

CABINET	AGENDA ITEM No. 4
1 JULY 2013	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Cereste, Leader of the Council and Cabinet Member for Growth, Strategic Planning, Housing, Economic Development and Business Engagement	
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PASSENGER TRANSPORT SUBSIDISED SERVICES

R E C O M M E N D A T I O N S	
FROM: Mark Speed Transport and Infrastructure Planning Manager	Deadline date: 1 st July 2013
Cabinet is recommended to:	
<ul style="list-style-type: none"> • Continue to fund the existing Demand Responsive Transport services at current levels of subsidy of £180,000 and to increase the investment in Demand Responsive Transport Services; • Invest £220,000 in expanding the Demand Responsive Transport service available to residents in Peterborough; • Reduce the Voluntary Partnership Agreement funding with Stagecoach to £200,000; • Invest any savings below the £220,000 budgeted for the expanded Demand Responsive Transport service into additional evening services provided within the Voluntary Partnership Agreement; • Discontinue all the funding for Local Link services; • Discontinue all the funding to some daytime services on the Kimes 9 service; • Discontinue all funding to some daytime services on Stagecoach route 24; • Discontinue all funding to Sunday services on Stagecoach route 37; and • Discontinue all funding for the Luxecabs service. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following the Full Council decision on 6 March 2013 to reduce the budget for passenger transport subsidised services from approximately £1,100,000 to an indicative budget figure of £600,000 in the Medium Term Financial Strategy.
- 1.2 Following an independent assessment and subsequent discussions with current service providers it was determined that the cost of maintaining these services could increase by up to £800,000. This means the Council would need to spend at least £1,900,000 to maintain the existing level of subsidised passenger services.

This means that an approximate reduction of £1,300,000 is required to ensure that the budgetary target set by Full Council is met.

1.3 The Local Link bus service contracts were due to expire in March 2013 but have been extended whilst a review of new provision has been carried out. These contracts will terminate on the 30 September 2013.

1.4 A cross party advisory group was set up to review the current passenger transport services, and make recommendations to Cabinet regarding future subsidised service provision. After consideration of a range of options to provide subsidised services the cross party group made recommendation to reduce the indicative budget to £780,000.

The cross party advisory group therefore, asked that an officer make the final recommendation to the Cabinet to meet the requirement of a service provision that will meet the indicative budgetary requirement of £600,000.

2. PURPOSE AND REASON FOR REPORT

2.1 Cabinet is asked to:

- consider the recommendation outlined in this report; and
- note that only 9% of services, (those which are subsidised by the Council) are affected by the recommendations within this report; and
- resolve which passenger transport services should continue to be subsidised and to what level within the agreed indicative budgetary provision of £600,000.

This report is for Cabinet to consider under its Terms of Reference No. 3.2.8 to be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit.

3. TIMESCALE

3.1 Cabinet is asked to make a decision at the Cabinet meeting on the 1st of July 2013 regarding which passenger transport services should continue to be subsidised within the agreed budgetary provision of £600,000 to allow the new subsidised services to be procured and in place by 1 October 2013.

4. PASSENGER TRANSPORT SUBSIDISED SERVICES BACKGROUND

4.1 Passenger Transport Provision in Peterborough

The Cabinet is asked to note that approximately 91% of the public transport provision in Peterborough is run on a commercial basis.

This means that approximately 9% of the public transport provision in Peterborough is subsidised by the Council as it is not commercially viable (see section 4.2).

Therefore it is only this 9% of services (which are subsidised by the Council) that are affected by the budget changes agreed at Full Council.

4.2 Subsidised Services

There are areas in Peterborough where it is not considered commercially viable to operate a service. This is because there is not the demand (passengers who would use the service) to make it viable for an operator to run a service. This means the cost of running the service would be higher than income generated from the service.

There are also certain times of day when it is not commercially viable to run a service, when fewer people are travelling.

Outside of London, bus services were deregulated in the 1980s, with the vast majority of routes now operated by private companies.

The Council has a duty to determine what service gaps there are (locations or times) and to act accordingly in order to ensure it carries out the legal duty as set out in 8.1 of this report.

