POLICY BOARD

DATE:  15TH JANUARY 2015

REVIEW OF SUPPORTED BUS SERVICES

Report of the Director of Planning, Economy and Housing

Policy Board Member:  Councillor Ian Swithenbank, Streetcare and Environment

Purpose of report

To agree to undertake a review of County Council Supported Bus Services across Northumberland, with the aim of ensuring services deliver the maximum accessibility from the given budget.

Recommendations

The Policy Board is recommended to agree that:

- a new approach is developed, based on introducing accessibility criteria (rather than only the subsidy per passenger),
- officers work closely with a member task-and-finish group which is established to steer the development of the new approach;
- the proposed new approach as set out in 18 is subject to a full engagement process that ensures service users, communities, parish and town councils, bus operators and other stakeholders are fully informed and engaged in the process and its implications;

Link to Corporate Plan

The report is relevant to the following priorities of the Council’s Corporate Plan 2013-17:

- **Economic Growth** – sustainable transport provides residents with ready access to high-wage and skilled jobs, and helps to encourage and support thriving business.

- **Places and Environment** – sustainable transport enables residents to access services and high quality, affordable homes, and to travel using alternative modes of transport.

- **Stronger Communities and Families** – adequate accessibility is essential for a sense of belonging, and to enable residents to engage with a range of quality community and cultural services and facilities, inspiring creativity and participation.

- **Health and Well Being** – adequate access, especially to healthcare, is key to residents leading healthy, independent lives for as long as possible.
• *Developing the Organisation* – this review aims to deliver excellent services as effectively and efficiently as possible within our limited resources

**Key issues**

The Council has a duty to ensure appropriate public passenger transport is provided but in making its assessment the Council is entitled to take into consideration the funds that it has available.

The current policy to determine which services are supported is based on value for money and uses simple criteria in a range of ‘per head’ subsidies. This policy has not been comprehensively applied and often when implications are fully considered the approach risks cutting services to those in most need which raises significant issues for our remote communities which would be highlighted within the Equality Impact Assessment. The policy therefore needs to be reviewed to ensure the impact on access is assessed and opportunities for other travel options such as community transport are identified.

Alongside the review of subsidised services colleagues in Sustainable Transport will be continuing to pursue best value through integration with home to school transport and effective procurement.
BACKGROUND

Current Provision

5. The supported bus service network has evolved over many years and is broadly based on this legal position set out in Appendix 1.

6. Around 80% of bus service routes, which represent a greater proportion of actual journeys, currently operating in Northumberland are run commercially, i.e. without any NCC input, subsidy or support. This “commercial” network only covers routes that are profitable. The remaining services operating in Northumberland are either fully or partly subsidised by NCC. The subsidised services comprise 51 routes or parts of routes that cover mainly rural but also some urban areas. They include instances of services on particular routes running commercially at popular/peak times, but where support is given to maintain journeys at other times. They also include support the County Council gives to key tourist services that help boost the local economy and safeguard the environment by ensuring that people can visit notable locations without needing a car. All commercial and supported routes are shown on Map 1 overleaf.

7. The funding for services is made up of the following

<table>
<thead>
<tr>
<th>Income and Expenditure</th>
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<tbody>
<tr>
<td>Supported Bus Services Gross Expenditure</td>
<td>£2.4m</td>
</tr>
<tr>
<td>BSOG Bus Service Grant*</td>
<td>-£484k</td>
</tr>
<tr>
<td>Bus Fares, Concessionary fares and other sundry income</td>
<td>-£212k</td>
</tr>
<tr>
<td>Homes to School recharge for eligible students who travel on supported services</td>
<td>-£755k</td>
</tr>
<tr>
<td>Net Expenditure</td>
<td>£949k</td>
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</tbody>
</table>

*Direct grant form Department of Transport to be spent on supported bus services
Map 1: Bus services that are currently fully or partly subsidised by Northumberland County Council
Current Criteria for support

8. Spending on supported public bus services is a significant element of County Council expenditure totalling £2.4m gross per year. It is therefore important that any support provided does continue to provide value for money but also that this support is targeted at the communities that need it most.

