

Meeting:	General overview and scrutiny committee
Meeting date:	14 November 2016
Title of report:	Passenger transport review – consultation
Report by:	Head of transportation and access

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose

THAT:

To seek the views of the committee on the options under consideration as part of the passenger transport review and seek comments on the outputs of the bus service consultation.

Recommendation(s)

having regard to the outcome of the consultation on bus services the committee determine any recommendations it wishes to make to cabinet regarding options for reducing subsidy.

Alternative options

The committee may wish to recommend alternative options for reducing the costs of supporting passenger transport services.

Reasons for recommendations

To enable the committee to make recommendations for cabinet to consider when it determines which proposals to progress to achieve financial savings for passenger transport services.

Key considerations

Context to the passenger transport review

- 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. This represents the funding gap arising from increased costs and reduced funding. The majority of savings relate to continued efficiency improvements and changes to service delivery and have been referred to in the public budget consultation. The implementation of individual savings proposals will follow further consultation and be subject to specific consultation as necessary, prior to their implementation.
- The MTFS outlines the savings from passenger transport services over this period, which total £740k, and includes an overview of the areas of provision under review to deliver these savings:
 - a. Increasing income from paid for transport (mainstream school transport, post 16 transport including special educational needs);
 - b. Integration of contracts to reduce costs (typically school and bus network contracts);
 - c. Service efficiencies through review and replanning of services (mainly applying to school transport contracts as service demands reduce in line with the move to nearest school only policy);
 - d. Review of policy and process for determining eligibility for statutory transport services (including school transport and adult social care transport);
 - e. Reducing subsidy for public transport services; and
 - f. Phased reduction in support for community transport schemes.

The services under review

- Council expenditure on passenger transport services comprises subsidy for public bus services not operated on a purely commercial basis by bus operators, provision of the statutory concessionary travel scheme, support to voluntary sector organisation to run community transport, mainstream and college travel, special educational needs (SEN) travel and adult social care (ASC) travel. Total spend is around £8.6m per year which includes around £1.9M of contributions (comprising parental payments for non-entitled transport, payments from other local authorities to cross border transport provision) resulting in a net spend of £6.7m:
 - a. Subsidised bus services £0.75m
 - b. Concessionary travel £1.4m
 - c. Support to voluntary sector providers of community transport £135k
 - d. Mainstream travel including college £2.7m
 - e. SEN £1.3m (in house provision and contracts costs)
 - f. ASC £350k (in house provision and contract costs its is understood that some clients receive direct funding for transport and these costs are being confirmed)

- Whilst elements of these services are discretionary, the majority of the expenditure relates directly to statutory services. In summary, the key areas of statutory provision are as follows:
 - 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 secures. The
 local transport plan includes policies which aim to 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 subsidy currently required to
 support the core network is around £520k;
 - Concessionary travel. The council has a duty to operate the scheme providing free travel on buses (commercial and subsidised) for older people and those registered disabled. The scheme supports around 1 million journeys each year and costs around £1.4m;
 - Entitled transport to school. Currently, the council provides free transport for around 3250 pupils (mainstream and SEN) or 1.25 million passenger journeys each school year with a net cost of £4m; and
 - Provision of transport for adult social care clients assessed as eligible by a social worker for transport assistance to a social services facility – the in house service carries direct costs for around 30 clients and around 40 are provided transport through external providers, the number of clients provided with direct funding to contribute to their own transport costs is being investigated in order top capture the whole cost to the council. The known costs relating to those clients provided with transport is around £350k a year.
- 7 The main areas of discretionary support and/or subsidy are as follows:
 - Having regard to the statutory duty to set out policies which describe the bus network which the council should support (the core network) it may be considered that providing subsidy for the non-core network is discretionary. The net cost of subsidising the non-core network is around £230k. The council may redefine the services it considers appropriate for providing financial support but would need to demonstrate that it had undertaken appropriate consultation.
 - Support for voluntary sector providers of community transport. Whilst there is no statutory duty to support community transport services a number of other local authorities have sought to demonstrate compliance with the duty set out in the 1985 Transport Act by providing support for community transport services in mitigation for withdrawing subsidy for conventional bus services;
 - Vacant seats scheme. The council operates a vacant seats scheme on school transport services with a charge which is approaching full cost recovery. This is a discretionary service which supports around 300 riders a year. The service may be withdrawn with notice if the seat is required by an entitled rider;
 - Post 16 SEN transport a charge was introduced September 2015 which was the equivalent of the vacant seats charge for mainstream transport (£750 for 2016/17). There are around 60 post 16 SEN transport users out of a total of 293 at present and the average cost of transporting these users was around £4.5k per rider in 2015/16. Whilst the costs associated with individual riders will vary this indicates a discretionary subsidy of around £3.75k per rider; and
 - Post 16 mainstream transport. The council has no statutory responsibility to

provide support for transport for college students but typically provides direct support to around 1100 students each year. All students contribute to the costs of the transport and for out of county students colleges provide additional contributions and are charged an administration fee for arranging transport. Work is ongoing to ascertain whether or not this discretionary service operates at full cost recovery.

