

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>6 April 2017</b>
<b>Title of report:</b>	<b>Passenger transport review</b>
<b>Report by:</b>	<b>Cabinet member transport and roads</b>

## **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 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**

Countywide

## **Purpose**

To agree changes to passenger transport services.

## **Recommendation(s)**

**THAT:**

- a. the approach required to ensure delivery of the savings of £740k, in accordance with the medium term financial strategy for the period 2017-18 to 2019-20 and service improvements for passenger transport, set out in this report at paragraph 15, be agreed;**
- b. cabinet formally requests central government to review the English national concessionary travel scheme to seek further financial support for Herefordshire or allow greater local flexibility in how the scheme operates to ensure resources are targeted at maintaining access for all; and**
- c. that dedicated support is made available to work with parish councils and community groups to develop local solutions to transport problems in rural areas of the county.**

## Alternative options

- 1 Public consultation indicated relatively lower priority for subsidising town bus services and market day services. Whilst subsidy may be withdrawn for these services without directly impacting the adopted 'core bus network' policy this is not recommended as it is considered that the savings required from the medium term financial strategy can be delivered through ongoing contracting efficiencies and management of existing services in accordance with adopted policy, minimising the impacts on service users.
- 2 Cabinet may not wish to lobby government to consider changes to the English national concessionary travel scheme (ENCTS). This is not recommended as a majority of the respondents to the public consultation (most of whom identified themselves as bus users) considered this appropriate in the context that it would enable resources to be targeted on maintaining bus services.

## Reasons for recommendations

- 3 To ensure that the council manages its passenger transport services effectively and within budgetary constraints whilst exploring and implementing opportunities to improve services and maintain access within the county.

## Key considerations

- 4 Passenger transport services play a vital role in Herefordshire, enabling many residents to continue to live relatively independent lives into older age and ensuring thousands of school children and college students can access education on a daily basis. The passenger transport review has sought to understand the role that different services play in the community and take into account the potential impacts if services are lost. Public consultation has demonstrated the potentially significant impact of service reductions on individuals with 81% (1261 respondents) stating that the impact would be high and nearly a third of respondents – 29% - indicating that they would be left with no other form of transport. The review has also sought to understand the important role transport plays in relation to other council services so that any proposals support other service areas rather than increasing costs elsewhere.
- 5 The medium term financial strategy (MTFS) has set out savings plans for a wide range of council services and expenditure. The current savings plans require £17.5m of savings for the period 2017/18 to 2019/20. The MTFS outlines proposed reductions in the passenger transport services budgets over this period, which total £740k.
- 6 The council's budget for passenger transport services 2016/17 is £8.25m which includes £1.85m of contributions (comprising contributions for non-entitled transport, payments from other local authorities for cross border transport provision and government grant) resulting in a net spend of £6.4m:
  - a. Subsidised bus services - £750k
  - b. Concessionary travel - £1.4m
  - c. Support to voluntary sector providers of community transport - £150k
  - d. Mainstream travel including college - £2.7m
  - e. Special travel including special educational needs transport and adult social care - £1.4m
- 7 Policy PT1 in the adopted Local Transport Plan sets out the council's approach to supporting the bus network through subsidy. It identifies the importance of maintaining the core bus network and the wider role which other non-core services play indicating that they will be supported if affordable. The policy identifies a guide for affordability up

to £4 per passenger. The policy states that where service are no longer affordable alternative solutions such as feeder services and local funding through parishes will be explored.

