

<b>SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 9</b>
<b>13 JANUARY 2015</b>	<b>Public Report</b>

## Report of the Executive Director of

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## REPORT ON THE IMPACT OF SUBSIDISED BUS SERVICE CUTS

### 1. PURPOSE

- 1.1 This report has been requested by the Sustainable Growth and Environment Capital Scrutiny Committee and outlines the impact of subsidised bus service cuts, following the changes implemented on 1<sup>st</sup> October 2013. It presents a comparison regarding certain key performance indicators (KPIs), and sets out potential further steps as part of an ongoing review process.

### 2. RECOMMENDATIONS

- 2.1 The Committee is asked to note the content of the report and make comments and observations they may have to the officer who will attend the meeting of the Committee on 13<sup>th</sup> January 2015.

### 3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 Passenger transport services contribute to three of the priorities in the Sustainable Community Strategy:
- Creating opportunities – tackling inequalities by improving access to health, skills, education as well as supporting vulnerable people
  - Creating the UK's environment capital by making Peterborough cleaner and greener as well as increasing the use of sustainable transport
  - Delivering substantial and truly sustainable growth by improving sustainable neighbourhood centres, increasing economic prosperity, building the sustainable infrastructure of the future and creating better places to live.

### 4. BACKGROUND

- 4.1 The majority of bus services in Peterborough are run on a commercial basis and therefore were not part of the changes to service that occurred on 1<sup>st</sup> October 2013, as a result of changes to the passenger transport subsidised services budget. This is because commercially run services receive no subsidy from the council.

The services that were subsidised by the Council up to 30<sup>th</sup> September 2013, and were part of the service review, were 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 / Centrebus 9 (some daytime services)

A budget reduction for passenger transport subsidised services from £1.1m to £600k was agreed at Full Council in March 2013.

The contracts for the Local Link services were due to end on the 31<sup>st</sup> March 2013, however they were extended to 30<sup>th</sup> September 2013 to allow a service review, (including equality impact assessments) to be undertaken to assess the best way forward with regards to changing the passenger transport subsidised services to meet the budgetary requirements.

An independent assessment and subsequent discussions with the previous service provider of the Local Link services led to the understanding that the cost to maintain those services could increase by up to £800,000. Overall this meant that it would have cost approximately £1.9m to subsidise all of the services outlined in section 4.2 of this report. A saving of £1.3m, in real terms, was therefore required to meet the budget for passenger transport subsidised services as set by the Full Council in March 2013.

As a result of the service review the following subsidises were withdrawn for services that operated in Peterborough:

- All subsidy, which funded some journeys on the Kimes / Centrebus 9
- All subsidy, which funded some journeys on Stagecoach 24 service during daytime
- All subsidy, which funded some journeys on Stagecoach 37 service on a Sunday
- Luxecabs 342
- All Local Link services

The result of these changes are outlined in the next section of this report, however the services that have now been subsidised means that everywhere in the city has access to either a demand responsive service, for which you need to ring up and book, or a timetabled service.

#### 4.2 **Stagecoach 24, 37 and Kimes / Centrebus 9**

The Stagecoach 24, 37 and Kimes / Centrebus 9 services are currently running similar services as before the subsidy was withdrawn. There have been timetable changes on the 24 and 37 to reflect operating conditions, and Centrebus have withdrawn one later journey on the 9.

#### 4.3 **Local Link and Luxecabs 342**

All Local Link routes ceased to operate on 1<sup>st</sup> October 2013. This included the Local Link 401, 401A, 404, 406, 407, 408, 410, 411 and 413.

The Luxecabs 342 service ceased operating on 1<sup>st</sup> October 2013. The 342 only operated once a week in Thorney and those residents continue to have both alternative timetabled and demand responsive services available to them.

There were no other reductions in services at this time or since.

