

TELFORD & WREKIN COUNCIL

CABINET - 23RD MARCH 2010

TRANSPORT CHANGE PROGRAMME: BUS SUBSIDY POLICY

REPORT OF HEAD OF ENVIRONMENTAL SERVICES

1. PURPOSE

- 1.1 To gain approval for the adoption of a bus subsidy policy which will provide a structured methodology for the way the Council decides which bus routes to subsidise now and in the future.

2. RECOMMENDATIONS

- 2.1 That Members agree and adopt the proposed bus subsidy policy**

3. SUMMARY

- 3.1 The Transport Change Programme was agreed by Cabinet in July 2009 with a number of caveats, one being that the proposals to introduce a bus subsidy policy be subject to more consultation and a business case be brought back to Members. A full business case with supporting appendices is now submitted for consideration.

4. PREVIOUS MINUTES

- 4.1 Cabinet minutes 21.07.09 CB-52 Closed Session

5. INFORMATION

- 5.1 Appendices to this report set out the business case in support of the proposed policy and include an Equalities Impact Assessment.

6. BACKGROUND AND KEY PROPOSALS

- 6.1 The Council has a responsibility to increase accessibility to services such as healthcare, education, employment for as many people as possible; thereby reducing social exclusion and improving access to the borough towns
- 6.2 As part of the Transport Act 1985, bus services were deregulated in October 1986 and are now controlled and managed by the Traffic Commissioner.. Local Authorities are able to contract for bus services where the deregulated market does not provide them (known as subsidised bus services).

- 6.3 The Council currently (2008/09) spends in the region of £706,580 annually at a gross level on subsidised bus services, £575,930 at a net level (after grant funding).
- 6.4 In Telford and Wrekin, 96% of the bus routes are commercially operated (by Arriva Midlands) and 4% are provided and subsidised by the Council.
- 6.5 The Council has to ensure that the limited funds available are spent in the most effective manner with regard to value for money and best value principles.
- 6.6 Currently, the Council does not have a policy which covers this spend. Expenditure needs to be linked to Council priorities and support value for money objectives. The bus subsidy policy is not intended to commit the Council to the additional provision or deletion of services; it is simply designed as a tool for aiding decision making.

The policy will support officers and Members by:

- 6.6.1 Establishing weighting and scoring criteria against which new and existing contracts can be tested both in terms of value for money and socio-economic factors
- 6.6.2 Creating a framework which would allow decision making around the continued provision of services in terms of changing requirements both from a demand and supply point of view
- 6.6.3 Establishing rules and process whereby new requests for subsidy can be managed
- 6.6.4 Ensuring formal evaluation against agreed criteria.
- 6.7 The scoring mechanism ranks services into one of three categories of priority for funding, Low, Medium and High. Should there be a requirement to reduce expenditure, contracts which score in the low priority category would be considered first. Conversely new subsidised bus service requests would need to score in the High or Medium category in order to be considered.

The proposed scoring mechanism is based on three criteria – subsidy, accessibility and sustainability.

Subsidy per passenger – the cost per passenger carried. This places value on the cost of the service against the number of passengers carried

Accessibility – the extent to which the service provides access to priority areas / services. Designed to ensure that the Council pays for services which meet its priorities.

Sustainability – extent to which the service meets a continuing need. Designed to promote sustainability of the network, that resources are well targeted and that the contract is not there for a ‘niche’ requirement

Full scoring information is contained in the executive summary and full policy documents.

7. EQUALITY & DIVERSITY

7.1 An Equality Impact Assessment has been undertaken for these proposed changes and it will be reviewed prior to implementation. Consultation has already been undertaken with a wide range of interested groups including the Senior Citizen’s Transport Action Group, the Rural Transport User Group, the Bus Users Group and the Disability Forum

8. ENVIRONMENTAL IMPACT

8.1 There is no proposal to increase the use of bus services, therefore there should be no increase in CO₂ emissions.

9. LEGAL COMMENT

9.1 The Council is allowed to subsidise bus services required to meet social needs that would not otherwise be met. When it is deciding whether to award contracts for subsidised bus services, as well as having to have regard to the interests of the public and the public passenger transport service providers, the Council is also obliged to follow detailed tendering procedures. Legal advice will be provided as required in the implementation of any new policy

10. LINKS WITH CORPORATE PRIORITIES

10.1 This policy supports Sub Priority 4: Improving Access, Mobility and Public Transport, and, in particular ***‘Designing and managing a transport network which supports sustainable economic growth and promotes travel for all’***.

11. OPPORTUNITIES & RISKS

11.1 Opportunities

11.1.1 The adoption of this policy could allow savings to be realised from the annual spend on bus services

11.1.2 The policy puts a framework around current and future decision making

11.1.3 The policy allows the Council to move to a more considered and sustainable future funded network

11.2 Risks

11.2.1 The adoption of a Bus Subsidy Policy is not seen as a contentious issue, as can be seen from the consultation responses received. However, the application of the policy and potential removal of services could cause public concern as does any change to existing bus services

11.2.2 The subsidy per passenger element of the proposal has the potential to disadvantage rural passengers, where services will in the main be more expensive on a per passenger basis. Therefore, services in rural areas are scored in the highest bracket

11.2.3 The subsidy per passenger element of the proposal has the potential to disadvantage education funded routes as services are more expensive on a per passenger basis, therefore these services are scored in the highest bracket.

12. FINANCIAL IMPLICATIONS

12.1 The routes currently subsidised by the Authority are detailed in the table in Appendix 3 of the attached report.

12.2 Total gross spend on subsidised routes in 2008/09 was £706,580 which was part funded by Rural Bus Subsidy Grant of £130,650.

12.3 Savings of £74,120 on subsidised routes have been realised in 2009/10 as a result of retender and routes rationalisation. These savings are not attributable to the proposed bus subsidy policy.

12.4 The proposed bus subsidy policy aims to provide a framework for prioritising Council expenditure on subsidised bus routes, and hence provide a tool for identifying further budget savings.

12.5 If the policy is accepted and the categorisation of routes into high, medium or low priority has been finalised, further financial modelling will be carried out. This will provide an evaluation of the savings which could be achieved, together with a list of routes which would be affected. An important element of this financial modelling work will be to assess the likely impact on our allocation of Rural Bus Subsidy Grant of any changes to bus services.

12.6 The budget strategy for 2010/11 includes £600,000 to be delivered as savings from a number of initiatives identified through a review of the transport service undertaken by Northgate Kendric Ash. Savings generated as a result of the adoption of the proposed bus subsidy policy will contribute towards this savings target.

12.7 All subsidised bus routes are due to be reviewed in October 2010 and it is anticipated that the implementation of the new bus subsidy policy will coincide with the award of the new contracts.

13. WARD IMPLICATIONS

The report has Borough wide implications

14. BACKGROUND PAPERS

Appendix 1 Executive Summary

Appendix 2 Bus Subsidy Draft Policy

Appendix 3 Equalities Impact Assessment

End of Report

***Report prepared by Brian Cotter, Northgate Kendric Ash
Tel: 07971 952614***