

CABINET	AGENDA ITEM No. 5
3 DECEMBER 2018	SUPPLEMENTARY PUBLIC REPORT

Report of:	Peter Carpenter – Interim Director of Corporate Resources Annette Joyce – Service Director - Environment and Economy	
Cabinet Member(s) responsible:	Cllr Peter Hiller, Cabinet Member for Growth, Planning, Housing and Economic Development & Environment Capital	
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BUS SUBSIDY REVIEW AND SAVINGS – SUPPLEMENTARY REPORT TO MTFS

ADDITIONAL RECOMMENDATION	
FROM: Annette Joyce	Deadline date: N/A
It is recommended that Cabinet approve the proposed methodology for reviewing the Bus Subsidy in order to achieve savings of £150,000 as put forward in the Council’s tranche II savings proposals.	

1. ORIGIN OF REPORT

This is a **SUPPLEMENTARY REPORT** to the MTFS report and comes to the Cabinet to help underpin the Council’s formal budget process as per the legislative requirements to set a balanced and sustainable budget for 2019/20 – 2021/22.

2. PURPOSE AND REASON FOR REPORT

2.1 To describe and seek approval to progressing a review of Bus Subsidy in order to achieve funding reductions.

2.2 This report comes to Cabinet as part of the council’s formal budget setting process following consideration by the Joint Meeting of the Scrutiny Committees on 28 November 2018.

2.3 *How does this report link to the Corporate Priorities?*
As per the legislative requirements to set a balanced and sustainable budget for 2019/20 – 2021/22.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 Background

The current Peterborough City Council Transport (Bus Subsidy) budgets are £3,715,000. Most of this (£3,000,000) is statutory reimbursement of concessionary fares with the balance funding 60s Services, Evening Citi Services and on demand services (Call Connect and Community Link).

As part of tranche two of the Council's 2019/20 budget setting process an option to reduce this budget by £150,000 was put forward for consultation. Specifically, Cabinet have asked officers to identify options for achieving this reduction, in consultation with Group representatives, without impacting 'demand responsive' services (i.e. Call Connect and Community Link). Instead to consider the £520,000 budget for the 60s services and the evening services that the Council supports on Stagecoach's Citi network.

In particular it was noted that £104,000 of additional investment into the 60s services made in 2017 did not result in a significant increase in user numbers (7077 additional journeys from the average between 2014-2016 – equivalent to 10 return journeys per day). These additional journeys were therefore costing £14.69 per additional journey which Cabinet did not believe represented value for money. It was therefore the 60s services where most of the proposed savings were to be sought with the balance to be found from the 60s service or a timetable redesign of lower used Citi Evening Services.

The majority of the city's Passenger Transport Services are provided on a commercial basis by bus operators. This means that they operate without financial support and have the commercial freedom to decide their own routes, vehicles and infrastructure, timetables and fare structures. To put this into context, Stagecoach reported to the Department for Transport that 8.8m bus journeys were undertaken in 2017/18, which when grossed up to take account of other smaller operators equates to approximately 10.1m commercial bus journeys. As approximately 300,000 journeys are supported by bus subsidy, this means that approximately 3% of journeys operate with subsidy from the Council.

In line with delegated powers passed to the Council, currently extending to the 31st of March 2019 from the Cambridgeshire and Peterborough Combined Authority, the Council support some passenger transport services, informed by a Cross Party working Group in 2013. The Combined Authority have commissioned a 'Strategic Bus Review' which the Council is supporting in terms of data provision etc. the output of which is expected by the end of 2018.

Summary of services:

Stagecoach 60s services - These services replaced some of the old 'Local Link' services in 2013 and were specifically designed to provide a bus service to those people who, due to location, are not served by a commercial bus service. In spring 2015 a working group was established to consider options to enhance bus provision in the city. The group subsequently agreed to invest an extra £100,000 annually to enhance the services already in place.