- 8 Whilst elements of supported passenger travel are discretionary, the majority of the expenditure relates directly to statutory services. In summary, the key areas of statutory provision are as follows:
- a. Subsidised bus services. The council has a duty under the 1985 Transport Act to 'secure the provision of such public passenger transport services as the council consider it appropriate to meet public transport requirements' and to formulate policies which describe the services which it proposes to secure. The local transport plan recognises the importance of the bus network in a large rural county and includes a policy (see paragraph 6 for more detail) which seeks to prioritise and secure the provision of a 'core bus network' which would connect Hereford with market towns and some larger villages with weekday and Saturday services. The council may redefine the services it considers appropriate for providing financial support but would need to demonstrate that it had undertaken appropriate consultation;
  - b. The English national concessionary travel scheme;
  - c. Free transport for entitled transport to school (mainstream and SEN); and
  - d. Transport for adult social care clients assessed as eligible by a social worker for transport assistance to a social services facility.
- 9 The main areas of discretionary support are as follows:
- a. Support for voluntary sector providers of community transport;
  - b. Vacant seats scheme on school transport; and
  - c. Post 16 mainstream and SEN transport.

### **Consultation on the review of bus services**

- 10 A public consultation on bus and community transport services has been undertaken to help inform the review and clarify service priorities for users. Key consultation findings are set out in the consultees section below and a detailed report of the consultation is included in appendix 1.

### **Review outcomes and recommended approach to delivering savings, service improvement and providing greater community support**

- 11 The passenger transport review has comprised a comprehensive review of all of the council's passenger transport services, consideration of best practice, outcomes of the total transport fund and a review of the longer term impacts of policy and service changes already implemented by the council. It has also been informed by public consultation and feedback from the general overview and scrutiny committee.
- 12 This has enabled the establishment of a measured approach to ensure the necessary savings are achieved whilst continuing to meet our strategic objectives and providing support for transport to meet the needs of local communities. It is consider that this approach will help to protect the core bus network, support alternative transport and access solutions and provide support to local communities to identify and implement their own access solutions.
- 13 The key findings of the review are as follows:

- a. The council's 'nearest school only' policy for entitled schools transport is anticipated to deliver continued savings over the period 2017/18 to 2019/20 which will assist with meeting the savings plan target;
- b. Costs associated with administering the English national concessionary travel scheme have reduced in 2016/17 following a reduction in service usage. The scheme costs are monitored on a monthly basis and analysis will continue through 2017/18. It is anticipated that this reduction will be sustained;
- c. Process improvements and policy reviews relating to school transport services and adult social care services have been identified and will assist in managing demands. With sound budget management it is expected that this will contribute to savings;
- d. Public consultation has provided a clear view of the priorities for protecting bus services and confirmation of the need to protect at least a core bus network. This has identified subsidised town services and market day bus services as the lower priority amongst users;
- e. Public consultation indicated that support for community transport should not be reduced further but there was support for a greater role for parish councils providing funding for local transport services through the parish precept and general support to assist communities to develop self-help transport schemes;
- f. 53% of respondents to the public consultation indicated that they would support the council in lobbying the government to introduce changes to the English national concessionary travel scheme in order to maintain bus services;
- g. Introduction of smartcards and other transport innovations are suggested to assist with increasing the attractiveness of services and combined with back office process improvements would enable further efficiencies and improved service planning;
- h. Liaison with the NHS has identified opportunities for combined working and potential synergies between non-emergency patient transport and other door to door transport services which should be explored further; and
- i. The majority of transport services arranged by the council are delivered by local transport operators (bus and coach companies, taxis and community transport). Investment in Herefordshire's economy and local businesses will help deliver jobs and support volunteering within the county.

14 The review of passenger transport services has also taken into account the Destination Hereford programme which provides direct support to improve access opportunities in the county. Whilst this programme focuses on Hereford and has a goal to reduce short trips made by car in the city it provides a wide range of support for longer distance journeys, particularly those with a destination in Hereford. Funding for the Destination Hereford programme has recently been secured for the period 2017/18 to 2019/20 and reference is made to the key elements of the programme which will assist in supporting this review and providing access opportunities for specific groups within the community.

