

SCRUTINY COMMISSION FOR RURAL COMMUNITIES	Agenda Item No. 7
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Report of the EXECUTIVE DIRECTOR OF OPERATIONS, PAUL PHILLIPSON

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BUS SERVICE REVIEW

1. PURPOSE

This report is being submitted to the Scrutiny Commission for Rural Communities to consult on and receive its comments on the proposals. The report was previously presented to the Environment Capital Scrutiny committee at its meeting on 17 September 2009.

2. RECOMMENDATIONS

The Scrutiny Commission for Rural Communities is recommended to:

1. Consider and recommend further or alternative options for bus service provision.
2. Consider and advise on the potential impact on rural communities for future bus service provision.
3. Recommend Option A or B in paragraph 5.2 of the report.
4. Support the principles of the review.

3. BACKGROUND

- 3.1 Under the 1985 Transport Act, the council has a statutory duty to secure the provision of such public transport services as the council considers appropriate to meet any public transport requirements which would not otherwise be met commercially.
- 3.2 The review of council subsidised bus services was undertaken as a result of improvements to commercially operated bus services reducing the need for some Local Link journeys. Subsequently, the number of passengers on these journeys has reduced. In addition, a different way of delivering bus services to rural areas, providing either the same or better period of operation, has been identified. This allows the vehicle to operate only at times when the service is needed rather than adhering to a rigid timetable and the bus operating with no passengers on board; wasting resources and emitting needless CO₂ emissions.
- 3.3 Some Local Link services have seen an increase in patronage. Therefore it is suggested that a trial of improved frequency is undertaken to assess if this further increases passenger journeys or whether the same number of passenger journeys are undertaken but simply split over the more frequent departures.
- 3.4 Under the Service Subsidy Agreements (Tendering) (England) (Amendment) Regulations 2004 provision is made for local transport authorities to be excepted to let bus subsidy contracts through competitive tender. These are commonly referred to as '*de-minimis*' contracts. The council has made use of these regulations to provide additional journeys to enhance the journeys provided by commercial bus operators, particularly during the evenings when journeys are usually not carrying sufficient passengers for the bus operators to operate the journeys without subsidy. The council achieves best value in providing these de-minimis journeys because an operator providing the majority of the service throughout the day can provide the additional journeys at a much reduced cost, having already the vehicles and drivers in place. In addition, passengers prefer to see consistency across a service

without changing operators during the service.

- 3.5 Having assessed the journeys subsidised through de-minimis contracts, passenger numbers warrant continued funding of these services. However, the Transport and Sustainable Environment Group should work with bus operators over the lifetime of the new contracts to encourage patronage growth with a view to the journeys becoming financially viable.

4. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

- 4.1 Peterborough's Sustainable Community Strategy is the plan for the future of our city and the surrounding villages and rural areas. It sets the direction for the overall strategic development of Peterborough with the Local Area Agreement being the vehicle with which to achieve these changes. This report directly links to the LAA priority, *Creating the UK's Environment Capital*.

- 4.2 In addition, the bus service review helps to achieve the following national indicators:

NI175 Access to services by public transport, walking and cycling
NI177 Local bus passenger journeys
NI185 CO₂ reduction from local authority operations
NI198 Children travelling to school – mode of travel usually used

5. CONSULTATION/KEY ISSUES

- 5.1 The following bullet points detail the main items within the report:

- (a) cease subsidy and therefore operation of the local bus service journeys highlighted in red in Annexes 1 to 8;
- (b) retender journeys highlighted in green in Annexes 1 to 8;
- (c) reallocate funding to provide a call connect service from villages that do not receive the minimum of an hourly bus service to Stamford and Peterborough to cover journeys highlighted in blue in Annexes 1 to 8 to ensure all rural villages have access to a bus service;
- (d) renew the existing de-minimis agreements with commercial operators to provide a smaller number of journeys to provide additional journeys that are not currently financially viable as detailed in Annex 9;
- (e) reallocate funding to provide additional journeys on a 3 month trial basis to cover journeys highlighted in plum in Annexes 1 to 8 to enhance services that are showing an increasing trend in passenger journeys;
- (f) reallocate funding to expand the recommended Monday to Saturday Call Connect service to operate on Sundays;
- (g) enter into a partnership arrangement with Lincolnshire County Council to deliver a Call Connect service;
- (h) all service changes to commence 3 January 2010.