The context for savings, efficiencies and income generation

- Substantial savings of over £1m have already been delivered from this service over the period 2013/14 to 2015/16. The savings have largely been delivered through the 2014 bus network review which included:
 - contracting efficiencies and streamlining of services;
 - · commercialisation of some services;
 - service subsidy reductions (Sunday and evening services);
 - integration of service contracts between school transport and public bus services; and
 - limited reduction in the contribution to community transport providers.
- 9 Further contributions to savings have come from implementing the council's policy on income charging (which requires consideration of full cost recovery) and changes to school transport policy to adopt the statutory minimum requirement for eligibility:
 - increased charge for vacant seats moving to full cost recovery (from £514 in 2012/13 to £750 in 2016/17);
 - introduction of charges for post 16 SEN transport (as per the vacant seats charge); and
 - Changes to eligibility for free school transport (nearest English school only).
- The changes set out in paragraph 8 and 9 indicate the range of savings already implemented. Some of these changes will provide ongoing cost reductions and/or increase income generation. Additional options to deliver savings/efficiencies are being explored and will support the passenger transport review and savings requirements:
 - SEN review procurement and supplier market, improvements to policy and process for assessing transport needs;
 - Mainstream school transport contracting improvements, achieving efficiencies through route planning and potential increases in income generation (anticipating long term impacts of nearest school policy/uptake of vacant seats/move to full cost recovery);
 - Support for mainstream post 16 transport reviewing costs against contributions to consider if full range of support should continue with the aim of making this whole service area full cost recovery; and
 - ASC transport review of the role of the in house fleet (in coordination with SEN provision) to consider whether or not this approach represents best value for money, supporting AWB review of eligibility policy for access to free transport and role for personalised budgets. This is including dry run of draft policies to

Consultation on the review of bus services - 18 July to 16 October 2016

- If other options for reducing costs and generating income do not deliver the full savings amount required in the MTFS savings plan it may be necessary to consider potential reductions to subsidised bus services and financial support for community transport. As indicated at paragraph 7, if the council wishes to reduce subsidy and financial support for these types of services it has a duty to consider its adopted policies and to consult with users such that the impacts of changes are understood and appropriate mitigation can be considered. Best practice and legal precedent indicates that it is sensible and appropriate to undertake consultation in advance of determining any changes to withdraw subsidy and financial support, hence, the council has embarked on a full consultation before determining any changes to current subsidy and financial support. A report of the consultation is included at appendix 1.
- 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.
- The consultation provides a wide range of information which would enable the consideration of impacts of service reduction and relative impacts on different users. Analysis of the consultation is continuing and will be used in final reporting on the passenger transport review to inform future decisions by cabinet. Key results include: (numbers in brackets are numbers of responses not all questions were answered by all respondents):
 - a. Respondents provided feedback on their relative priority for services for which subsidy might be withdrawn. This response is consistent with feedback from consultation in 2014 and suggests that there is a relatively lower priority for subsidy for bus services in urban areas and infrequent market day services with a desire to maintain subsidy for rural services and weekday services (high percentage equates to priority for reducing subsidy)
 - 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. 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. In previous consultations respondents have indicated that they would like to see a change to the national concessionary fares 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. 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)
- Development of community based self help transport schemes - 16% (247)
- 5. Withdrawing financial support for community transport 5% (73)
- e. Respondents were asked what maximum subsidy per passenger they would consider appropriate for the council to pay noting that the current maximum is at £4.55. A majority of 53% (879) suggested a maximum of £4 or less whilst the biggest single group (29% 470) suggested £5.
- f. Respondents were asked to indicate if they had alternative transport options if there 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)
- g. 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.