The most common way to achieve this is to enter into an agreement with a transport operator and provide a payment (subsidy) to compensate for the gap between the cost of running a service and the income necessary to make it a commercially viable service. The most common types of subsidy are as follows:

- diverting the route of an existing service
- increasing the operating times of an existing service
- providing a completely new service

4.3 Current Passenger Transport Services Subsidised by the Council

The services that are currently subsidised by the Council are as follows:

- Local Link (all services)
- Stagecoach Voluntary Partnership Agreement (VPA)
 - Citi evening services from 20.30 Monday – Saturday and from 17.30 Sundays and Bank Holidays
 - Some daytime services on route 24
 - Sunday services on route 37
- Demand Responsive Services (Community Link, Rural Dial a Ride, Call Connect, Royal Voluntary Service)
- Luxecabs 342 (all services)
- Kimes 9 (some daytime services)

Please see Annex 1 for a description of current passenger transport services subsidised by the Council.

5. CONSULTATION

5.1 The following consultation has taken place:

1. **The Medium Term Financial Strategy Consultation Document** outlined the services at risk because of the reduction in the budget to £600,000 for passenger transport subsidised services.

Outcome: Medium Term Financial Strategy budget of £600,000 for passenger transport subsidised services was approved at Full Council on the 6 March 2013.

2. **The Medium Term Financial Strategy Consultation** covered a wide range of organisations, special interest groups and meetings including a joint Neighbourhood Committee and Scrutiny Committees.

Outcome: The Medium Term Financial Strategy was approved on the 6 March 2013.

3. **All City Council Councillors** were written to, and offered a bespoke session, to discuss which services within Peterborough, and specifically their ward, were at risk as part of this review of subsidised services.

Outcome: Meetings held with all Councillors who requested a bespoke session.

4. **The Scrutiny Commission for Rural Communities** requested and received a presentation on services that operated in rural Peterborough and which subsidised services were at risk on the 26 March 2013.

Outcome: Please see Annex 2, Minutes of a Meeting of the Scrutiny Commission for Rural Communities on the 26th March 2013

5. **Transport Forum** (open to the public) and organised by Peterborough Environment City Trust was held at the John Clare Theatre on the 19 February 2013. Officers gave a presentation and a discussion took place regarding the subsidised passenger transport review.

Outcome: An open discussion took place discussing the positive contribution that subsidised services made to Peterborough and a general consensus was that reducing the budget available to passenger transport services was undesirable.

6. **A Cross Party Advisory Group** was set up to discuss the review and to make recommendations regarding which subsidised services should continue to receive funding within the agreed budgetary provision of £600,000. The group met on the following dates:

- 13 May 2013
- 20 May 2013
- 21 May 2013
- 29 May 2013

Outcome: The group held a series of meetings and considered the following issues and information:

- Equality Impact Assessments for all service options
- Bus Service Review for Local Link services
- Current and projected costs to retain current provision of services
- Presentations from:
 - Stagecoach (all their subsidised services)
 - Atkins (Equality Impact Assessments and Bus Service Review for Local Link services)
 - Centrebus (Kimes 9)
- Support and advice from Passenger Focus

The group recommended areas where savings could be made. However, they requested that Cabinet be informed that this decision was difficult as they recognised the importance and benefits associated with all of the services subsidised by the Council.

The recommendations made by the Cross Party Advisory Group are shown in Annex 3.

6. COMMUNICATION PLAN

- 6.1 A communication plan will be developed with support from Passenger Focus. This will communicate to affected passengers and the wider public the changes to the subsidised services that will take place and what alternative services are available.

7. ANTICIPATED OUTCOMES

- 7.1 The decision on which subsidised services will receive funding will be made by Cabinet and followed by the relevant procurement and contract awards required to enact that decision to ensure the new services are operating by the 1 October 2013.

8. REASONS FOR RECOMMENDATIONS

8.1 Legal Duty

As a unitary authority, Peterborough City Council has a legal responsibility when it comes to public transport services. Section 63 (1) (a) of the Transport Act 1985 applies as follows:

“...to secure the provision of such public transport services as the council consider it appropriate to secure to meet any public transport requirements...which would not in their view be met apart from any action taken by them for that purpose”

The Council is required to consider the findings of the Equality Impact Assessments when making the decision on passenger transport subsidised services.

8.2 Assessment of Need

Following consultation and the equalities analysis the following conclusions were drawn regarding the need for subsidised passenger transport services:

- access is required to essential services such as education, employment, healthcare, healthy affordable food shops, leisure and social activities outside the normal operating times of the commercial services;
- People need to access public transport in areas that have no commercial bus services; and
- People need to access specialist demand responsive transport services because they are physically unable to access regular public transport services.

