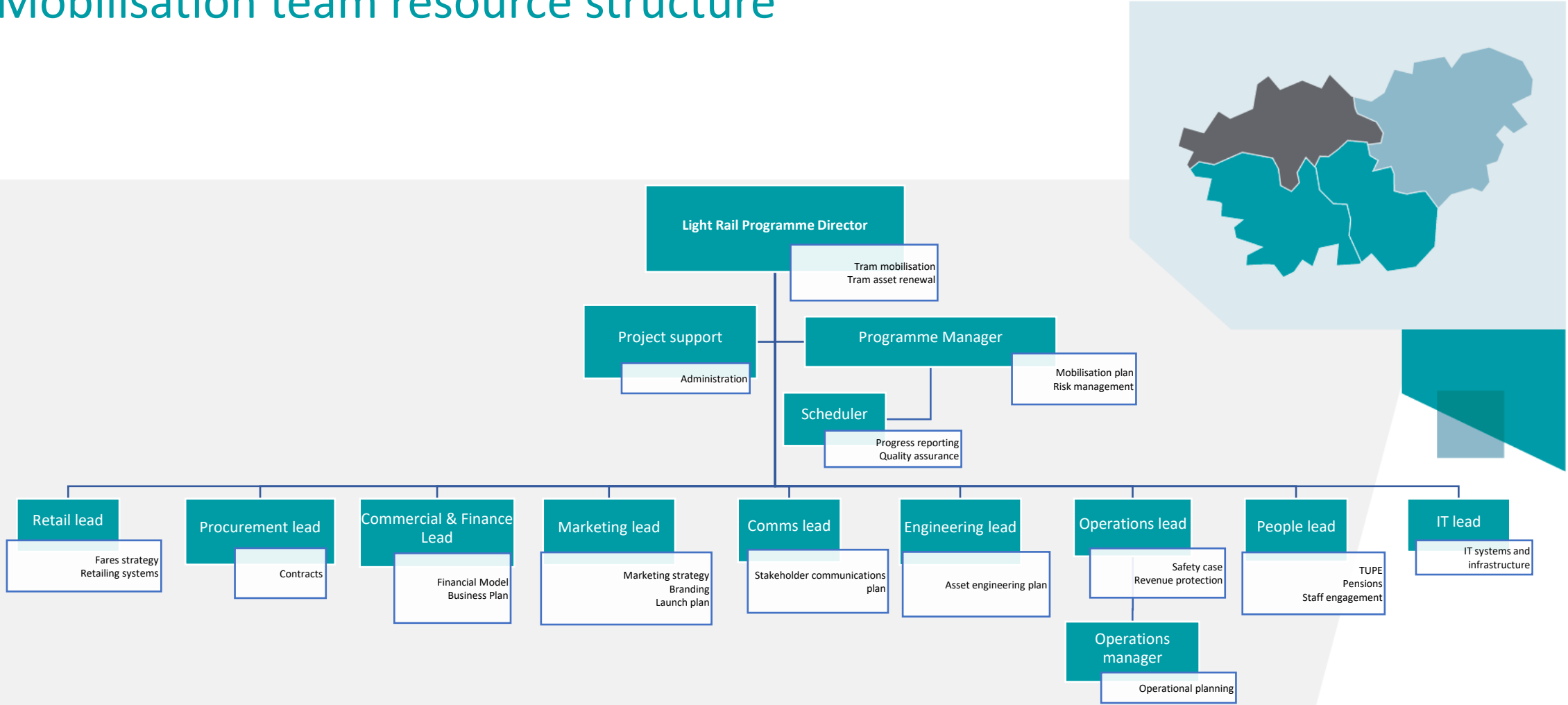
B8. ENGINEERING

- Fleet maintenance & safety planning
- Infrastructure maintenance & safety planning
- Asset renewal project interface

B9. SAFETY COMPLIANCE

- Day one /week one plan delivery
- Developed assurance / identified risks
- Cultural change and Risk Management Matured

Mobilisation team resource structure



NB: Please note that the descriptions for the roles are not fully comprehensive regards deliverables, they intend to offer a top-line view of key deliverables

What next:

- The activities to mobilise South Yorkshire's Tram to come under public control are in full progress.
- The near future milestones are determining the governance structures, setting up the legal entity, developing the outline Service Level Agreement supported by a business plan and transitioning contracts and preparing for TUPE arrangements.
- This is alongside the many other activities being undertaken to:
 - Achieve a seamless transition in March 2024
 - Setting up the future operations for sustainable success



Thank you

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