Options for meeting budget targets

Work is continuing to actively manage current contracts and drive efficiencies to minimise costs. It is anticipated that this work will deliver a proportion of the savings required by the MTFS. However, in order to meet the full savings requirement, further action may be required. The following table outlines a range of potential options for further reducing spend by the council in relation to the support of passenger transport services. No decision has been taken on progressing any of these options and feedback from the committee will be taken into account in further development of options and any subsequent decision regarding the review of passenger transport.

Table 1: Options for reducing subsidy for public transport and alternative funding options

			Tor public transport and alternative funding options	
Ref	Description	Current Spend/s cale of saving	Issues to consider	Mitigation
1	Withdraw all subsidy for bus services	£750k (net)	 Would conflict with policy and potential legal challenge Likely to significantly reduce the network of publicly available bus services, although the level of service which would remain and continue to be provided commercially by operators is uncertain 29% respondents indicated they would have no alternative form of transport and 81% indicated high impact Potential increased pressure/costs on other support services resulting from rural isolation and reduced independence Whilst 71% of respondents indicated they might have an alternative if service lost likely to result in traffic increases as more people would use car based transport Possible increased costs for statutory transport (Est £105k) 	 Continued support for community transport would provide a safety net but limited capacity in this sector Consultation indicated 71% respondents might have an alternative transport option if main service lost Costs may reduce for concessionary fares reimbursement if operators do not continue to operate services commercially. Transport promotions programme in place to support alternative travel and encourage use of remaining commercial bus network
2	Withdraw subsidy for non- core network services	£225K (net)	 Does not conflict with policy and reduce chance of successful legal challenge Likely to lead to loss of more remote rural services, unless operators continue to provide on commercial basis, potentially impacting smaller number of people but may have limited alternatives Some impact on cost of school transport (Est £25K) 	 Work with community transport schemes and local parishes to identify alternatives Phasing in reduction would allow time for alternatives to be fully assessed and local communities to be engaged Costs may reduce for concessionary fares reimbursement if operators do not continue to operate services commercially.
3	Withdraw subsidy	£105K	Would not conflict with core network policy	Likely to have alternative transport options

Further information on the subject of this report is available from Steve Burgess, Head of Transportation and Access on Tel (01432) 260968

	for town/city services (non- core network)	(net)	 Consultation indicated lowest priority Some impacts on access and potential to increase car use for short trips – traffic Likely to reduce the network of publicly available bus services, although the level of service which would remain and continue to be provided commercially by operators is uncertain May impact transport costs associated with school transport 	 and closer proximity to key services Transport promotions programme has focus on supporting short urban trips which could reduce transport impacts and provide alternatives Potential for community transport schemes and town/city councils to work in partnership to provide local transport
4	Withdraw market day services (non- core network)	£120k (net)	 Would not conflict with core network policy Consultation feedback indicated second lowest priority Tend to be more expensive services per passenger journey Likely to lead to loss of more remote rural services, unless operators continue to provide on commercial basis, potentially impacting smaller number of people but may have limited alternatives Regarded as lifeline services or only remaining service for remote locations – potential for high impact on a limited number of people – may increase costs for social care/health services 	 These types of service are potentially easier for community transport schemes to provide due to relative lower capacity requirement Examples of these types of service being specified and funded by parish councils Phasing in of reduction would allow time for alternative local provision to be reviewed and planned Likely reduction in concessionary fares costs
5	Withdraw subsidy for Saturday services (some part of core network)	£120k (net)	 Would conflict with core network policy but consultation indicates that these are not highest priority services May impact on local economies – high proportion of bus journeys are for shopping purposes Likely to reduce the network of publicly available bus services, although the level of service which would remain and continue to be provided commercially by operators is uncertain Would not impact transport costs associated with school transport 	 May be opportunity for some of the services to operate commercially Whilst possible impact on some workers other users likely to have services at other time during the week May be limited opportunity for local community provision