8.3 Equality Impact Assessment

The Equality Act 2010 (EA) enacts a public sector equality duty (PSED) which requires that in the exercise of its functions the Council must have due regard **to** the need to eliminate unlawful discrimination, harassment and victimisation and advance equality of opportunity and foster good relations between different groups and in particular those groups with protected characteristics.

A full list of the ‘protected characteristics’ including age, disability, gender and race are set out in Annex 4.

Having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people
- Encouraging people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low

The recommendations in this report have been made following the consideration of the outcomes of the Equality Impact Assessments carried out on those passenger transport services subsidised by the Council. (See section 12, background documents listed in this report).

Table 5 below, summarises the number of passengers that the services carried in the year 2011/12, the impacts of discontinuing these services and what mitigations are available to reduce the impact on protected groups.

Table 5 Equality Impact Assessment Summary

Service	Service area	Passenger numbers (2011/12)	Impacts	Mitigation
Stagecoach VPA (evening)	Urban area	240,000 p.a.	<ul style="list-style-type: none"> ○ No alternative public transport ○ Many areas served are within the 20% most deprived nationally in terms of income ○ High proportion of young people ○ Large number of females under 25 travelling for work purposes ○ High number of black and minority ethnic passengers 	<ul style="list-style-type: none"> ○ Consult with employers, adult college etc as well as passengers over the changes ○ Develop workplace and community travel plans
Stagecoach VPA (24 and 37)	Queensgate to Lynchwood (24) and Peterborough to Spalding (37)	Unknown	<ul style="list-style-type: none"> ○ 24: High number of users are aged over 65 and travelling for shopping and leisure purposes ○ 24: Impact on shift workers, especially for Lynchwood ○ 37: Lack of public transport alternative on a Sunday ○ 37: Majority of trips were undertaken for leisure and shopping purposes 	<ul style="list-style-type: none"> ○ Information on new service is shared with passengers and businesses at Lynchwood (24) ○ 37: Very small subsidy so majority of service should be retained ○ Development of workplace and community travel plans
Kimes 9	Stamford to Peterborough	Unknown	<ul style="list-style-type: none"> ○ Majority of trips are for commuting and education (the Kings School) ○ The villages served have no other alternative at these times 	<ul style="list-style-type: none"> ○ Consultation with passengers and Kings School/pupils ○ Consultation with Kimes to discuss continued service provision without subsidy ○ Development of workplace and community travel plans
Local Link	Urban and rural	360,000	<ul style="list-style-type: none"> ○ Loss of connectivity between areas ○ Complete loss of services in certain areas (Fengate and some rural villages) ○ Further distance to walk to access alternative public transport 	<ul style="list-style-type: none"> ○ Backfill loss of service in all affected rural areas and possibly Fengate ○ Infrastructure improvements, where appropriate, to improve accessibility to alternative bus stops ○ Promote demand responsive transport for anyone unable to access public transport ○ Information on loss of services is shared with passengers and

				organisations
Luxecabs	Thorney only	1,115 p.a.	<ul style="list-style-type: none"> ○ No direct service between Thorney and Whittlesey ○ All passengers are over 65 and have a disability/mobility impairment 	<ul style="list-style-type: none"> ○ Can still access Whittlesey although have to interchange in Peterborough ○ Passengers have regular buses into Peterborough and also demand responsive transport into Peterborough for anyone unable to access the bus service ○ Make sure information on service withdrawal is communicated with passengers/residents

8.4 Rationale for Subsidised Services Recommendation

Following the analysis of the existing subsidised services and assessment of the impact of each service the following conclusions may be drawn:

8.4.1 Current Demand Responsive Services

Demand Responsive Transport Services are those services designed to be called upon by service users 'on demand'. They are user-oriented forms of public transport characterised by flexible routing and scheduling of vehicles operating between pick-up and drop-off locations according to passengers needs.

The service allows users to contact the booking office and request a bus to meet them at a 'meeting point' in the same manner booking a taxi. Meeting points are usually public places, such as health centres and leisure facilities as well as all existing bus stops.

Timetabled services are expensive and are a non targeted means of providing subsidised transport. Timetable services operate whether there is a demand for transport or not. Therefore funding can be spent on running services that little or no members of the public want or use.

A Demand Responsive Transport service is more likely to mitigate the worst impacts highlighted within the Equality Impact Assessments of losing services within Peterborough. Targeting the funding directly to where there is a need for transport is a more efficient way of spending funding when budgetary constraints, as highlighted in the Medium Term Financial Strategy, are required.