The map showing the majority of the former Local Link routes is included in Appendix 1

#### 4.4 **Demand Responsive Services in Rural Areas**

As a result of the review, subsidies for demand responsive services operating in the rural areas of Peterborough remained unchanged. The Call Connect and the Rural Dial-a-Ride service operate the same service provision as before the changes on 1<sup>st</sup> October 2013.

The only exception is that following customer feedback, Call Connect has been operating on

Sundays in November and December during 2013 and 2014 as special enhancements (the service operates Mondays to Saturdays).

#### 4.5 **New service: Stagecoach 20**

Introduced on 1<sup>st</sup> October 2013 the Stagecoach 20, serves the following areas:

1. Fletton
2. Stanground
3. Serpentine Green
4. The Ortons

#### 4.6 **New service: Stagecoach 21**

Introduced on 1<sup>st</sup> October 2013 the Stagecoach 21, serves the following areas:

1. Fengate
2. Newark
3. Parnwell
4. Dogsthorpe

#### 4.7 **New service: Stagecoach 22**

Introduced on 1<sup>st</sup> October 2013 the Stagecoach 22, serves the following areas:

1. Maxey
2. Etton
3. Glington
4. Peakirk
5. Milking Nook
6. Newborough
7. Werrington
8. Gunthorpe
9. Walton

A map showing the new 20, 21 and 22 routes is included in Appendix 2

## 5. **KEY ISSUES**

In order to provide a comparison between the former and current supported service, there are a number of key indicators that can be used to demonstrate the impact of the changes. Where comparisons are made, figures in relation to the costs that should have been incurred based on the level of service have been included, as the costs that were actually seen during the final year of operation of the Local Link service were below the operating cost level for the service, resulting in them being run at a loss, even after subsidy.

### 5.1 **Cost comparisons**

For the period between October 2012 and September 2013, the Local Link services cost £711.5k to support. This was for approximately 29,666 operating bus hours across a year and gave an effective cost to operate of £23.98 per bus hour and used 12 vehicles to operate.

However, during the review of supported bus services, it was found that Enterprise had been providing the service for less than the market value, and that they could not continue to do this.

The figure reported for operating for year, which included the Centrebus 413 contract, would have been £1.28 million for approximately 29,666 bus hours. The effective cost of operating should therefore have been £43.15 per bus hour and would still have used 12 vehicles to operate. This was excluding any inflationary increases that would be added to the figure.

For the period between October 2013 and September 2014, the Local Link replacement services, operated by Stagecoach as the 20, 21 and 22, has seen a reduction in cost to £222k for the year, for approximately 6,926 bus hours. The effective cost of operating is therefore approximately £32.05 per bus hour.

The tender submission provided by Stagecoach, the current operator of the 20, 21 and 22 service, was the lowest cost submission and represents the best value for money, as it equates to £32.05 per bus hour in comparison with the £43.15 per bus hour if Enterprise continued to provide services to the original service specification.

## **5.2 Passenger number comparisons**

The former Local Link service carried approximately 347,000 passengers across all routes in the final year of operation.

The revised services carried approximately 81,000 passengers in the first year of operation.

Whilst the number carried has decreased significantly, so has the number of supported journeys.

Based on the correctly costed figure for the Enterprise services, the cost of the 347,000 passenger journeys effectively indicated a subsidy of £3.70 per journey undertaken.

This is in comparison with the 81,000 passenger journeys and an effective subsidy of £2.74 per journey undertaken following the introduction of the revised network in October 2013.

However, based on the number of people travelling and the bus operating hours, the figure has stayed very similar. Dividing the total number of passengers, by the total number of bus hours operated, in both cases gives approximately 11.71 passengers travelling per bus hour, if averaged out across all services.

During the full Supported Network Review conducted by Atkins during 2013, it was found that 24% of passengers were using the Local Link services as they had no alternative transport option (whether other bus or other mode of transport). Of the remaining 76%, 24% had other bus services available to use.

The revised network was designed strategically based on an Equality Impact Assessment (EqIA) as a stand-alone network, to best meet the social need requirement, not otherwise fulfilled by the Commercial network. Those residents who have difficulty accessing the revised passenger transport services, have access to the Community Link urban dial-a-ride service.

