

NFNPA RAPC 607/26

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE MEETING – 2 NOVEMBER 2026

NEW FOREST TOUR FUNDING ARRANGEMENTS

Report by: Jim Mitchell, Access and Learning Manager
Aynsley Clinton, Sustainable Visitor Experience Officer

1 Summary:

- 1.1 We are finalising two agreements to secure investment in the New Forest Tour: a grant agreement with HCC for £2.27m of LEP (Local Enterprise Partnership) legacy funding, and an operating and asset-use agreement with Go South Coast (GSC).
- 1.2 The investment provides a one-off opportunity to renew the Tour with new accessible, zero-emission open-top buses, install charging infrastructure and secure a long-term bus operating arrangement. The Tour carries over 40,000 passengers during an average 10-week season, supports sustainable visitor and local community access, benefits the wider visitor economy and has been the key sustainable transport delivery partnership for us since its inception in 2005.
- 1.3 We will be the grant recipient and asset owner/controller, and therefore remain accountable to HCC for eligible expenditure, delivery, monitoring and any repayment, even where delivery activity is undertaken by GSC. The operating agreement allocates operational costs and commercial risk to GSC; important legal, procurement, subsidy-control, asset, insurance and service-specification details are being resolved.
- 1.4 Officers recommend that Members delegate authority to the Solicitor and Monitoring Officer and Chief Finance Officer acting in conjunction with the Chair and Deputy Chair of RAPC to enter into both agreements once finalised, provided the outstanding issues and safeguards in this report are addressed.

Recommendation:

That authority be delegated to the Authority's Solicitor and Monitoring Officer and Chief Finance Officer acting in conjunction with the Chair and Deputy Chair of RAPC to take all action as necessary to negotiate, agree and enter into the legal agreements with Hampshire County Council to receive the grant funding and with Go South Coast for the operational period of the New Forest Tour and to then deliver the project, subject to the named officers and the Chair and Deputy Chair of RAPC being satisfied that the external advice referenced in Section 6 of this report on Subsidy Control does not expose the Authority to any unacceptable risk and applying any measures set out in that external advice into the legal agreements between the Authority and Go South Coast as necessary.

2 Introduction

- 2.1 The New Forest Tour has been developed and operated through a long-standing relationship between the Authority and GSC for 21 years. The parties have not historically documented their respective rights and responsibilities in a single agreement covering operation, assets, branding and associated intellectual property.
- 2.2 HCC is making LEP legacy funding available following a successful application. The draft grant agreement defines the grant relationship as between HCC and the National Park Authority. The separate draft operating agreement between us and GSC formalises delivery, procurement, ownership, permitted use and operation of the project assets, and flows down relevant grant obligations to GSC.
- 2.3 This paper provides Members with an appraisal of the two agreements and the key issues to be resolved before execution.

3 Project rationale

- 3.1 The project is intended to secure the future of the New Forest Tour through investment in new zero-emission accessible open-top buses, charging infrastructure, fit-out, branding and on-board commentary. The draft grant agreement identifies a grant of £2.27m and an administration fee of £34,100 retained by HCC. This project grant includes a project management expenditure line of circa £50k allocated to the New Forest NPA.
- 3.2 The project offers several benefits:
- renewal of the fleet with four new open-top buses and improved resilience for the Tour over at least a 10-year operational period;
 - improved passenger experience, accessibility and inclusion, including step-free access to the lower deck and modern information systems and audio commentary equipment;
 - support for car-free access to attractions, hospitality businesses, rural communities and employment locations, helping to reduce seasonal congestion and environmental pressure;
 - zero-emission vehicles, with wider use of the buses outside the Tour season on agreed services, including the New Forest Breezer 86 route, increasing the benefit derived from the capital investment;
 - support for tourism, transport employment and local businesses, and greater confidence in the long-term future of the service;
 - more than 3,500 tonnes of carbon-equivalent emissions savings will be realised over the project period.
- 3.3 The proposed commercial model avoids an operating fee from us to GSC, or a lease fee payable by GSC to the NPA for use of the vehicles: GSC will retain passenger income and bear operating, maintenance and repair costs and the risk of operating profit or loss. We will manage and retain income from commercial advertising associated with the Tour, including advertising displayed on the buses during both the Tour season and agreed off-season use. This is estimated at between £300k-400k over the 10-year operation (£30-40k per annum, based on existing income adjusted for increased branding opportunity and profile).