Those areas that have no timetabled service would have access to the current demand responsive services or the new extended demand responsive service.

Those that cannot access an alternative service due to age or disability do have the option of a Demand Responsive Transport service.

Call Connect

This service operates where no other service is available and therefore there is no practical means of mitigating the worst of the impacts of losing this service. It is therefore recommended that this service will be retained.

Community Link

This service operates to transport people who are unable to use other forms of public transport and there is no other public transport option available to transport the members of

the public that use these services. It is therefore recommended that this service will be retained.

Octane

This service operates to transport people who are unable to use other forms of public transport and there is no other public transport option available to transport the members of the public that use these services. This service operates on a non profit making basis and therefore provides excellent value for money to the Council. It is therefore recommended that this service will be retained.

Royal Voluntary Service

This service offers excellent value for money to the Council transporting vulnerable people, who cannot use public transport, directly to essential amenities. It is therefore recommended that this service will be retained.

8.4.2 Voluntary Partnership Agreement Evening Services

The Council could not mitigate the impacts caused by the loss of all evening services as there are no alternative public transport services operating during these times. It is therefore recommended that the majority of evening services will be retained.

There will, however, be a reduction in evening services leading to an increased impact on those groups listed at table 5, by requiring that passengers may need to walk further to their nearest service.

8.4.3 Extended Demand Responsive Transport Service

An extension of Demand Responsive Transport services is more likely to mitigate the worst impacts highlighted within the Equality Impact Assessments of losing Local Link services within Peterborough. Targeting the funding directly to where there is a need for transport is a more efficient way of spending funding when budgetary constraints as highlighted in the Medium Term Transport Strategy are required.

Although it is recognised that Demand Responsive Transport services will not be able to meet all the travel requirements of all current Local Link passengers, this recommendation does ensure that at least a service is available to the public within Peterborough. In particular, priority will be given to villages currently served by a Local Link service. These are

- Peakirk
- Milking Nook
- Newborough
- Maxey
- Eton
- Ashton
- Ufford
- Thornhaugh
- Wothorpe
- Marholm

All other villages are served by a commercial service.

Through the procurement process the Council will endeavour to guarantee AM and PM services for workers and school children. In addition, the Council will attempt to secure peak time journeys from the city centre to Fengate and Eastern Industries.

8.5 Rationale for Recommendation to Discontinue or Reduce Service Subsidy

Kimes 9

The Council subsidises 7 out of 27 journeys carried out by the Kimes 9 service. Therefore there are still 20 journeys that remain that receive no subsidy from the Council and therefore a level of service would be likely to be retained. It is recommended that the subsidy be removed from this service.

The majority of users affected by this reduction are schoolchildren and commuters.

The two buses that are being used by schoolchildren, to travel to Kings School, and by other residents for travelling for a variety of reasons were shown to be full during the on bus surveys carried out for the Equality Impact Assessments and therefore these services should continue as they do not appear to require a subsidy.

Luxecabs

The service provided by Luxecabs to take residents from Thorney to Whittlesey is operating in an area where they could access other Demand Responsive Services that could transport them to Peterborough and therefore an alternative is available. It is therefore recommended that the subsidy be removed from this service. Users that are affected are over the age of 65 many of whom have disabilities or impaired mobility. It is considered that the existing Demand Responsive Transport will mitigate the impact.

Voluntary Partnership Agreement Stagecoach Evening Services

A reduction of the subsidy available to night time and evening services would result in a minimal reduction in services and most utility would be retained, as set out in 8.4.2 above.

Voluntary Partnership Agreement Stagecoach Evening Services

Funding for services 24 and 37 will be discontinued although it is considered that as a loss of subsidy will probably lead to a reduction in the number of journeys operated. It is felt that some level of service would be retained.

It is therefore recommended that the subsidy be removed from this service.

The majority of users affected by service 24 are users aged over 65 for shopping and leisure purposes and shift workers for Lynchwood. The impact will be mitigated by alternative journey times, although they may be less frequent.

The subsidised service 37 runs on Sundays and there could be a partial loss of service. The majority of users affected by service 37 are users aged over 65 for shopping and leisure purposes.

Local Link Services

The majority of current Local Link passengers access these services in the urban area where they have an alternative commercial service within walking distance of their homes.

However, as Local Link services are the only timetabled bus service in Eastern Industry, Fengate and the following rural areas, there will be a significant impact that will need to be mitigated by the investment in alternative and new Demand Responsive Transport services.