6	Withdraw subsidy for Monday to Friday Services (some part of core network)	£405k (net)	 Would conflict with policy and potential legal challenge Likely to significantly reduce the network of publicly available bus services, although the level of service which would remain and continue to be provided commercially by operators is uncertain High priority for respondents for these service to be retained Potential increased pressure/costs on other support services resulting from rural isolation and reduced independence Possible increased costs for statutory transport (Est £80k) 	 Continued support for community transport would provide a safety net but limited capacity in this sector Costs likely to reduce for concessionary fares reimbursement in light of possible service reduction Transport promotions programme in place to support alternative travel
7	Reduce maximum cost per passenger limit on subsidised services	£4 = £31K, £3 = £105K, £2 = £115K, £1 = £435K	 Reduction in net spend if maximum subsidy per journey figures adopted Consultation indicated majority in favour of reducing to maximum of £4 (53%), Maximum subsidy per passenger would need to reduce by a significant amount to achieve greater levels of savings Likely to impact more remote, less frequent services 	 More expensive services (cost per passenger journey) likely to be types of service which community transport and local communities could take up Would enable prioritisation based on value for money/affordability Would protect most well used services
8	Withdraw support for community transport schemes	£135k	 Some schemes might cease to operate due to fragile funding position Possibly reduce capacity to support safety net services High proportion of CT journeys (59% of all journeys in consultation) are to access health service so may be increased costs for other service areas Could damage opportunities for local transport solutions where CT can play a coordinating role 	 Some schemes likely to be able to continue due to stronger financial sustainability Encourage schemes to secure funding through contracted work Opportunity for funding through local parish council support (examples of this already in place) In view of high level of health related journeys explore funding options from CCG/NHS Trust Support fewer journeys compared with bus services but similar level to market day

				services
9	Community and Parish Council direct subsidy of locally important services	£low?	 Proposal well supported in bus consultation, but not in consultation with parish councils Lack of certainty around which parishes would take up the opportunity Take time to plan and support transition to parish directly supporting services Parish councils facing range of new demands in relation to devolved services and financial support Complicated to arrange for longer distance services requiring buy in from multiple parish councils Role of Herefordshire Council to coordinate services and support the commissioning process would be necessary. Likely to be a time delay for the communities to prepare and put in place funding arrangements. Unless phased in, it is likely that services would be reduced for a period. 	 Users support the approach (456 respondents) Some parishes already support timetabled services and support from council has been effective Phasing in of proposal would allow time for planning and transition Could improve service planning and meeting local needs due to closer relationship with local communities
10	Increase ticket prices	£low?	 The most popular alternative indicated in the consultation The council can only stipulate fares on a very limited number of services – analysis indicates that this might only apply to around 135 bus users General increases in fares (including commercial and subsidy based contracts) would have to be agreed by operators and would potentially increase costs on concessionary fares 	Principle of paying more for a service (income generation) in line with income charging policy
11	Reduce service frequencies	£low- medium?	 The review in 2014 resulted in service frequency reductions and reduction some early/late services so there is only a limited amount of further frequency reduction feasible Can impact attractiveness of services such that passenger numbers drop to less flexibility in journey 	 Well supported proposal in the consultation Might enable framework of services to be retained whilst contributing some savings Increasing efficiency of services and reducing contract costs is in line with councils overall approach to value for

			 options Loss of early and later services can impact work opportunities 	money
12	Development of community based self help schemes	£low?	 Unlikely to provide equivalent of bus service Resource required to provide support for communities and local organisations Would need to respond to specific demand from local communities – not clear how well focused this demand is at present Existing community transport schemes indicate capacity issues and shortages of volunteers 	 Proposal had some support in consultation A phased approach would allow time for communities to develop specific proposals in advance of reductions Ongoing support to CT schemes could focus on encouraging sharing of resources and functions to release capacity
13	Lobby government to allow charging for use of bus pass	£significa nt	 Would require government to change legislation Scheme Already at statutory minimum in county following reduction in 2011 to use after 9.30 am and up to 11pm Scheme does not apply to CT schemes unlike in other counties 	 Strong support from users with over 50% agreeing Users could voluntarily pay fares on services if they wished Information from the consultation will be provided to government with a request for a formal response

Ongoing support for transport

Whilst it is important that we gather information on potential impacts of service reductions, in the event that subsidy is reduced, there is a risk that there will be a reduction in the bus network unless operators choose to provide services on a commercial basis. The following have been identified as potential activities and measures which would help mitigate impacts.

Encourage operators to continue to run services commercially

Through active engagement with operators, the transport team would seek to encourage operators to consider the commercial opportunities for the ongoing provision of services. This would include the sharing of passenger information and provision of service information to passengers.

Sustainable transport and support for access

The council is continuing to introduce and support measures which will maintain and improve access for residents. Funding has been secured to support the destination Hereford project in 2016/17. A bid has been submitted to DfT for the period 2017/18 to 2019/20. If funds are secured through this bid it will help support countywide access through initiatives such as car sharing, business travel plan support, working with schools and colleges and direct promotions of public transport and active travel modes. It is anticipated that government will announce successful bids in the autumn statement. schools and colleges and direct promotions of public transport and active travel modes. Increased use of bus services directly improves the potential for their continued operation on a commercial basis.