The number of passengers using this service for single trips over the last four years is broken down as follows:

Year	No. of trips	Yearly cost	Subsidy per trip*
2014/15	85,666	£216,742	£2.53
2015/16	83,497	£216,475	£2.59
2016/17**	83,265	£271,568	£3.26
2017/18	91,659	£320,549	£3.50

*It should be noted that the Council is responsible for reimbursing the operator for Concessionary Fare passes used on this route which is in addition to the price included in the table.

**The yearly cost for this service increased in 2016/17 following implementation of the working group recommendations part way through the year.

Passenger numbers provided by Stagecoach show that the 48% additional investment has resulted in just a 9.8% increase in the number of trips when comparing the original services (2015/16) to the revised services (2017/18).

Officers have undertaken initial discussions with Stagecoach to explore potential options to reduce the overall subsidy required for these services whilst ensuring that all residents receive at least some level of service provision, albeit potentially on a less frequent basis. As such Stagecoach have presented options which suggest that it would be possible to make amendments to the current services which would result in an annual budget reduction of £162,651. In order to understand the potential impact of these changes a copy of the existing timetable (appendix B) and the proposed changes (appendix C) are included. In summary the changes include:

- Route 60 provides links between the Ortons and Stanground to Hampton Tesco. The proposal is to withdraw service on Saturdays; provide an extra journey at 1539 on Mondays – Fridays.
- Route 61 provides links between the city centre, Eastern Industry and Showcase cinema. It is proposed to: withdraw the service on Saturdays; Withdraw the journey at 05:34; Retain current services between 06:02 and 18:39; Withdraw services after the 18:39 departure.
- Route 62 provides a link between Maxey, Newborough and Peterborough. It also provides a local link in the Paston and Dogsthorpe areas. It is proposed: To withdraw the journey at 05:09; Retain current services between 07:10 and 18:52; Withdraw journeys at 19:55 and 23:15.
- Route 63 links Peterborough city centre, Newark and Parnwell Quays. It is proposed to: Withdraw the service on Saturday; Retain existing journeys on Mondays to Fridays.

Stagecoach Evening and Weekend Services (previously known as the Voluntary Partnership Agreement (VPA)) - This agreement enables Stagecoach to offer an hourly evening and weekend bus service on their Citi network (the Citi network provides approximately 85% of Peterborough’s bus services). Without this support these services would not be commercially viable for Stagecoach to operate. Specifically, the Council supports bus services on routes Citi 1 to Citi 6 after 20:30 on Mondays to Saturdays, and after 17:30 on Sundays and Bank Holidays.

The number of passengers using this service for single trips over the last four years is broken down as follows:

Year	No. of trips	Yearly cost	Subsidy per trip*
2014/15	195,009	£200,000	£1.03
2015/16	172,746	£200,000	£1.16
2016/17	188,127	£200,000	£1.06
2017/18	198,569	**£200,000	£0.99

*It should be noted that the Council is responsible for reimbursing the operator for Concessionary Fare passes used on this route which is in addition to the price included in the table.

** Officers renegotiated this agreement for 2018/19 and have achieved a moderate saving of approximately £14k to £186k annually.

Officers have undertaken initial discussions with Stagecoach to explore potential options to reduce the overall subsidy for these services. At this stage this involves requesting and analysing data from Stagecoach to ascertain, for example, whether any of the routes could now be

considered commercially viable, stopped at an earlier time in the evening, delivered differently to reduce the operating cost. Stagecoach have so far proposed a revised timetable for the Citi 5 Service to provide some savings.

The Council currently supports a number of different demand responsive services. These are:

Demand responsive

Call Connect: Call Connect is a demand responsive service that operates in the rural areas of Peterborough where there is no provision of a regular commercial bus service. This service is operated on our behalf by Lincolnshire County Council and the cost is partly funded by BSOG, so any reduction in service or full withdrawal is only likely to achieve partial savings.