Presently there is little qualitative data available, however an on-bus survey to further consult and engage with passengers regarding usage of the supported services is planned for the early part of 2015.

The passenger figures are included in Appendix 3.

## **5.3 Concessionary Fares comparisons**

The former Local Link services had approximately 191,000 journeys undertaken using Concessionary Passes. This means that approximately 54.9% of journeys were carried out using a Concessionary Pass.

The revised service had approximately 44,000 journeys undertaken using Concessionary Passes. This means that approximately 54.1% of journeys were carried out using a Concessionary Pass.

The ratio of fare paying passengers to concessionary pass holders has therefore remained fairly constant following the introduction of the revised service.

Whilst the number of Concessionary Pass passengers has declined by around 0.8%, this does not take into account the fact that the age at which residents become eligible for passes has been increasing:

In October 2012, anyone over the age of 61.2 years was eligible to receive their free bus pass. In October 2013, anyone over the age of 61.7 years was eligible to receive their free bus pass. In October 2014, anyone over the age of 62.2 years was eligible to receive their free bus pass.

The results suggest that access to the service by those under the age at which they are eligible to receive passes, or do not qualify for a pass on the basis of disability, remains important.

The Concessionary Fares figures are included in Appendix 3.

#### **5.4 Complaints details**

With regard to the decision to change the Local Link bus services, there was correspondence from over 60 individuals that have been recorded expressing concerns regarding this, and 4 petitions were received also. One petition resulted in a meeting being organised to discuss the issues raised.

Once the service commenced operation, there were 26 complaints about the service (not the change in service) were received over the year. 24 of these went directly to Stagecoach, with 2 being received by Peterborough City Council.

Service 20 – 9 complaints

Service 21 – 4 complaints

Service 22 – 13 complaints (of which 2 were received by the Council initially)

The Complaints details, showing types of complaint, are shown in Appendix 4.

#### **5.5 Commercial Network comparisons**

A major operator within the city has declared that the number of passenger journeys on its Peterborough network has increased between 2012/13 and 2013/14 by 400,000.

They have also commented that the number of journeys undertaken has increased by 50% since the creation of the Citi network in 2004.

This demonstrates that a year on year growth of approximately 4% and shows that Peterborough's commercial passenger transport network is experiencing growth rather than decline.

### **6. IMPLICATIONS**

6.1 This report is providing Councillors with information on the current situation, and as a comparison to situation previously.

## **7. CONSULTATION**

- 7.1 There has been no further, formal consultation since the decision to introduce the revised supported service. An on-bus survey to further consult and engage with passengers regarding usage of the supported services is planned for the early part of 2015.

## **8. NEXT STEPS**

- 8.1 There are no further committees or Cabinet meetings planned at this stage to discuss subsidised bus services. Officers will continue to monitor the services as well as feedback from members and residents. An on-bus survey to further consult and engage with passengers regarding usage of the supported services is planned for the early part of 2015.

## **9. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1
- Atkins – Peterborough Supported Bus Network Review (March 2013) – COMMERCIAL IN CONFIDENCE
  - Information provided from Enterprise / Amey and Stagecoach
  - DfT Guidance on Concessionary Fares

## **10. APPENDICES**

- 10.1
- Appendix 1 – Local Link map (showing the majority of Local Link services)
  - Appendix 2 – Stagecoach in Peterborough Bus Network Map (from October 2013) showing the 20, 21 and 22 services in grey, in addition to other services.
  - Appendix 3 (i) – Passenger Numbers for Local Link Services
  - Appendix 3 (ii) – Passenger Numbers for Stagecoach 20, 21 and 22 services
  - Appendix 3 (iii) – Bus Hours comparison details
  - Appendix 3 (iv) – Passengers per Bus Hour
  - Appendix 4 – Complaints regarding the 20, 21 and 22 service since October 2014