

MEETING:	CABINET
MEETING DATE:	23 JANUARY 2014
TITLE OF REPORT:	TRANSPORT & TRAVEL REVIEW
REPORT BY:	HEAD OF TRANSPORTATION AND ACCESS

Classification

Open

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

And

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards Affected

County-wide

Purpose

To agree the approach to reducing subsidy and delivering significant savings for passenger transport services over the period 2014/15 and 2015/16.

Recommendation(s)

THAT:

- a) the approach to reducing passenger transport subsidy and securing savings of £1M over the period 2014/15 to 2015/16 including a comprehensive review and re-planning of passenger transport services in an integrated way (including the approach to consultation) as outlined in this report be approved; and**

- b) authority be delegated to the Director of Economy, Communities & Corporate, in consultation with the Cabinet Member for Health and**

Wellbeing, to finalise and implement service changes following the public consultation and contract tendering.

Alternative Options

1. An alternative option would be for the council to provide sufficient funding to continue with current levels of service. However, given the overall budget pressures it is acknowledged that this could only be achieved through cuts to other council services.
2. This report sets out a measured approach to secure savings comprising integration of services, commercialisation of currently supported services and reduction in service frequencies. Consultation carried out in development of the Local Transport Plan supported the principle of maintaining a core network of services providing passenger transport between Hereford and the market towns and larger villages.
3. It is unlikely that all savings will be achieved through efficiencies and therefore withdrawal of some services is also likely to be necessary to deliver the full savings requirement. Options for service reduction have been identified through consultation with users and will inform the service review and prior to determining the final network.

Reasons for Recommendations

4. The recommendations will contribute towards the council's overall plan to set a balanced budget for 2014/15 and will result in further savings in the following financial year.

Key Considerations

5. The Transport and Travel review is considering all aspects of passenger transport in which the council has an involvement. The table below sets out typical annual spend on passenger transport services.

Element	Description	£m (budget)
Education transport	Mainstream home to school transport; special education needs transport; post-16 transport	3.54m
Public transport	Supported local bus services; community transport	1.6m
	Concessionary travel for older and disabled people (free travel on buses after 0930 Monday – Friday and all day at weekends)	1.4m
Social care transport	Transport for adult day care services	0.44m
In-house fleet	Operating vehicle and staff costs	0.6m
Community Transport	Grant provided to support 7 schemes operating countywide	0.18M
	Total	£7.76m

6. A key element of the savings plan is to reduce subsidy of £1M over the period of 2014/15 – 2015/16 through a programme of comprehensive network reviews and transport integration, covering all aspects of passenger transport provision (supported local bus, mainstream school and special educational needs (SEN) transport, and social care transport).

Other Savings

7. Changes to school transport policies are being progressed separately by the Children's Wellbeing service and have been the subject of a separate Cabinet decision in December. As part of the wider network review set out later in this report, discussions will be undertaken with schools about the transport options that might be made available for those pupils who are no longer entitled to free transport.
8. During 2013, the opportunity was taken to review certain local bus service contracts and negotiate changes with operators. With some amendments and reductions in services, together with renegotiation of a number of contracts, savings of £305k (£205k in 2013/14 and £100k in 2014/15) will have been achieved.

Team integration

9. The process of bringing together the teams that deal with education, social care and public transport is complete. The Integrated Passenger Transport Team was established on 1 December 2013 and will provide the capacity and knowledge to undertake the network review and achieve efficiencies through integrated procurement of services.

Refreshing the Transport Operator Framework

10. In readiness for the network review and tendering of repackaged services, the operator framework is being renewed in order to encourage more potential operators to take an interest in running transport services in Herefordshire.

Public transport policy

11. Following public consultation regarding transportation strategies, the Local Transport Plan sets out the council's priorities for the provision of a core bus network (see Appendix A). This includes the maintenance of key arterial services radiating from Hereford, particularly to surrounding market towns, on a regular service pattern for the main daytime period Monday – Saturday. It sees other areas served by feeder services, linking to the core network, offering the facility to access key facilities and activities.
12. This core network and feeder services fulfil the 'lifeline' provision for communities that previous consultations have highlighted as being important.
13. In 2011, a comprehensive consultation on supported bus services (with 1386 responses) identified the services most valued by people. Top priorities (top first) were:
 - Monday to Friday daytime
 - Monday to Friday early morning
 - Saturday daytime
 - Market day

Lowest priorities (lowest first) were:

- Saturday evening
- Friday evening
- Sunday

Reasons for these priorities were:

- Access to essential services (health and shopping etc)
 - Access to education or employment
 - Most used service
 - Lifeline for people
14. These priorities will inform our approach to optimising network integration and identifying those services where formal provision may no longer be affordable and will have to be withdrawn.
15. Value for money is another factor to be taken into consideration in decisions to support bus services. The subsidy per passenger for each supported service is shown in the list given in Appendix B. We have applied an upper cost per passenger threshold in previous years as an indicator above which a service is scrutinised more closely. The most recent threshold applied for this purpose was £4.04. Where bus services are not viable, it is the aim to support a community transport alternative. The council supports a number of community transport schemes, which between them provide voluntary car schemes available countywide.