15 In response to the findings of the review the following priorities have been identified to guide and improve service delivery within the overall budget:

#### **School Transport**

- a. Continue to expand the programme of school transport service reviews to optimise vehicle use, integrate with other services and increase income from vacant seats;
- b. Develop and actively pursue 'own transport' uptake in consultation with service users. In appropriate cases it may be better value for money to provide contribution to parents rather provide bespoke services;
- c. Complete sustainable modes of travel to school strategy review and provide

clarity on support available to parents and schools for alternative travel options for the school journey coordinating activity through the Destination Hereford programme;

- d. Back office process improvement programme including smartcards for school transport. Use of smartcards will support service capacity reviews to ensure efficiency of contracting and will also assist with monitoring to manage ongoing costs;

#### **Post 16 Transport**

- e. Review costs and benefits of supporting college transport with a view to ensuring financial sustainability over longer term, coordinating activities with the Destination Hereford programme which includes direct support to higher education travel;

#### **Supplier Market**

- f. Targeted programme of market development activity to provide support for a stronger supplier market including easier access to the Passenger Transport Framework and improved procurement. Initially, this work will focus on encouraging competition for door to door transport and will include a review of all current contracts with a view to revising specifications to encourage competition and investment in fleet;

#### **Technology and innovation**

- g. Develop a smart ticketing strategy with a view to extending the use of smart ticketing across the bus network to simplify access for users and increase attractiveness of services to new users;
- h. Implement real time information scheme in partnership with Stagecoach and seek further partnerships with operators coordinating promotional activities through the Destination Hereford programme;

#### **Localised service planning and rural transport**

- i. Implement a targeted programme to work directly with local communities and parish councils to identify opportunities and funding for local service planning and development. Assess demands and possible area based projects bringing together local service users, local advocates, transport providers and service providers (education, health and employers);
- j. Support for community transport schemes within and bordering the county to adopt more commercial approach to service delivery;
- k. Develop further opportunities for feeder services with greater local community involvement;
- l. Write to the secretary of state for transport setting out the pressures facing the delivery and support for rural transport in a large rural county requesting a review of the English national concessionary fares scheme with a view to providing greater local flexibility. Seek support of local members of parliament. If government permits local flexibility we would undertake further consultation on what changes would be appropriate within Herefordshire; and

#### **Partnership with health sector around non-emergency patient transport (NEPT)**

- m. Explore with the NHS adopting a One Hereford opportunity to enable integration with non emergency patient transport (NEPT).

- 16 The significant response to consultation demonstrates how much the community values transport and the access it provides to important services and the independence it provides for young, old and disabled residents. This is particularly important in a large, rural county and has confirmed the importance of rural bus services in helping reduce social isolation which is very important in terms of maintaining health and wellbeing particularly amongst older people. There has been excellent work so far, especially in terms of reducing cost through efficient service planning, contract tendering and management and this will enable resources to be targeted to support parishes and locally communities to explore local access solutions.

## **Community impact**

- 17 Passenger transport services are of importance to all of the council's strategic priorities. Key areas of relevance include enabling residents to lead independent lives (particularly elderly and disabled people), supporting access for younger people, and enabling people to access work and supporting retailing activity.
- 18 The health and wellbeing strategy recognises the importance of transport in relation to prevention and wellbeing and the need to reduce isolation. It notes that this is particularly an issue for older people and that social isolation has comparable health impacts as smoking and alcohol and is more harmful than not exercising and twice as harmful as obesity.
- 19 This report includes proposed actions which will provide greater support to local communities and assist them in developing and implementing their own transport solutions whilst protecting conventional bus services. It also sets out proposals for closer working with health sector partners to explore opportunities to coordinate non-emergency patient transport with other local service provision.