Supporting communities and a role for parish councils

- Professional advice and commissioning support will be provided to local communities to help them review, design and commission transport services. There are examples of a number of services which are already operating through this approach including:
 - a. Fownhope and Mordiford parish council have designed services in discussion with their local community which provides a timetabled bus service to Ledbury (455) and Ross on Wye (458) after trials funded by DfT grant;
 - b. Following the 2014 passenger transport review Hereford City Council commissioned a bespoke transport service from Hereford Dial a Ride to replace a timetabled service (the Hereford Access Bus) which was withdrawn by the operator; and
 - c. Luston, Orleton and Yarpole group parish are currently contributing towards the costs of the 490 timetabled service to support additional journeys into Ludlow.
- Advice on funding for local communities is also available and would be coordinated with support for commissioning of services.
- The council supports 7 community transport schemes which provide countywide coverage for county residents. This comprises annual funding which was reviewed 2014 to encourage and reward diversification and capacity building. All of the schemes have been supported to join the council's passenger transport framework which enables them to tender for contracted services and support their financial sustainability. All 7 schemes are now on the framework and some have begun tendering for contracted work. Support has also been provided to the schemes to access department for transport funding. Additional financial support has been

secured from DfT funds in recent years. £130k additional funds where secured through the DfT community transport fund 2013-15 supporting community led initiatives such as a car club, wheels to work activity, the Bromyard 'wiggly' bus and IT investment. In 2015/16 3 schemes have also been supported in bidding for funds to acquire new vehicles.

Supporting access to education

- Outside of the council's statutory responsibilities to provide transport for entitled riders discretionary support is provided for non-entitled riders and for college students. This support helps sustain local bus and rail services. This includes:
 - a. Arranging for use of vacant seats on contracted services (over 100,000 journeys in 2015/16); and
 - b. Arranging for transport by bus or rail for college students (over 445,000 journeys in 2015/16 200,000 of these were for students from out of county supported to access colleges in Herefordshire).
- Consultation has been carried out directly with county schools to develop a best practice guide, sharing information on the types of transport solutions which schools are able to implement directly. The consultation identified a wide range of innovative measures which schools are already leading on including;
 - i. Operating their own fleet vehicles;
 - ii. Sharing vehicles between schools;
 - iii. Commissioning local transport providers;
 - iv. Promoting car sharing amongst parents;
 - v. Promoting and advising prospective parents of the existing transport services in their area; and
 - vi. Developing travel plans for the school which promote sustainable transport solutions.

Next steps

- Option development will continue over, taking into account the consultation feedback and the detailed assessment of cost reduction and income generation measures as outlined in this report. Feedback and recommendations from committee will be taken into account in developing options and will be incorporated into future reporting.
- Cabinet is due to receive a report early in 2017 identifying options for passenger transport over the period 2017-20.

Community impact

This consultation will enable the assessment of options for progressing savings in respect of bus services supported through a subsidy and financial support provided to third sector transport organisations. These are services which 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. In line with the corporate plan's priority to provide value for money these services are included within the longer term savings proposals to achieve savings of £28M 2016-20.

Equality duty

The consultation has provided detailed information on the potential impacts of reducing subsidy for bus services and support for community transport. A full equality impact assessment will be undertaken and included in a future report to the executive such that any decisions can be made with regard to the council's public sector equalities duty.

Financial implications

- The medium term financial strategy (MTFS) has confirmed a savings plan which sets out detailed savings required from specific council services for the period 2016/17 to 2019/20. This includes the following savings plan for passenger transport services:
 - a. 2016/17 £150k
 - b. 2017/18 £275k
 - c. 2018/19 £240k
 - d. 2019/20 £225k
- Savings for 2016/17 have been achieved and the development of proposals for meeting the savings plan is now focused on the period 2017/18 to 2019/20.

Legal implications

- Whilst there are no legal implications arising from this report it should be noted that 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.
- 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.

Risk management

There are risks associated with the review of passenger transport services. Any proposals which might result in a reduction in service and impact on individuals and/or communities are likely to require risk management. Undertaking the consultation as set out in this report will enable the council to take into account potential impacts as it takes forward proposals. The high level of response to the consultation illustrates the importance of these services to the community. Work is ongoing to ascertain all viable alternatives to reduce costs, increase income such that the need for savings through service subsidy cuts is minimised.

Consultees

32 As set out in this report.

Appendices

Appendix 1: Herefordshire Bus Services Consultation, Survey Analysis, October 2016.

Background papers

None identified.