

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **CABINET**

**DATE:**                 **TUESDAY, 23 APRIL 2013**

**REPORT BY:**         **DIRECTOR OF ENVIRONMENT**

**SUBJECT:**           **REVIEW OF SUBSIDISED BUS SERVICES**

### **1.00 PURPOSE OF REPORT**

1.01 To outline proposals for a review of the County's subsidised bus and related services.

### **2.00 BACKGROUND**

2.01 Bus services within Flintshire, as in the rest of Wales (with the exception of municipally owned companies operated in Cardiff, Newport and Islwyn) are predominantly provided by the private sector. However, public funding still plays a significant role in the provision of bus services and related infrastructure.

2.02 Passenger numbers have been steadily increasing since Welsh Government (WG) introduced the all-Wales concessionary travel scheme in 2002, allowing free bus travel to people aged over 60 (and those with certain disabilities). Together with Local Authority and WG funding over recent years, this has facilitated improvements in modern, accessible and more fuel efficient vehicles, as well as improvements in service frequency and associated infrastructure. Concessionary travel has also helped to safeguard or even extend the number of services on routes that, although socially desirable, might not otherwise have been commercially viable for the private operator.

2.03 The Council has no mandatory obligation 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 not available commercially. These are usually rural, early morning, evening Sunday and Bank Holiday and some school services. It does this to support national and regional transport objectives, and also support our own corporate objectives around the environment, employment, education, health and supporting the economy.

2.04 The budget for the Councils subsidised bus services is currently

£1.703m; however, this will reduce to £1.526m in 2013/14.

### **3.00 CONSIDERATIONS**

3.01 Bus services in Wales (as elsewhere other than in London & Northern Ireland) fall into three categories:

#### 3.01.1 Commercial Services

Under the Transport Act (1985), bus companies are free to operate services 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 free concessionary travel reimbursement in lieu of fares (people over 60 or with certain disabilities). A number of services within Flintshire operate commercially during the day time and the County Council provides no direct financial support and has no direct control over this type of service. An example is Arriva's service 11 between Rhyl-Holywell-Chester which runs during the daytime.

#### 3.01.2 Subsidised Services

These are socially necessary bus services that are subsidised by the Local Authority where an operator is not prepared to operate and run a service commercially. Funding comes from a variety of sources including WG grant monies, concessionary travel reimbursement and the County Council's own Revenue Settlement Grant (RSG), as well as any fares revenue taken. Much of the network in rural parts of the County is contracted to bus companies for services that might not otherwise run. Other subsidised bus services tend to be for early mornings, evenings and on Sundays and Public Holidays, as they are socially necessary routes that are not considered commercially viable by the bus companies. An example is the Townlynx service 14 between Mold-Caerwys-Bodfari-Denbigh.

#### 3.01.3 Other Services

These tend to be a hybrid of services that operate commercially under some form of agreement commonly referred to as 'De Minimis' rules/exceptions, under which Local Authorities are in some cases exempted from the requirement to let bus subsidy contracts through competitive tender. These agreements allow additional funding on commercial bus services from the Local Authority for extending journeys to certain villages or extra journeys in the evenings, early mornings or on Sundays, which might not otherwise run. An example is P&O Lloyd's services 18/19 between Flint-Holywell-Prestatyn-Rhyl via Penyffordd, Gwaenysgor, Trelogan and Llanasa. A number of services operating in Flintshire are provided commercially with some form of an agreement to maintain journeys that would not otherwise run.

3.02 A full list of all the current subsidised services and other bus services

in Flintshire and details of the type of services provided are summarised in **Appendix 1**.

3.03 The role of Community Transport

Community and voluntary transport covers all transport outside the conventional public transport network. This sector exists to meet the travel and social needs of people who have no bus service where they live or for severely disabled or infirm people who are unable to use conventional bus services. Trips provided are for essential journeys such as medical appointments.

3.03.1 In recent years, WG funding has been provided to support the provision of community transport and Local Authorities are required to spend at least 10% of their WG grant allocation in support of community transport. Currently, approximately 20% (£104k) of WG grant monies is used to support the two Flintshire based Community Transport providers: Estuary Cars (Greenfield) and Welsh Border Community Transport (Buckley). Other funding sources include the Community Transport Concessionary Fares Initiative (CTCFI), a pilot funding initiative administered by the Community Transport Association (CTA Wales) aimed to allow members to travel for free on the same basis as they would have been able to use a conventional bus service.

3.04 Although the local bus service network has improved year on year since the deregulation of bus services in 1986, operating costs per passenger journey have increased, making the provision of bus services more expensive and ultimately less sustainable.

3.05 From the 1<sup>st</sup> April 2013, WG have announced that they will be making changes to the way it subsidises bus services and community transport in Wales. In relation to North Wales this will mean a reduction from £33m to £25m for next financial year. WG has driven the reform through engagement with representatives of the industry, the Regional Transport Consortia and other bodies.