Network review and transport integration efficiencies

16. The current bus network consists of a mix of commercial and supported bus services, provided by a number of different operators. Daytime Hereford city services and key arterial routes radiating from Hereford are provided commercially, without subsidy. Other services are wholly or partially supported by the authority and would otherwise not operate. Outside of the principal network there are many services which offer minimal travel opportunities, ranging from a couple of journeys per day to one bus per week. These are 'lifeline' services which enable people to access basic facilities. These types of services have been prioritised, alongside weekday services in consultation with users and have been re-emphasised in the recent corporate consultation on savings.
17. The network as a whole is one that seeks to serve the needs of those who do not have access to a car, providing access to shops, education, health facilities and employment. Therefore, it is very important to young people and older people in particular. Its key function is social inclusion and providing basic access. Bus services also support the local economy, bringing people into Hereford and the market towns for shopping and employment opportunities.
18. The importance of the lifeline services to reducing burden on adult social care services has been raised by senior officers in the Adult Wellbeing Directorate. There are concerns that if these types of services reduce significantly that elderly people in more isolated communities will suffer reduced independence and will require increasing levels of directly provided support.
19. As part of the Transport and Travel Review, the greatest element of potential savings is identified through a comprehensive network review and service redesign. This involves re-examining over 300 separate contracts that currently exist and are operated by a range of bus, taxi, private hire and community transport operators, together with transport provided with the council's own fleet of minibuses.
20. This exercise incorporates a number of techniques to achieve the efficiencies, including:
- Using vehicles over a greater part of the day, meeting different needs

- Transferring pupils onto local bus services from dedicated school services
- Working with operators to amend services to reduce subsidy
- Withdrawal of some less used bus services
- Re-planning of services into effective packages that will be more attractive to operators and increase competition
- Encouraging greater involvement by community transport
- Reducing transport provision as part of the wider review of social care services

Support for this approach

21. During 2013, some of these techniques have been successfully applied, achieving savings as follows:

- **Re-planning and tendering of school transport arrangements to John Masefield School** – In response to changing circumstances, the opportunity was taken to terminate the five school transport contracts serving the school. Routes were re-planned and pupils reallocated to three school services, with others allocated to an existing supported local bus service. The combination of fewer dedicated contract vehicles, and the award of a contract to a community transport provider, resulted in savings of £39k pa. In addition, there was some increase in income for the local bus service, providing a marginal reduction in council support.
- **Changes to school transport arrangements in Hereford** – Following an assessment of arrangements made for pupils receiving transport on denominational grounds within the city, contracts for four dedicated contract vehicles were terminated in the summer. Negotiations took place with a bus operator providing a commercial service in the city, which agreed to increase the capacity of vehicles on some of its existing commercially operated services. Taking the revenue risk for this move (with no cost to the council), the operator drafted in two double deck buses increasing capacity for the services and made its own season tickets available for purchase by parents. An added benefit of these tickets is that pupils can travel on the operator's bus services within Hereford city at any time. These changes provided savings of £21k pa.

22. The team has been developing opportunities for efficiencies, looking across local bus and education transport services. Estimates of the savings that might be achieved are summarised below, although their delivery will be subject to procurement process, negotiation with operators and more detailed re-planning.

Action	Opportunities (full year savings in £000s)	£
	Savings already achieved through service integration (as outlined in the first two examples above)	60
Integration	Re-planning, service integration and procurement; may involve provision of feeder services and interchange to other services, rather than direct services to Hereford or market towns	160
Thinning	'Thinning' of the supported bus network (e.g. reducing frequencies on services)	160

Negotiation	Working with operators to reduce subsidy / increase commercial provision (e.g. re-timing or re-routing of commercial bus services to incorporate currently supported services in part or totally)	130
Review	Other opportunities (e.g. in-house transport and social care reductions)	100
Withdraw Council Subsidy	Withdrawal Council subsidy for evening and Sunday supported services	200
	Withdrawal of other Council subsidies, taking into account value for money and opportunities for alternative provision.	190
	Total	1000

23. Appendix B provides a list of all supported local bus services and current costs and patronage.
24. Integration opportunities, service thinning and negotiation with operators may achieve savings of £610k. This will leave a 'gap' of £390k. Whilst there may be additional integration opportunities that as yet have not been identified, the achievement of these further savings is likely to involve withdrawing council subsidy. If we are required to withdraw subsidy we will have regard to the priorities established by users.