Although it is recognised that Demand Responsive Transport services will not be able to meet all the travel requirements of all current Local Link passengers, this recommendation does ensure that at least a service is available to the public within Peterborough. In particular, priority will be given to villages currently served by a Local Link service. These are

- Peakirk
- Milking Nook
- Newborough

- Maxey
- Etton
- Ashton
- Ufford
- Thornhaugh
- Wothorpe
- Marholm

All other villages are served by a commercial service.

Through the procurement process the Council will endeavour to guarantee AM and PM services for workers and school children. In addition, the Council will attempt to secure peak time journeys from the city centre to Fengate and Eastern Industries.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 The following alternatives were considered when making the recommendation outlined in this report:

1. Continuing with the existing service has been considered, however this was ruled out, as the budget for passenger transport subsidised services set out in the Medium Term Financial Strategy and agreed by Full Council on 6 March 2013 was insufficient to do so. Market testing was carried out to determine if this option was achievable through efficiencies provided by re-procuring services and the results categorically ruled this option out. Instead of an existing budget of £1,100,000, a budget up to £1,900,000 would be required to maintain the current service.
2. All of the subsidised services were reviewed and different scenarios and options of which services to retain have been considered within this exercise. The findings of the Equality Impact Assessments were considered and the alternative service options were deemed to offer a reduced potential for mitigating the affects of reducing the overall service provision.

Please note that although the other options were deemed to be less attractive than the option recommended in this report; there are other service options that will be appropriate for consideration if the procurement process is unable to deliver this recommended preferred option. (See section 11.2, risk, of this report)

3. The advice from cross party advisory group (see consultation section 5.1) has been considered. This option has been ruled out, as it exceeds the budget available for passenger transport subsidised services as set out in the Medium Term Financial Strategy.
4. To subsidise none of the current services provided by the Council was considered however this was ruled out following the impacts identified in the Equality Impact Assessments.

10. IMPLICATIONS

10.1 Corporate Priorities: Environment Capital

As there will be fewer passenger transport subsidised services there is likely to be an impact on the number of people who will have to make journeys by other means.

10.2 Discrimination and Equality

Please see section 8.2 for the Equality Impact Assessment Summary.

10.3 Human Resources

There may be a reduction in the number of employees within the organisations that currently provide subsidised services on behalf of the Council.

11. RISK

11.1 Mitigation of the Affects of Reducing Subsidised Transport Service

The Equality Impacts Assessments evaluate the risk of losing services and recommend mitigation measures. The Equality Impact Assessments have been reviewed and the results and understanding of the impacts on protected groups have informed the recommendation as outlined in this report, and set out in section 8.

The Cabinet is asked to note that the recommendation will ensure that the services provided represent the best solution within budgetary constraints. However the new service provision will not accommodate all the journeys that have been undertaken by the existing service that would cost an approximate £1,900,000. In particular an expanded Demand Responsive Transport service cannot guarantee that all journeys requested by the public will be accommodated. During the procurement process officers will endeavour to negotiate with potential operators to provide a solution that will guarantee a level of service that will accommodate as much of the demand as possible.

11.2 Procurement

The Cabinet is asked to note that any decision to expand the Demand Responsive Transport service will require a procurement process to be carried out whereby the operators will be asked to consider the service requirements and submit a price for operating such service.

It is possible that no service provider may bid to carry out the service as recommended in this report. If a provider does submit a bid to carry out the service, there is no guarantee that the option submitted by an operator to carry out the expanded Demand Responsive Transport service will be affordable within the budgetary restraints outlined in the recommendation of this report.

The procurement documents have been written to allow flexibility in the solutions providers can submit in order to provide a service in those areas that have been covered by the existing Local Link services. The documents have also stipulated a price range with a maximum available budget to try and mitigate this risk.

12. BACKGROUND DOCUMENTS

12.1 The documents listed below were examined and considered during the review of passenger transport subsidised services:

- Peterborough Supported Bus Network Review. Produced by Atkins
- Equality Impact Assessment – Summary Report. Produced by Atkins
- Equality Impact Assessment: Luxecabs. Produced by Atkins
- Equality Impact Assessment: Kimes Route 9. Produced by Atkins
- Equality Impact Assessment: Stagecoach Voluntary Partnership Agreement. Produced by Atkins
- Equality Impact Assessment: Local Link. Produced by Atkins

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