5.2 Review of bus services

All subsidised bus service contracts were incorporated into an initial overview assessment. From this assessment, the Local Link rural, morning and evening bus journeys warranted further assessment due to the low numbers of passengers carried and relatively high subsidy per passenger journeys. Patronage data from on-bus ticket machines and physical on-bus monitoring was analysed and used to assess the number of people impacted by the proposed changes. See Annex 10 for passenger data.

The review highlighted journeys carrying on average no more than ten passengers per journey. Better value can be achieved by withdrawing these journeys and offering an alternative community transport service.

Officers have visited the Lincolnshire Call Connect centre and established that a service could be provided and two options are available:

Option A only – provide a service from villages that do not receive the minimum of an hourly bus service to Stamford only at approximately £35k per annum.

Option B only – provide a service from villages that do not receive the minimum of an hourly bus service to Stamford and Peterborough at approximately £70k per annum.

For both Options A and B – a Call Connect would operate six days a week from 7 am to 7 pm.

A further option is to provide a dial-a-ride service on one or more days per week between the hours of 9.30 am and 2.30 pm was considered. However, this would provide a significant drop in service to the residents of several rural villages.

Passengers are required to pre-book their journey on both services.

Other journeys highlighted carry more passengers and warrant a more substantial service. It is recommended that these journeys are retendered. The attached details the three recommendations:

- Blue – cease service as covered by commercial operator
- Green – retender service to achieve better value
- Red - seek to cover with a call connect service
- Plum - additional journeys
- Black - revised timetable
- Orange - unaffected journeys
- Cerise - withdrawn without replacement

5.3 Efficiency savings

Through this review of bus services it is possible to secure some efficiency savings whilst still providing the same or an improved level of services. Through working with Peterborough City Services (PCS), it has been possible to identify a cost saving by ceasing to operate these journeys. Table 1 below gives details of cost savings for 2009-10 and subsequent years.

PCS has also identified efficiency savings i.e. from shift allowance, supervisor costs etc. Consultation with staff affected by this review has already commenced but will need to be formalised should the recommendations be approved. Formal statutory consultation will be required as these changes may result in redundancies. The efficiencies realised in subsequent years are dependent on savings to vehicle lease costs.

It is estimated an overall saving of £131,670 can be achieved in a whole financial year through contracts with City Services department. Additional savings can be achieved with commercial bus operators. The table below gives conservative estimates. City Services are undertaking further work to identify savings and costs through negotiating with lease companies etc:

	2009/10 (Jan-Mar)		2010/11 and future years	
	Savings	Costs	Savings	Costs
Savings on reduced contract costs	79,890		285,990	
City Services Department Efficiency Savings	23,400		100,000	
City Services Redundancy Costs		57,000		
Replacement contract costs		35,200		177,320
Replacement costs for Call Connect		20,500		77,000
TOTALS	103,290	112,700	385,990	254,320
TOTAL SAVING	(£9,410)		£131,670	

Table 1: Summary of efficiency savings

5.4 Timescales

All bus service changes need to be registered with the Traffic Commissioner 56 days prior to the start of the new or revised service.

It is recommended that the changes to bus services take effect from 3 January 2010. However, any statutory consultation with staff will need to commence as soon as possible. To meet the notification periods required by the Traffic Commissioner all changes to bus service registrations will need to be submitted by 7 November 2009. This date will also allow the council to comply with its Code of Conduct for Service Stability, as detailed in the Peterborough Bus Strategy, which minimises the number of bus services changes. It will also ensure bus service changes co-ordinate with a new school term.

Lincolnshire County Council already have a framework agreement in place and have confirmed that they can comply with the EU and local tendering requirements and have a service in place to commence 3 January 2010. Suppliers to the council are also approved suppliers with Lincolnshire County Council; therefore each operator will have an equitable opportunity to bid for the contract.

5.5 Alternative options

The following alternative options have been considered:

- Continue all bus service journeys as existing. This option was rejected as it does not represent best value with council funds and does not provide an improved level of service to members of the public.
- Cease operating all journeys highlighted in red and green without replacement. This option was rejected as it does not provide alternative options and would leave some areas devoid of a bus service.
- Provide a dial-a-ride service on one or more days per week between the hours of 9.30 am and 2.30 pm.