Statutory Responsibilities

25. Under the requirements of the Transport Act 1985, local transport authorities must have regard to the needs of communities in determining whether to support 'socially-necessary' local bus services. However, the legislation does not define the level of service to be provided. Some urban unitary authorities have withdrawn all support on the basis that most needs are still comprehensively provided by the commercial network. More rural authorities that have sought to remove support have met with legal challenges on the basis of inadequate consultation or on grounds of inequality. Shropshire is currently facing a judicial review over the withdrawal of its ShropshireLink service. Following a legal challenge, Cambridgeshire was forced to rethink its strategy and take a more considered approach to funding reduction, including more resources for community transport.
26. On this basis, it will be important to take a considered approach to service reductions in Herefordshire, the proposals for which will be consulted upon fully with those most likely to be affected.

Consultation

27. Changes to bus services can have significant impacts on communities and particularly those people who rely on them for accessing facilities and services. It is important, therefore, to consult with people and other interested parties over any proposals.
28. The bus user consultation in 2011 provided a clear indication of service priorities and these are informing our approach to reviewing the network.
29. The corporate consultation on the council's priorities and savings, which concluded on 20 December 2013, included questions about the relative importance of public

transport. The outcome of this will be part of the evidence used to inform this review of services.

30. Once Cabinet has approved the next steps of this review, details of the options being considered will be published and distributed to key stakeholders (local members, parish councils, operators, other interested organisations). The aim will be to raise awareness of proposals and to invite feedback, comments and ideas. As some of the options will involve the integration of education and public transport services a programme of meetings with head teachers is underway and will conclude in February.
31. Tendering will enable us to establish more detailed proposals and identify more specific impacts on local communities providing an opportunity for targeted consultation. The feedback from the consultation will be used to refine the final proposals for service changes.

Adult social care transport

32. Adult social care transport is provided using both in-house and contracted transport. Much of this involves transporting people to and from day centres.
33. Significant changes are expected in the way that care is provided. Less formal day care will be provided, and a more varied mix of activities offered. This will link to personalisation, where individuals will be provided with personal budgets and be able to choose their care package accordingly. Currently, market engagement is underway to put in place a variety of service providers, some of whom may offer and provide their own transport. As a result of these changes, it is likely that transport demands will be more varied and dispersed, with greater emphasis on individualised (rather than minibus) transport. In addition, it is likely that a thorough re-assessment of day care clients will result in more tightly defined group of people who will be eligible for day care opportunities. This is likely to reduce direct transport demands.
34. Potential future transport demands are currently being assessed. However, there is likely to be the need for a number of different approaches to provision, including:
 - Greater demand for independent travel training to social care clients, to help them use public transport services rather than rely on specialist transport.
 - Greater use of community transport provision.
 - Provision of brokerage facility by the Integrated Passenger Transport Team to enable demands to be linked and met in a co-ordinated way, to secure economies of scale in the transport costs for individuals and Adult Wellbeing.
 - Less requirement for in-house provision and replaced by contracted transport, procured through the refreshed framework by the Integrated Passenger Transport Team.

In-house transport fleet and passenger assistants

35. The council has a small fleet of minibuses that are used for transport to day centres and special schools. Some of these remain at day centres for use through the day, and some are the joint responsibility of schools. The fleet is ageing and there is no budget in place to cover replacement.
36. As the council becomes a smaller organisation, with a focus on commissioning rather than direct service provision, and with the likely reduction in eligibility for day care and consequent transport provision, it is considered that the council should commence a

process of withdrawing the fleet. This process will need to be managed with regard to employment policies and TUPE, if appropriate, and in consultation with current and future day opportunity providers. There may also be opportunities to transfer the fleet to existing transport providers and these will be explored prior to determining the most appropriate course of action.

37. Where needs dictate, the authority provides passenger assistants (PAs) to accompany certain users.
38. Historically, all PAs were employed by the council and deployed on in-house or externally-provided transport. More recently, a shortage of directly-employed PAs has resulted in some contractors being asked to supply their own, whilst there are instances of others coming via agencies or Hoople. Three are linked to schools. There are currently two pools of PAs: 18 for social care and 33 for special educational needs (SEN).
39. The integration of passenger transport functions within the council provides the opportunity to look at PAs as a single pool and to manage them more proactively. As the council slims down its internal operations to achieve efficiencies, we will move to a position where PAs are provided by the transport operators themselves, on a phased basis, again taking account of employment policies.

