

TELFORD & WREKIN COUNCIL

CABINET – 23rd JULY 2015

REVISED BUS SUBSIDY POLICY

REPORT OF THE ASSISTANT DIRECTOR: NEIGHBOURHOOD & CUSTOMER SERVICES

LEAD CABINET MEMBER - CLLR ANGELA McCLEMENTS

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

This report seeks to gain approval for the adoption of a revised bus subsidy policy attached in Appendix 1 which will provide a structured methodology for the way the Council decides which non commercial bus routes to subsidise in the future that have been deemed to be not financially viable by Arriva and therefore unable to be run commercially by them.

2. RECOMMENDATIONS

2.1 That Members agree and adopt the revised bus subsidy policy attached in Appendix 1 in advance of a retendering exercise to be run between September – December 2015

2.2 To note the cross party support for this revised criteria endorsed by members of the Customer, Community & Partnership Scrutiny Committee at their meeting on 30th June, 2015 (See Appendix 2)

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	This policy will ensure that supported bus services meet Council priorities across the Borough.
	Will the proposals impact on specific groups of people?	
	No	There will be no immediate impact however some services currently subsidised by the council may not be in the future following the retendering exercise and the application of this revised criteria

TARGET COMPLETION/ DELIVERY DATE	Retendering of Telford & Wrekin subsidised bus services commences – September 2015 A New set of subsidised routes informed following the application of this revised criteria will commence on – 1 st January 2015	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The adoption and application of the Bus Subsidy Policy will enable the prioritisation of routes that can be supported within the available budget. Finance support will be provided throughout the bus tender and route evaluation process. Budgetary provision has been made to fund the interim arrangements from July to December 2015 referred to in this report. JAC 260615
LEGAL ISSUES	Yes	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. The Council will assume a fair, proportionate and reasonable approach to all decisions it takes that may affect individuals in the community.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	The bus subsidy policy will allow robust decisions to be taken on future supported services. This will depend on the available budget and the cost associated with running these services following the retender process. As such in the future bus services could be removed on the basis of not meeting the revised criteria approved by Cabinet. Before removal a Community Impact Assessment would be required.
IMPACT ON SPECIFIC WARDS	No	Borough wide and will not be known until the outcome of the retendering process

PART B) – ADDITIONAL INFORMATION

4. INFORMATION AND BACKGROUND

- 4.1 Under the Transport Act (1985), bus companies are free to operate services on any route which they consider to be commercially viable. This means that the bus company's costs of running the service are covered by the fares they collect from passengers on the route or by concessionary travel reimbursement in lieu of fares.
- 4.2 Bus operators must give 56 days' notice of the introduction, withdrawal or timetable change of a service. The relevant authority for the control of services is the Office of the Traffic Commissioner and not the Local Authority. The relevant Local Authority where the bus services operates in effect has no real control or say regarding the operation of bus services.
- 4.3 There is no mandatory obligation for the Council to fund any public transport services. However, it does have powers under the Transport Acts 1985 and 2000 and Local Transport Act 2008 to enter into agreements with public transport operators to provide subsidies for services which are deemed not to be commercially viable.

5.0 Arriva Network Review 2015

- 5.1 Within Telford & Wrekin approximately 98% of the network is operated commercially by Arriva. In December 2014 Arriva undertook an independent review of the existing bus network. As part of this review Arriva identified several routes that they considered to no longer be commercial and as such under the review these routes were withdrawn, these were the 23, 25 and 66 (although some parts of these routes were replaced within the revised commercial routes).
- 5.2 Due to the timescales of the Arriva review it was clear that if the existing tendered services were to remain as they were, this would leave significant gaps in the network and many areas without a service. As such the Council made financial provision for an interim period only to fill in as many of the gaps as possible pending the outcome of a retendering process for council subsidised routes.

6.0 2010 Bus Subsidy Policy

- 6.1 The 2010 Bus Subsidy Policy was adopted by Cabinet in 2010 and was used to award the current subsidised tenders. The bus subsidy policy used a very basic set of criteria to score services in order to prioritise them. Due to the way this scoring system works all current tenders are scored as a high priority which led to these services being awarded in 2010. There are also a number of other limitations to this current scoring system which include the inability to compare with cross border services due to lack of information in terms of subsidy per passenger,

the limited criteria does not take into consideration the needs of users along the route including access to a car, population served, deprivation factors etc.. As a result the current criteria is no longer deemed to be fit for purpose.