- 3.4 At the end of the 10 years, assets remain with us and could be sold to GSC, sold to another operator or a new partnership agreement worked up.

4 Hampshire County Council LEP Legacy grant agreement

- 4.1 The draft grant agreement provides for HCC to pay us a grant of £2.27m for the project, with the grant period ending on 31 May 2028. We would be responsible for ensuring that the grant is used only for the agreed project and eligible expenditure, maintaining records, submitting claims and reports, and returning unspent or improperly applied funds where required.
- 4.2 The grant is restricted to capital expenditure. The draft also requires prior written approval for significant project changes and limits expenditure to the agreed categories and maximum amounts. Procurement must demonstrate value for money, public-sector accountability and probity, with the decision-making process documented.
- 4.3 The draft requires quarterly monitoring information and a final report. HCC has review rights and may seek recovery of unspent funds, terminate the agreement or take other reasonable action in specified circumstances, for example if the funds are misused.
- 4.4 We are the recipient of the grant and remain directly accountable to HCC. The NPA could face delayed or withheld payments, recovery of grant funding or termination in the event that expenditure is ineligible, milestones are not met, the project changes without approval, records are inadequate or grant conditions are breached.

5. Agreement with Go South Coast

- 5.1 The draft agreement is intended to establish clear contractual arrangements for GSC to procure the buses as part of a wider fleet order, with legal title to the New Forest Tour vehicles vesting in the Authority, and GSC having possession and operational use. This approach is intended to secure economies of scale while protecting our investment in the assets.
- 5.2 GSC would operate the Tour at its own commercial risk, retain farebox income and meet the costs of operation, maintenance and repairs. We would not pay an operating fee. GSC would be required to provide operational and asset information, cooperate with monitoring and audit, maintain the vehicles and operate the service in line with an agreed service specification.
- 5.3 The agreement will set out our role in managing and retaining advertising and sponsorship income associated with the Tour and buses, including off-season use. It recognises that historic ownership of the Tour's intellectual property is not retrospectively determined; future arrangements for brand identity, commentary, digital channels and new intellectual property will be subject to subsequent agreement.
- 5.4 The draft contains provisions for breach, termination, asset handover, insurance, dispute resolution and flow-down of relevant HCC grant obligations.

6. Subsidy control and procurement

- 6.1 The operating agreement recognises that economic benefit may arise from GSC's use of NPA-owned vehicles and charging infrastructure and its right to operate the Tour and receive passenger revenue. We are in the process of commissioning external lawyers for independent advice on the issue of subsidy control in line with the Subsidy Control Act 2022, but that advice will not be received until after the RAPC meeting. The issue arises because HCC as the funder requires us as the recipient to provide due diligence on subsidy control before the agreements can be finalised and funding released. In addition, we and GSC will need to be assured of HCC's position before finalising the relevant agreements including the details of their structuring of the deal to ensure legal compliance.
- 6.2 The Subsidy Control Act establishes the UK's domestic subsidy control regime. It defines what counts as a subsidy, sets out legal requirements for awarding subsidies, and creates oversight mechanisms via the Competition and Markets Authority (CMA). In short, a subsidy arises where financial assistance from public resources gives an economic advantage and affects competition or trade.
- 6.3 When a subsidy occurs, the subsidy control principles apply and the NPA must apply the statutory principles, ensuring that subsidies are proportionate, targeted and minimise distortions of the relevant competitive market. Work has been undertaken in-house to ensure that the NPA complies with the legislation, but in order to be certain of our position, and to satisfy HCC as the funder, it is necessary to have clarification from expert independent lawyers on this specialist area.
- 6.4 It is possible for public authorities to self-refer projects where a subsidy arises to the Subsidy Advice Unit (SAU), which is part of the CMA. However, there are thresholds for minimum subsidy levels, and the level of our funding sits below the minimum funding level of £5m, which is the lower tier where projects can be self-referred rather than being mandatory. As such, when we contacted the SAU about this project they declined to be involved because of its low value.
- 6.5 The assessment and any required approvals or mitigations will be completed before implementation. The agreement should provide workable remedies if restructuring or recovery is required, while recognising that an adverse subsidy-control outcome could affect the proposed operating model.
- 6.6 We have been working in partnership with GSC to deliver the New Forest Tour since 2005. The existing relationship between the parties' pre-dates relevant procurement legislation, namely the Procurement Act 2023 and its predecessors; the Public Contracts Regulations 2015, and the Public Contracts Regulations 2006. As such this project will be dealt with under pre-existing arrangements with GSC.
- 6.7 In terms of procurement compliance with the project funds, the funding from HCC is public funding and as such the Procurement Act 2023 applies to this spend. The project funds must therefore be spent in compliance with the Procurement Act 2023, either by way of a compliant competitive tender process, or by utilising a relevant compliant framework as a legitimate competitive route to market, such as a Crown Commercial Services framework agreement.