9. The question of how to evaluate which bus services to support was last tackled fully by Members at the then Bus Subsidy Working Group (a Scrutiny Working Group) in 2012. They agreed that the criteria for subsidising bus services should be based on maximum subsidy per passenger and where these figures are exceeded the service concerned should not be provided i.e. it will be withdrawn.

10. The agreed maximum subsidies per passenger were as follows:

- Maximum subsidy of £3.00 per passenger for services where the route is up to 5 miles long
- Maximum subsidy of £4.50 per passenger for services where the route is more than 5 but less than 10 miles long
- Maximum subsidy of £6.00 per passenger for services where the route is 10 or more miles long

The different maximum subsidy levels reflect the fact that buses are more costly to provide, and to subsidise, in rural areas where the routes are longer.

11. This policy was partially implemented but in the face of protests from communities that stood to be affected, some services that do not meet the above criteria have been left running whilst alternative proposals are considered.

12. When renewing supported bus contracts, the application of value for money criteria has thrown up a significant issue. If only value for money (i.e. subsidy per passenger) criteria are used to determine which bus routes should be subsidised then the subsequent loss of service disproportionately affects the county’s most remote rural communities that currently only have a very basic service i.e. perhaps one bus a week. Conversely more connected communities continue to receive support for buses on Friday and Saturday evenings and on Sundays.

13. So, whilst the use of value for money criteria is important, it cannot be used in isolation. The impact on accessibility should have equal importance. On this basis, it is now recommended that the Council no longer applies an approach based solely on a maximum subsidy per passenger journey.

14. Map 2 overleaf illustrated how the bus services network would look if all subsidised services were removed, as illustrated on the map large areas of the west and north of Northumberland are not served by fully commercial services. Rothbury on the other hand looks well served, although it should be noted that the reason for this is that a new small operator has just started up and registered a number of small commercial routes which may be infrequent.
Map 2: Fully Commercial Bus Services currently operating in Northumberland
Suggested Revised Approach

15. It is recommended that a more considered approach is taken that looks at accessibility, integration and procurement to ensure services deliver the maximum accessibility from the given budget.

Impact on Access

16. Using the Corporate Plan priorities for guidance, it is suggested that the following factors need to be considered with regard to assessing the impact on accessibility:

- the production of accessibility maps that identify where there is potentially poor accessibility within the county, based on:
  - the size of the potential main bus-using population (16 – 24 and 65+ year olds);
  - car ownership;
  - access criteria from the Index of Multiple Deprivation which measures distance to the nearest convenience shopping, post office, and doctor’s surgery.
- the prioritisation of key radial routes to market towns, as they provide access to employment and local services for the greatest numbers of residents in rural areas where supported buses run;
- the retention within the more remote rural communities of a minimum of one bus a week and/or access to an alternative such as a car scheme;
- lower funding priority for evening and Sunday services, even if this results in withdrawal;
- the consideration of strategic tourist routes, subject to budget availability and evidence that they contribute to economic growth;
- the scope to provide access to services through other travel options, such as community transport;
- the scope to consider the use of other forms of travel such as taxis and local rail services where appropriate
- the availability of additional and ongoing subsidy from other sources, including parish and town councils, local businesses, tourism providers and other partners.

Best value through the integration of contracts

17. There are three ways in which better value could be obtained by integrating the contracting process for public bus and school bus services:

a. Wherever possible, the times of supported public bus services can be fitted in with school buses, so the same vehicle can be used;
b. Tendering for public and school bus contracts at the same time could give operators greater certainty and may secure lower prices. For example, if public and school bus tendering dates were different, an operator may refrain from tendering from one, or submit higher prices, if they were not sure what other work they had secured
c. Where possible and appropriate, students who receive free school transport can be allocated to supported public bus services rather than given separate transport

**Best value through Procurement**

18. In addition to reviewing the criteria, there is scope to securing best value through our procurement approach. Other councils have adopted new approaches such as e-auctions to make sure costs of subsidised routes are cost effective.

**Steering the review process**

19. This proposed approach obviously embraces a number of complex elements the full implications of which have to be properly assessed, and their effective integration managed. On this basis, it is recommended that a task and finish member group is established to both steer the process and approve the consultation and engagement process.

