

<b>ENVIRONMENT CAPITAL SCRUTINY</b>	<b>Agenda Item No. 6</b>
<b>17 SEPTEMBER 2009</b>	<b>Public Report</b>

## **Report of the Executive Director of Operations**

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### **REVIEW OF SUBSIDISED BUS SERVICES**

#### **1. PURPOSE**

- 1.1 This report is being presented at the request of the Environmental Capital Scrutiny Committee to enable them to consider and comment on the outcome of the review of subsidised bus services.

#### **2. RECOMMENDATIONS**

- 2.1 This report provides the background and detail of the review of bus services to provide information on which to base the following recommendations:

- (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 £xx 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) consider allocating 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) consider allocating 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.

#### **3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT**

- 3.1 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*.

- 3.2 In addition, this report helps to achieve the following national indicators:

- NI175 Access to services by public transport, walking and cycling
- NI177 Local bus passenger journeys
- NI185 CO<sub>2</sub> reduction from local authority operations
- NI198 Children travelling to school – mode of travel usually used

## **4. BACKGROUND**

- 4.1 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 secure to meet any public transport requirements which would not otherwise be met commercially.
- 4.2 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 CO<sub>2</sub> emissions.
- 4.3 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.
- 4.4 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 as 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.
- 4.5 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.

## **5. KEY ISSUES**

### **Review of bus services**

- 5.1 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.
- 5.2 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:

Options A and B – provide a Call Connect could operate six days a week from 7 am to 7 pm  
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.

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.

- 5.3 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

### Efficiency savings

- 5.4 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.
- 5.5 PCS have 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.
- 5.6 It is estimated an overall saving of £131,670k can be achieved in a whole financial year.

	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
<b>TOTALS</b>	<b>103,290</b>	<b>112,700</b>	<b>385,990</b>	<b>254,320</b>
<b>TOTAL SAVING</b>	<b>(£9,410)</b>		<b>£131,670</b>	

*Table 1: Summary of efficiency savings*

The above table are conservative estimates. City Services have further work to identify savings and costs be negotiating with lease companies etc.

### Timescales

- 5.7 All bus service changes need to be registered with the Traffic Commissioner 56 days prior to the start of the new or revised service.
- 5.8 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.

- 5.9 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.

### **Alternative options**

- 5.10 The following alternative options have been considered and rejected:

- 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.

### **Issues for consideration**

- 5.11 The committee are asked to consider the following key issues:

Consider allocating 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 £15,000, however further clarification is required from City Services.

Consider allocating funding to expand the recommended Monday to Saturday Call Connect service to operate on Sundays. The additional cost is currently being sought from Lincolnshire County Council, however a conservative estimate is £20,000.

## **6. IMPLICATIONS**

**Financial** – The review of bus services will provide improved services to members of the public as well as realising some cost efficiencies for the council.

**Legal** – Agreement to review and subsequently change bus services has been reached between the two departments and is in accordance with the Service Level Agreement. The contract with Paul James Coaches allows for early termination of the route.

**Human Resources** – PCS have already commenced initial consultation with staff and will commence statutory consultation once approval is given to proceed with the recommendations above.

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

**LAA targets** – This review links to three Local Area Agreement targets:

- NI175 – Access to services by sustainable transport
- NI177 – Bus passenger journeys in the local authority area
- NI185 CO<sub>2</sub> reduction from local authority operations

## **7. CONSULTATION**

- 7.1 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.
- 7.2 A draft Cabinet Member Decision Notice was prepared early May with a view to alerting all Ward Councillors of these proposals and recommendations. However, due to the changes to Cabinet this has not yet progressed.

## **8. NEXT STEPS**

- 8.1 As stated above the council has a statutory duty to provide such public transport services as it considers appropriate to meet the public transport requirements which would not otherwise be met commercially and to ensure that areas of the authority are not left socially isolation.
- 8.2 The review clearly highlights that a number of services are carrying very few passengers. It is not environmentally or financially efficient to operate buses with such low numbers. This review therefore recommends that community transport, ie Call Connect or dial-a-ride type services, are procured to cover those areas that would be left should the council cease to operate the journeys as stated.
- 8.3 As stated above, a number commercially operated services now cover the routes of some Local Link services. It is proposed to cease operation of these journeys without providing replacement services – these are detailed in blue in Annex 8. There are also four journeys detailed in cerise in Annex 8 that will not be covered by the proposed changes due to the very low passenger carried.

## **9. BACKGROUND DOCUMENTS**

None.

## **10. 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

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