7. Ownership, insurance, maintenance and asset condition

- 7.1 Ownership of the vehicles by the Authority provides protection for the capital investment but also creates responsibilities and exposure if an asset is damaged, lost, under-insured or not maintained. Insurance will be covered by GSC. Responsibility for excesses, warranties, maintenance standards, inspection rights and asset registers will be agreed.
- 7.2 The ownership and control of the charging infrastructure and the rights to access the installation site also need to be explicit. The final agreement will ensure the NPA can protect and recover its assets if GSC defaults or the operating arrangement ends, while avoiding disruption to the Tour where possible.

8 Equality, diversity and inclusion implications

- 8.1 The project is intended to improve accessibility and inclusion through accessible zero-emission vehicles and improved passenger information. The final vehicle specification and service arrangements should preserve these benefits and provide appropriate monitoring of accessibility and passenger experience. A full Equality Impact Assessment will be carried out prior to buses being received and adapted, and any decisions made on service and commentary.

9. Conclusion

- 9.1 The agreements represent a significant opportunity to secure the future of a valued National Park local transport service, deliver zero-emission and accessible vehicles and increase the benefit of the investment through off-season use. The proposed commercial model places day-to-day operating costs and farebox risk with GSC and provides the NPA with ownership / asset control of the vehicles and the opportunity to generate advertising income.
- 9.2 Officers will continue to work with HCC, GSC and professional advisers to finalise the documents. The key principle is that the grant agreement and operating agreement must be considered as a single, linked, 'back-to-back' package: we must not commit to obligations under one agreement that it cannot meet under the other.
- 9.3 The delegation sought is subject to the following safeguards being satisfied:
- (i) the grant payment mechanism and project cash flow are agreed and affordable;
 - (ii) project scope, eligible costs, milestones, outputs and reporting requirements are complete and consistent;
 - (iii) procurement and subsidy-control advice and any necessary approvals are in place;
 - (iv) vehicle and charging infrastructure ownership, warranties, insurance and maintenance responsibilities are documented;
 - (v) the service specification, performance monitoring and advertising are agreed; and
 - (vi) liability, termination, repayment and handover provisions are settled to the satisfaction of the Chief Finance Officer, Solicitor and Monitoring Officer and Chair and Deputy Chair of RAPC.

RECOMMENDATION

That authority be delegated to the Authority's Solicitor and Monitoring Officer and Chief Finance Officer acting in conjunction with the Chair and Deputy Chair of RAPC to take all action as necessary to negotiate, agree and enter into the legal agreements with Hampshire County Council to receive the grant funding and with Go South Coast for the operational period of the New Forest Tour and to then deliver the project, subject to the named officers and the Chair and Deputy Chair of RAPC being satisfied that the external advice referenced in Section 6 of this report on Subsidy Control does not expose the Authority to any unacceptable risk and applying any measures set out in that external advice into the legal agreements between the Authority and Go South Coast as necessary.

Contact:

Jim Mitchell
jim.mitchell@newforestnpa.gov.uk