3.06 The first major change is the Local Transport Services Grant (LTSG) paid to Local Authorities by WG to finance a range of transport initiatives. The grant can be used to enhance existing transport schemes, introduce new services, support community transport services, fund capital works such as improvement to bus shelters or passenger transport information and enhance accessibility through the purchase of low floor buses. In addition Bus Services Operators Grant (BSOG) is currently provided directly to bus operators by the Department for Transport and takes the form of a subsidy for fuel usage.

3.07 Subsequent to the announcement (3.05), a transitional funding period was agreed by the Minister, subject to a Review of the future funding of bus services across Wales. It was finally confirmed for the

remainder of the 2012-13 financial year that a cut of approximately 9.5% would apply, from 1st October 2012, which equates to a 19% reduction in bus funding for the second half of the financial year.

3.08 The Review was led by a Steering Group comprising the Welsh Government and the Regional Transport Consortia (RTCs), with significant input from the Confederation of Passenger Transport (CPT).

3.09 Driven by the Welsh Government's Case for Change, difficult decisions were embraced by the Steering Group and a report was sent to the Minister by the agreed date. The report was approved by the Minister in December 2012 and a new scheme called Regional Transport Services Grant (RTSG) will be in place from 1st April 2013. The key principles of the new arrangements are to be:

- Regional Transport Consortia will be responsible for administering the new Regional Transport Services Grant (RTSG) scheme, which will take over from BSOG and LTSG, from 1st April 2013;
- Consortia will develop a Regional Bus and Community Transport Network Strategy in 2013/14, setting out outcomes consistent with national and regional transport priorities;
- Consortia will monitor performance against outcomes, and publish results in their Annual Progress Report;

Consortia will be responsible for administering the reimbursement paid to operators under the concessionary bus travel scheme in their area from 1st April 2013.

3.10 Substantial work needed to be undertaken to ensure that the Regional Transport Consortia, local authorities and operators were ready to operate the new system by 1st April. Plans for managing and resourcing these new responsibilities were developed by a Task and Finish Group of the North Wales Local Authority Transport Managers. Arrangements to second a small number of staff into TAITH to develop the implementation work, using additional funding allocated by the WG were also put in place.

3.11 The new scheme across Wales has a total budget of £25m for the 2013-14 financial year. It is anticipated that this will reduce the grant paid to Flintshire County Council by £224k pa. As a result of this the Council committed to undertake a fundamental review of its services outlined in 3.01.2 during 2012/13 financial year. It was not possible to start the review until the new scheme had been announced, so the timescale for completion has been delayed until the summer of 2013.

3.12 It is important that a set of criteria is developed to help shape the

review in order that it can be used consistently, to determine and prioritise the level of Council intervention. Accordingly, a draft Policy was considered by the Environment Overview and Scrutiny Committee on 6<sup>th</sup> February 2013. Members' comments have been incorporated into the revised Policy set out in **Appendix 2** which, subject to Cabinet approval, will be used as the basis for the review of subsidised bus services.

- 3.13 As part of the Rural Development Plan bid, and in conjunction with Cadwyn Clwyd, the Council has received approval to appoint a Rural Transport Project Officer on a 12 month fixed term basis. This post will report to the Transportation Manager. The role will assist in identifying the transport needs of people living in rural communities and to develop strategies to assist people accessing work, training and other opportunities.
- 3.14 It is anticipated that work in relation to the assessment and review of subsidised services is likely to take 8 weeks to complete. Following this a further update report will be prepared for consideration.

#### **4.00 RECOMMENDATIONS**

4.01 That Members: -

- a) Note the changes to bus funding from 1<sup>st</sup> April 2013
- b) Approve the Policy at Appendix 2
- c) Note that a review will undertaken in accordance with the Policy and that a further report will be brought to a future Cabinet on it's conclusion.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 In monetary terms, the reduction in LTSG is anticipated to reduce our revenue budget by £148k pa.

#### **6.00 ANTI POVERTY IMPACT**

6.01 The funding reductions may have an effect on older and younger people (who are most reliant on public transport).

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 Higher bus fares and fewer services, may indirectly discourage bus use and increase car use.

**8.00 EQUALITIES IMPACT**

8.01 May have an impact on the Wales National Transport Priorities of sustainability, supporting economic growth and social inclusion.

**9.00 PERSONNEL IMPLICATIONS**

9.01 Not as a direct result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Key stakeholder and service user groups, bus companies, Town and Community Councils and Members of the County Council.

**11.00 CONSULTATION UNDERTAKEN**

11.01 This is an initial paper that considers the need for wider consultation and engagement from key stakeholder groups.

11.02 A report was presented to Environment Overview and Scrutiny Committee on the 6<sup>th</sup> February 2013.

**12.00 APPENDICES**

12.01 Appendix 1 – Flintshire Bus Services (Summary of Current Services)  
Appendix 2 – Draft Policy

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

Regional Transport Plan

**Contact Officer:** Katie Wilby  
**Telephone:** 01352 704530  
**Email:** [katie.wilby@flintshire.gov.uk](mailto:katie.wilby@flintshire.gov.uk)