**Consultation and Engagement**

20. The Council's approach to Supported Bus Services is of significant public interest as it directly impacts upon the ability of residents to access services and employment. The network of parish and town councils also has an important role in developing the routes and potentially contributing to the required subsidy. Potential operators will also need to be engaged throughout the process in order to maximise the level of competition and ensure the appropriate balance is struck between commercial and supported services.

21. To this end, a detailed Consultation and Engagement Strategy will be prepared and a further report with an update on the policy review will be presented to the March/April Policy Board meeting.

**Implications**

<table>
<thead>
<tr>
<th>Policy</th>
<th>Current policy regarding value for money criteria is flawed and would impact on accessibility in our most remote communities. There is a need to have a fundamental review of the policy and criteria regarding which services should be supported</th>
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<tbody>
<tr>
<td>Finance and value for money</td>
<td>The review would maximise services for the available budget</td>
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<tr>
<td>Legal</td>
<td>The Council has to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the County which would not in their view be met apart from any action taken by them for that purpose. However the Council is entitled to take into consideration the funds that it has available.</td>
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**Procurement**
The work will be co-produced between the Policy team and the Public Transport Team. Contracting the services will involve a full EJOU process and require a further 56 days notification to the Transport Commissioners.

**Human Resources**
There will be a significant impact on current workload but co-production between the two teams should maximise the capacity available.

**Property**
N/A

**Equalities**
An EIA has been started and will be further informed by the engagement process.

- Yes
- No
- N/A

**Risk Assessment**
To be completed

**Crime & Disorder**
N/A

**Customer Consideration**
There is significant engagement with Parish Councillors, members, public and users.

**Carbon reduction**
Good public transport will be a key means of the Council delivering on Carbon Reduction

**Wards**
All

**Appendices**

**Appendix 1 The Legal Position**

**Report sign off.**

Authors must ensure that relevant officers and members have agreed the content of the report:

<table>
<thead>
<tr>
<th>Officer/Role</th>
<th>Initials</th>
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<tbody>
<tr>
<td>Finance Officer</td>
<td>AE</td>
</tr>
<tr>
<td>Monitoring Officer/Legal</td>
<td>LH</td>
</tr>
<tr>
<td>Human Resources</td>
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<td>Procurement</td>
<td>TP</td>
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<tr>
<td>I.T.</td>
<td>N/A</td>
</tr>
<tr>
<td>Executive Director</td>
<td>SM</td>
</tr>
<tr>
<td>Portfolio Holder(s)</td>
<td>IS</td>
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Appendix 1

The legal position

1. The Transport Act 1985, Sections 63 and 92, as amended, states the following applicable legislation:

   **Section 63:**
   (1) In each non-metropolitan county of England and Wales it shall be the duty of the county council -
   
   (a) to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the County which would not in their view be met apart from any action taken by them for that purpose;

   (4) For the purpose of securing the provision of any service under subsection 1(a)....... [the] council shall have power to enter into an agreement providing for service subsidies; but their power to do so –

   (a) shall be exercisable only where the service in question would not be provided without subsidy

   **Section 92:**
   (1) An authority responsible for expenditure on public passenger transport services shall, in the exercise and performance of their functions in relation to agreements providing for service subsidies, have regard to the interests of the public and of persons providing public passenger transport services in their area.

2. Previous case law has determined that the Council must secure that appropriate public passenger transport is provided to meet the identified requirements; but in making its assessment the Council is entitled to take into consideration the funds that it has available.

3. Given Section 63, 4(a) of the Transport Act 1985 the Council must adopt a rigorous approach to ensuring subsidy is not being awarded to any services that could run unsupported.

4. The equivalent legislation surrounding the provision of Home to School Transport is covered in sections 508A, 508B, 508C, 508D, 509AD and Schedule 35B of the Education Act 1996, which were inserted by part 6 of the Education and Inspections Act 2006. Under these provisions, the Council must meet its duties to arrange home to school transport for eligible students. Should any supported bus services which carry students entitled to free transport be reduced or removed, the Council would be required by law to find alternative provision for these entitled students.