Cabinet decided not to look at this service to achieve Tranche II savings.

Accessible Transport

Community Link: Community link is a demand responsive service which is designed for residents from the urban area who are not able to access commercial services. To access the service individual users need to register as a member and book services as and when required.

Cabinet decided not to look at this service to achieve Tranche II savings.

Rural Dial-a-Ride: The annual cost of this service is currently unknown but a budget of approximately £35k is in place. This is basically the same as the Community Link service but operates across the rural area of the city. The cost of this service is partly covered by our Bus Service Operator Grant (BSOG).

Cabinet decided not to look at this service to achieve Tranche II savings.

Community Car Scheme: This service is operated by Royal Voluntary Service (RVS) from the Senior Stop on Cattle Market Road and uses volunteers to allow residents with accessibility issues to book a 'taxi' style service for appointments etc. Without a small subsidy from the Council it is likely that RVS would withdraw this service.

Cabinet decided not to look at this service to achieve Tranche II savings.

In Summary

With £150,000 of savings sought, Stagecoach have so far proposed revised timetables for the 6Os services that will save in excess of this (it would provide a £162,651 saving if agreed to amend timetable as per their proposal). The cost of operating the Citi Services has already been negotiated down by £14,000 without the need to reduce services.

Cross Party Consultation Group

In order to inform decision making it is necessary to gather more information about who may be affected by any proposed changes. In order to achieve this we propose to:

- Undertake an analysis of the ticket type purchased. This will provide an indication of the likely reason that somebody is travelling i.e. if a 'megarider' is used than it is a reasonable assumption that the passenger needs to undertake a number of trips during the week for work purposes or other commitments.
- Carry out surveys with passengers travelling on timetabled routes where changes are proposed. This will involve officers travelling on these particular services and asking a predetermined set of questions to passengers. It is unlikely that this will result in a large sample size but will add to our understanding of the impact of any changes.

- Work with Stagecoach to obtain and validate a robust data set to ensure all proposals are well informed and therefore the impacts of any changes understood. This will involve data requests to Stagecoach and meetings between them and officers, utilising specialist support as required, in order to validate data. The data requested will include the number of passengers on each timetabled journey,
- Explore other existing contracts to see if there is the opportunity to achieve additional savings without affecting service provision. For example, officers have negotiated a reduction for the current year of £14k from the Stagecoach Evening and Weekend Services. The Council have also been delivering the rural dial-a-ride service in house from the beginning of the 2018/19 year and current expenditure suggests that there may be an overall reduction in the budget required to deliver this service.
- Seek suggestions for other services, routes that could be considered and analysed further to ascertain the potential for change.
- Consider the Review methodology as proposed above
- Provide further information on bus subsidy
- Seek opinions on the service revisions so far proposed by Stagecoach
- Determine what further work is required

A further review meeting will be arranged once survey results and data analysis have been completed to agree the final details of delivering the savings required.

5. CONSULTATION

5.1 There is no requirement for formal consultation in relation to this matter.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 It is anticipated that this report will provide the committee with an overview of the proposed methodology for reviewing the Bus Subsidy.

7. REASON FOR THE RECOMMENDATION

7.1 It is recommended that Cabinet approve the proposed methodology for reviewing the Bus Subsidy in order to achieve savings of £150,000 as put forward in the Council's tranche Two savings proposals.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None

9. IMPLICATIONS

Financial Implications

9.1 If approved the proposed methodology for reviewing the Bus Subsidy will help achieve savings of £150,000 as put forward in the Council's tranche II savings proposals.

Legal Implications

9.2 There are no legal implications arising from this report.

Equalities Implications

9.3 There are no equalities implications arising from this report.

Rural Implications

9.4 There are no rural implications arising from this report.

10. BACKGROUND DOCUMENTS

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

10.1 Medium Term Financial Strategy 2019/20 to 2021/22 – Tranche Two

11. APPENDICES

11.1 None