The following alternative options are for further consideration:

- Allocation of funding to provide additional journeys on a 3 month trial basis to cover journeys highlighted in plum in Annexes 1 to 8 to enhance services that are showing an increasing trend in passenger journeys. The current conservative estimated cost is circa £15,000; however further clarification is required from City Services.
- A Monday to Saturday Call Connect service is being proposed. However it is possible to expand this to include Sundays. Therefore allocation of funding to provide a Sunday Call Connect service requires further consideration. A conservative estimated cost is circa £20,000.

5.6 Consultation

The bus service review included physical on-bus monitoring and robust checking of patronage data from on-bus ticket machines. These results were analysed and used to assess the number of people impacted by the proposed changes.

Discussions have been held with both Stagecoach and Delaines, as main bus operators in the area. These discussions have been undertaken discreetly so as not to disclose any confidential or commercially sensitive information. Both Stagecoach and Delaines have indicated that they would not oppose changes to the Local Link network of services. They also advised that they are in support of dial-a-ride and Call Connect type services where commercially operated or conventional public transport is unable to meet the needs of the public.

The Cabinet Member for Neighbourhoods, Housing and Community Development, Cllr Hiller, was first consulted on 15 June 2009. He expressed his support for the review and has been kept informed of progress.

A report was presented at the Environment Capital Scrutiny Committee on 17 September 2009. A lengthy debate took place concluding in the committee recommending:

- i) That all ward councilors be fully consulted on the proposals; and
- ii) The Scrutiny Commission for Rural issues be consulted on the proposals.

Further consultation was arranged as follows:

- 30 September Rural Working Group (GPP)
- 1 October Consultation event for ward and parish councillors

Following this meeting a final report will be prepared and submitted to a future Cabinet meeting.

5.7 Implications

Legal

Under the 1985 Transport Act, the Council has a statutory duty to secure the provision of such public transport services as the Council considers appropriate to meet any public transport requirements which would not otherwise be met commercially.

There is a service level agreement in place between the Operations directorate and City Services for the provision of public transport, community transport and home to school transport. The two directorates have agreed to review and subsequently amend the services to be provided by City Services in accordance with the provisions of the service level agreement.

The current contracts with commercial operators are due to expire when the proposed changes to bus services take effect. However, if the proposal to terminate the Local Link 403, Local Link 413 and the B342 service is approved the contract with the commercial operator of those services will be terminated in accordance with the contract for those services.

The bus services operated by commercial operators in rural areas may also be affected by the proposed changes to the subsidised services. Consultation is taking place with the commercial operators who have given positive feedback to the proposals contained within this report.

Human Resources

City Services has commenced initial consultation with all employees who may be affected by the proposals.

The PSV drivers are not assigned to specific routes, and are assigned routes on a rota basis. Therefore an exercise would need to be undertaken to identify whether any PSV drivers would need to be made redundant. This would be undertaken in accordance with Council's redundancy process through formal consultation.

If routes are to be transferred to another provider, the Transfer of Undertakings (Protection of Employment) Regulations may apply and so an exercise would need to be undertaken to establish the assignment of drivers to the routes to be tendered through formal consultation.

Procurement

One of the outcomes of this review may be to procure a new Call Connect or dial-a-ride type services and some school transport replacement services. Discussions have taken place with Lincolnshire County Council and the Council's Procurement team on a possible partnering arrangement. The Procurement team have confirmed Lincolnshire County Council's tendering arrangements are compliant with the Council's. It was also confirmed that better value can be achieved by entering into partnership procurement arrangements.

6. BACKGROUND DOCUMENTS

None.

7. APPENDICES

- Annex 1 – Local Link services 401 and 402
- Annex 2 – Local Link services 403 and 413
- Annex 3 – Local Link services 406 and 408
- Annex 4 – Local Link services 407
- Annex 5 – Local Link services 410 and 411
- Annex 6 – Local Link services 201
- Annex 7 – Local Link services 342
- Annex 8 – Consequences of bus service changes
- Annex 9 – De-minimis journeys
- Annex 10 – Passenger data