

## **FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:** **ENVIRONMENT OVERVIEW & SCRUTINY COMMITTEE**

**DATE:** **TUESDAY 23 JULY 2013**

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

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

### **1.00 PURPOSE OF REPORT**

1.01 To outline draft proposals 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 Bus services in Wales (as elsewhere other than in London & Northern Ireland) fall into three categories:

2.04.1 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.

2.04.2 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.

2.04.3 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.

2.05 A full list of all the Council's subsidised services and other bus services in Flintshire and details of the type of services provided are summarised in Appendix 1.

2.06 Community and voluntary transport covers all transport outside the conventional public transport network (Commercial, subsidised and

hybrid bus services) 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. From 1<sup>st</sup> April 2013, TAITH holds the budgets for Community Transport.

### **3.00 CONSIDERATIONS**

3.01 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.

3.02 In light of the ongoing funding issues faced by the public sector, WG has cut bus grant funding across Wales from £33m to £25m p.a. and introduced changes to its management from 1<sup>st</sup> April 2013:-

- Regional Transport Consortia (TAITH in North Wales) will be responsible for administering a new Regional Transport Services Grant (RTSG) scheme, which will take over from BSOG and LTSG.
- Consortia will develop a Regional Bus and Community Transport Network Strategy in 2013/14, setting out outcomes consistent with national and regional transport priorities. The timescale for developing the strategy is set out below:

28 <sup>th</sup> June 2013	Preparation of draft regional network strategy
26 <sup>th</sup> July 2013	Issue of strategy for consultation
27 <sup>th</sup> December 2013	Formal approval by TAITH
17 <sup>th</sup> January 2014	Ministerial endorsement of the strategy

- 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.

3.03 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. This has ensured a relatively smooth transition, with limited evidence of service reduction or disruption as a result of

the changes to the funding mechanisms. However, we are only at the end of the first quarter and hence we are not able to predict the full impact of the changes at the moment.

- 3.04 The changes have resulted in an overall year on year reduction of £224k, including the £36k p.a. efficiency saving approved as part of the 2013 – 14 Budget Strategy.
- 3.05 As a result of the above (3.04) the Council committed to undertake a fundamental review of its services outlined in 2.04.2 and 2.04.3 during financial year 2012/13. It was not possible to start the review until the new WG funding scheme had been announced, so the timescale for completion and subsequent implementation of any significant action has been delayed until 2013/14. In the intervening period, officers have continued to undertake work to mitigate the scale of the savings required, such as changing vehicle specifications for services to either reduce capacity or improve fuel economy.
- 3.06 It is important that the review was conducted in light of an agreed set of criteria, which could be used consistently, to determine and prioritise the level of Council intervention. Accordingly, a draft Policy was considered and approved by Cabinet on 23<sup>rd</sup> April 2013, following consideration by the Environment Overview and Scrutiny Committee on 6<sup>th</sup> February 2013. This Policy is set out in Appendix 2.
- 3.07 The current services have been assessed in conjunction with the Policy shown in Appendix 2, which has resulted in the draft proposals set out in the matrix shown in Appendix 3. As noted at Appendix 3 the review identifies services in a RAG form (Red, Amber, Green); with Green being a cost effective service, Amber requiring some form of further review and possible discussion with the operator and Red being a service which is not cost effective to run and which is therefore likely to be at risk of service termination.
- 3.08 In summary the review has highlighted the following:
- 9 services which are Red
  - 9 services which are Amber
  - 13 services which are Green
- 3.09 It is essential that a full consultation takes place with all stakeholders. It is proposed to post details of the outcomes of the review's draft conclusions on Flintshire County Council's website and provide a dedicated email address to receive any feedback. It's also proposed to consult with all Town and Community Councils and Members over the proposals as well as hold discussions with operators. Feedback will be analysed and presented in a report to a future Cabinet meeting, including final recommendations, for the future of the service. A detailed timeline is included at Appendix 4.

3.09 A further matter which has been raised at previous meetings of the Environment Overview and Scrutiny Committee is the progress being made with the appointment of a Rural Transport Project Officer on a 12 month fixed term basis as part of the Rural Development Plan bid, and in conjunction with Cadwyn Clwyd. 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. Following interviews an officer as been appointed into this role and will join Flintshire County Council in July 2013. This work will feed in, and support the work outlined above.

#### **4.00 RECOMMENDATIONS**

4.01 That Members comment upon the draft proposals shown in Appendix 3.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 The financial position is as set out in paragraph 3.04. Work continues to be undertaken to identify possible ways of mitigating the shortfall.

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

6.01 Subsidised bus services make a significant contribution into allowing all people without access to a car to access key services.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 The greater use of sustainable public transport services will have a positive impact upon the Environment.

#### **8.00 EQUALITIES IMPACT**

8.01 Subsidised bus services make a significant contribution into allowing all people without access to a car to access key services.

#### **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  
Appendix 3 – Outcome of Service Review  
Appendix 4 - Timeline (proposed)

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

Regional Transport Plan

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