Community transport

40. Seven community transport schemes are currently supported at a total cost of £180k a year. Between them they provide countywide provision of voluntary car schemes, together with some minibus services. Over recent months, officers have been working closely with the sector to ensure it is prepared to meet future challenges, with an ability to offer transport as a last resort for areas where other provision might be reduced or withdrawn.
41. The sector is being encouraged to build capacity and look to take on new activities, such as contract work. Already, there has been some success in this area (e.g. with a contract service to John Masefield School). Also, encouragement is being given to schemes to better co-ordinate their activities and share resources.
42. It is intended to introduce new service level agreements from April 2014, which will reinforce the desire to see joint working and encourage schemes to work with local communities to develop their own transport solutions. A revised funding formula is being developed with the sector, to provide consistency and ensure adequate infrastructure to respond to need and work with communities to find local solutions. Whilst there is optimism for the sector, it is important to be realistic about its capacity to take on more activity. The council will continue to work with and support the sector to increase its capacity and resilience but will place an increasing emphasis on local communities and providers to work directly with each other.

Timetable for Delivering Savings

43. The following table sets out timescales for the network review and implementation. We need to finalise service changes to award contracts by the end of June to allow for 56 days notice for operators to register changes to services with the traffic commissioner. Contracting of schools and bus services is coordinated with the school year to come into effect in September. The programme will allow us to consult on our initial proposals and for further consultation to take place as detailed service planning is finalised in the light of tendering information and likely contract costs.

	2014	F	M	A	M	J	J	A	S
Consultation - initial proposals									
Services reviewed / replanned									
Contracts tendered (with options)									
Consultation - detailed proposals/changes									
Finalise contracts / service design									
Prepare and distribute publicity									
New service network introduced									

Community Impact

44. The revenue pressures faced by the council are unprecedented and have resulted in challenging budget reductions for all service areas. The integration of our passenger transport services provides the best basis for reducing costs on procurement of transport whilst ensuring we continue to support key priorities including supporting vulnerable people and economic growth. The planned approach to achieving substantial savings through greater efficiency as outlined in this report will help minimise community impacts through the continued support for a countywide transport network. Ongoing support for the community transport sector will provide communities with further opportunities to work directly with community transport providers to develop their own solutions particularly where the council can no longer directly support passenger transport services.

Equality and Human Rights

45. An equality impact assessment was undertaken in 2011, following a wide ranging consultation regarding bus services, to ensure that our approach to achieving the required savings would not disadvantage specific groups within the community. In summary, the council sought to minimise the overall impacts of the required savings on the communities in the county and within specific vulnerable groups. Whilst it is not possible to define specific services in respect of individual groups such as young people, the elderly and people with disabilities we do know that these groups are particularly dependent on bus services in general. This is due to their limited access to private transport (either financially or reduced individual mobility) and is more acute in rural locations which are more physically remote from services. With this in mind and having regard to the priorities established through the public consultation, this review has been guided by the need to prioritise bus services which maintain access to key services and also to maintain 'lifeline' services where there are no viable alternatives immediately available for essential journeys. Further consultation on detailed proposals will assess the equality impacts of any changes planned for September 2014.

Financial Implications

46. The recommendations set out in the report will help achieve the required savings, whilst seeking to maintain key lifeline services and services to meet statutory requirements concerning education and social care transport.

Legal Implications

47. The council has a statutory requirement under Section 63 of the Transport Act 1985, to secure the provision of socially necessary passenger transport services. The planned process by which we are proposing to achieve the required savings demonstrates the council's on-going commitment to fulfilling its duties under the Act. Some transport

authorities have proposed to remove all financial support for subsidised local bus services and faced legal challenges.

Risk Management

48. The major risk associated with the review is the potential for reduction or withdrawal of bus services and the resultant impact on bus users and communities. This in turn could have a significant impact on the reputation of the council. These risks will be reduced by the measured approach proposed for undertaking the review, as detailed in this report. The public consultation will enable users and communities to set out their priorities for bus services. The review aims to continue with a bus network which supports essential journeys to key services, helping to sustain the county's economy and providing a 'lifeline' for some of our more remote rural communities.

Consultees

49. As indicated in the report, consultation with users has informed the approach to progressing the network review including direct user consultation and in the development of the Local Transport plan.
50. Further consultation will take place with transport users, local members, parish councils, schools and transport operators as set out in this report.

Appendices

Appendix A Local Transport Plan core bus network (primary services)

Appendix B List of supported bus services

Background Papers

- None identified.