- 6.2 The impact of the 2015 Arriva Network Review (detailed below) which came into service on 19th July 2015 means that there will be little/no data for these services in relation to number of passengers and concessionary fares as an example. This will make it almost impossible to assess these services on the basis of the current bus subsidy policy. As a result, and in conjunction with recommendations from the Housing Economy and Infrastructure Scrutiny Committee, a decision was made to review and update the bus subsidy policy to ensure that it is fit for purpose going forward.

7.0 Customer, Community & Partnership Scrutiny Committee

- 7.1 The revised bus subsidy policy was presented to Scrutiny colleagues on the 30th June. The policy was well received and the comments received from the committee are attached in Appendix 2. In summary this revised policy and criteria comes forward with cross-party support.

8.0 2015 Revised Bus Subsidy Policy

- 8.1 The objectives for the new 2015 bus subsidy policy are as follows:
- Establish a multi assessment criteria against which new and existing contracts can be tested both in terms of value for money and socio-economic factors
 - Create 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
 - Establish rules and processes whereby new requests for subsidy can be managed
 - Ensure formal evaluation against agreed and robust criteria
- 8.2 In order to provide a framework to allow existing and new routes to be assessed robustly the Council has developed a route evaluation model (Telford Route Evaluation Model – TREM). This model adopts a multi-criteria assessment approach using available planning and census data to undertake a qualitative assessment of a routes effectiveness and impact against the set criteria. The use of objective criteria with which to assess supported bus services will usefully assist in the decision-making about the contracts for new services.

- 8.3 The multi-criteria assessment proposed to review existing and new routes is as follows:

Catchment

- Population within 400m of the service

Deprivation

- Population in bottom 20% of Index of Multiple Deprivation (IMD) within 400m of the service
- Population in bottom 20% of car ownership within 400m of the service

Access to Services

- Number of education establishments served within 400m of the service (secondary and further/higher education)
- Number of health establishments served within 400m of the service (GP surgeries, pharmacies and Hospital)
- Borough Centres and key employment areas served within 400m of the service
- Railway stations served within 400m of the service

Future Development

- Number of committed housing developments served within 400m of the service
- Number of committed employment developments served within 400m of the service

Frequency

- No of buses per hour

The 2015 bus subsidy policy is attached in more detail in Appendix 1.

9.0 Re-tendering of subsidised services

- 9.1 The Council will be going out to re-tender for subsidised services in September 2015 with a view to awarding the new services in November 2015 and implementation from January 2016 onwards. All current routes will be tendered for however services will only be awarded on the basis of the available bus subsidy budget which will be dependent on the prices received back from the tendering exercise. Services will be prioritised on the basis of the attached bus subsidy policy. Where there is insufficient budget to run all services these will be reviewed to look at options for reducing costs, securing funding from third parties i.e. parish & town councils, private sector, S106 contributions and schools. A community impact assessment would

have to be undertaken before any routes could be considered for withdrawal along with options for mitigating the impact of any such decision.

- 9.2 The Council's internal fleet is also currently undergoing a review and options for utilising the fleet for potential services will be considered. However it is recognised that this would require the Council to have the correct licences to operate this type of service as well as the potential for further investment in ticket machines, staff and vehicles.

10.0 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

- 10.1 The criteria selected for the bus subsidy policy will ensure that the needs of all residents are taken into consideration particularly those without access to a car and within the most deprived areas. At this stage there is no direct impact on groups of people or areas in the Borough however once the policy is applied and following the receipt of tenders with costings this may change. However any decision be taken amend current subsidised routes would require appropriate consultation and a Community Impact Assessment including considering alternative options for provision for example improved use of the Ring and Ride Service

11.0 PREVIOUS MINUTES

Cabinet Report – 23rd March 2010 – Transport Change Programme
Bus Subsidy Policy

12.0 BACKGROUND PAPERS

Appendix 1 – 2015 Bus Subsidy Policy
Appendix 2 - Customer, Community & Partnership Scrutiny Committee
comments on Bus Subsidy Policy

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