## **Equality duty**

- 20 The consultation has provided detailed information on the potential impacts of reducing subsidy for bus services and support for community transport. This report does not include any proposals to withdraw subsidy for passenger transport services but note the need for review of subsidy in line with adopted policies in the local transport plan. The consultation provided feedback on the relative priority for services. Those which respondents indicated were of a lower priority included town based services and market day services. The consultation report includes an equality impact assessment on the whole bus network and in light of the consultation response on priority includes assessment of the impacts if town and market day services were withdrawn.
- 21 This report does not recommend the withdrawal of subsidy for any bus services or financial contribution supporting community transport but notes the relative priority of users and the prioritisation of services with regard to adopted policy. In the context of consultation feedback, adopted policy and the council's statutory responsibilities town based and market day bus services are identified as services for which subsidy might be withdrawn should the projected funding position change in future years. The consultation feedback has provided clarification on the potential impacts if such services were no longer provided by bus operators.
- 22 Analysis of the consultation responses indicated that 89% of users of town services were over 65 years old and 60% reported having a disability. 62% of journeys made were for shopping and only 10% medical. Given that these services have short journey lengths over 40% indicated that they could either walk or use a taxi for their journey. These are not services which would be considered as part of the core bus network and a range of alternatives would be available to current users if services were reduced or

withdrawn including, walking, taxis, community transport, and access to services on arterial routes between towns. In addition, these are services which would lend themselves due to their discrete nature to being procured locally by town and parish councils.

- 23 The consultation indicated that market day services are also disproportionately used by over 65 year olds (78% compared with the average of 68%) and females (74% compared with average of 64%). 39% indicated that they had a disability (which is the same as the overall average) whilst a smaller proportion of these indicated that the disability limited their ability to get about (38% compared with 42%). These are services which do not form part of the core bus network and tend to be lowest value for money in terms of cost per passenger per journey. Some parish councils have already directly commissioned and funded market day type services and it is felt that a number of these services could be funded in future through parish or other local contributions. In addition, local service planning could provide better targeted services and could be undertaken with council support and through local provision such as community transport.
- 24 The approach set out in this report avoids the need for subsidy withdrawal and will put in place resource to work directly with communities and parish councils to explore opportunities for maintaining and potentially improving access in the county, coordinating efforts with related programmes including Destination Hereford.

## Financial implications

- 25 The medium term financial strategy has confirmed a savings plan which sets out detailed savings required from specific council services for the period 2017/18 to 2019/20. This includes the following savings plan for passenger transport services:
- a. 2017/18 - £275k
  - b. 2018/19 - £240k
  - c. 2019/20 - £225k
- 26 The service has benefited from early delivery of some of the target savings above, due to cost reductions for school transport services and reductions in the cost of concessionary travel reimbursements. This provides an opportunity to fund some of the invest-to-save requirements during 2017/18 and 2018/19. This will ensure that the 2018/19 and 2019/20 budget savings are achieved in full without the need for an additional budget provision.

## Legal implications

- 27 The Council has a requirement to make provision for suitable home to school travel arrangements for eligible children of compulsory school age, under section 508B of the Education Act 1996. It also has a duty to provide public passenger transport services as it considers appropriate to meet the requirements of the area and to have regard to the needs of elderly or disabled persons when exercising functions relating to public passenger transport services under section 63 of the Transport Act 1985.
- 28 When the council is seeking to make changes to a service which may impact upon the community, there may be a duty to consult that is imposed upon the council by statute. In those instances the procedure to be adopted is also likely to be prescribed by the legislation.
- 29 Guidance as to how those issues should be addressed can be found in the cabinet office consultation principles and relevant case law. Both the cabinet office consultation

principles and recent case law have emphasised that consultation requirements will vary from one context to another and should be assessed on an individual basis. However consultation should comply with the Sedley principles namely; that the consultation must be at a time when proposals are still at a formative stage; that the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response; that adequate time is given for consideration and response; and that the product of consultation is conscientiously taken into account when finalising the decision. The burden is on the council to decide how, when, with whom and how widely to consult. But, the underlying principle of fairness should be at the forefront of the process.

- 30 The Council has complied with its duty to consult by conducting a public consultation on bus services and community transport between 18 July and 16 October 2016. The Council's general overview and scrutiny committee have considered the results of the consultation and their comments and recommendations are reflected in the final proposals.

## **Risk management**

- 31 The main risk within the passenger transport review has been the need to achieve savings whilst minimising impacts on vulnerable members of the community. The review has taken into account public consultation feedback, best practice and a thorough assessment of contracting costs and opportunities and has identified a measured approach which will ensure the required savings are achieved. The approach to delivering the savings and service improvement includes resource to provide extra capacity to ensure key actions are undertaken and contracting efficiencies are achieved. Resources will also be provided to support local communities to identify and develop their own local access solutions.
- 32 There is a risk that the approach to savings set out in this report does not achieve the level of savings required in the MTFs. The findings of the review and recommended approach set out at paragraph 14 indicate the mitigation planned to ensure the savings are delivered which comprise:
- a. Targeting resources to drive forward service planning and contracting efficiencies in relation to school travel;
  - b. Development of policies to further reduce costs such as 'own transport' and allow for better management of demands;
  - c. Regular monitoring of the concessionary fares scheme costs to clarify longer term projections and contribution to permanent savings;
  - d. Measures to increase the attractiveness of bus services with the aim of increasing usage and reducing pressure on subsidy;
  - e. Coordination of activities to support and promote access with the Destination Hereford programme;
  - f. Addressing weaknesses in the supplier market to increase competition; and
  - g. Put in place support for local communities and parish councils in the short to medium term such that mitigation can be developed around rural access should planned savings not materialise and further consideration is required in respect of subsidy for non-core bus network services.

- 33 The Buses Bill currently progressing through parliament is due to introduce enabling



powers which would extend the ability of local transport authorities to introduce franchising or enhanced partnerships. The progress of the Bill will be monitored to ensure that the implementation of the review proposals take into account any new powers which may be available to the council as a result of the Bill.

## Consultees

34 A public consultation on bus and community transport services was undertaken to clarify service priorities for users, support for adopted policy and impacts in the event that subsidy for services might need to be withdrawn. The consultation resulted in a high response rate with over 2000 responses submitted for the general survey and 25 parish council responses to the parish council survey by the deadline of 16 October. Appendix 1 includes a detailed analysis of the consultation feedback, summary of feedback from parish councils and an equality and impacts needs assessment.

35 Key results from the consultation:

a. **Service Priorities.** Respondents provided feedback on the relative priority for services for which subsidy might be withdrawn – services with higher score = lower priority for protection:

1. Town/city – 37% (614)
2. Market day – 34% (564)
3. Saturday – 18% (294)
4. weekday daytime – 7% (109)
5. rural/village – 5% (79)

b. **Support for adopted policy.** 74% (1248) of respondents agreed with the local transport plan 'core network of services' policy should be treated as a priority. The consultation included a map identifying the routes of these services which provide Monday to Saturday access connecting Hereford with market towns and larger villages.

c. **Views on concessionary travel scheme.** In previous consultations respondents have indicated that they would like to see a change to the English national concessionary travel scheme which entitles older people and disabled people to free bus transport. 53% (982) of respondents want the council to lobby government to allow a charge to be applied to concessionary pass holders.

d. **Alternatives to withdrawing subsidy.** Respondents were asked to indicate alternative options for supporting bus services and/or reducing overall costs of public transport:

1. Increase bus fares - 32% (513)
2. Parish and town councils fund through higher precept - 29% (456)
3. Reducing service frequency - 19% (303)
4. Development of community based self help transport schemes - 16% (247)
5. Withdrawing financial support for community transport - 5% (73)

e. **Alternative travel options.** Respondents were asked to indicate if they had alternative transport options if their main bus service was no longer available:

1. Car (driver/passenger) – 34% (743)
2. Other transport mode – 30% (673)
3. Community transport – 5% (118)
4. No alternative – 29% (641)

- a. **Impacts if bus service lost.** Respondents were asked to indicate the level of impact if their main bus service was no longer available – 81% (1261) indicate that it would have a high impact and 19% (303) indicated low to no impact.

36 The passenger transport review proposals and public consultation has been subject to review and challenge by council's general overview and scrutiny committee and their comments and recommendations reflected in the final proposals.

## **Appendices**

Appendix 1: Herefordshire Bus Services Consultation, Survey Analysis – amended Final Report, 3 February 2017

## **Background papers**

None identified.