

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

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| Decision Maker: | Executive Member – Environment and Transport |
| Date: | 27 July 2011 |
| Title: | Bus Subsidy Review |
| Reference: | 2710 |
| Report From: | Director of Economy, Transport and Environment |

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1. The decision:

PART 1A – RENEGOTIATION OF LOCAL BUS SUBSIDY CONTRACTS AND REVIEW OF SUPPORT CRITERIA

- 1.1 That the outcome of the Bus Subsidy Review be noted.
- 1.2 That the strategy for reducing the bus subsidy budget and the rural bus subsidy grant be approved.
- 1.3 That approval be given to revise supported services in line with the detailed proposals set out in the report and appendices.
- 1.4 That the Director of Economy, Transport and Environment be given delegated authority to carry out all the necessary steps to implement the proposed changes to bus subsidies and supported services.
- 1.5 That the Director of Economy, Transport and Environment be given delegated authority, in consultation with the Executive Member for Environment and Transport, to vary specific proposals as long as equivalent overall budget savings are maintained.

PART 1B – RETENDERING OF LOCAL BUS SERVICES – BLACKWATER VALLEY AREA

- 1.6 That approval be given to award tenders for new four year bus subsidy contracts for the Blackwater Valley area at a total cost of £281,706 per annum.

- 1.7 That a new tender be issued for a reduced Saturday Fleet-Frimley Park Hospital service at a cost not exceeding £10,000 per annum and award to be subject to approval of the Executive Member in September 2011.

PART 1C – RETENDERING OF LOCAL BUS SERVICES – EASTLEIGH AREA

- 1.8 That approval be given to award tenders for new four year bus subsidy contracts for the Eastleigh area at a cost to the bus subsidy budget of £360,570. This will retain the widest travel opportunities within available budget levels.
- 1.9 A new tender be issued for areas left unserved by the new Eastleigh-Chandler's Ford commercial service for approval by the Executive Member in September.

PART 1D – RETENDERING OF LOCAL BUS SERVICES – ALTON, ANDOVER AND BURGHCLERE CANGO

- 1.10 That a two year contract for the Andover Cango service be awarded to Stagecoach at a maximum annual gross cost of £132,065 (Option 3 in 2.11 of part 1D of this report) with an option to extend up to six years.
- 1.11 That a two year contract for a two day a week service between Picket Piece and Andover be awarded as a Taxishare at an estimated annual cost of £2,000 (paragraph 2.11 of part 1D of this report) with an option to extend up to six years.
- 1.12 That a two year contract for the Burghclere Cango be awarded to Steventon at a maximum annual gross cost of £116,937 (Option 2 in 2.16 of part 1D of this report) with an option to extend up to six years.
- 1.13 That a two year contract for an Alresford to Basingstoke Cango service be awarded to RJB at a maximum annual cost of £107,360 (section 1 – paragraph 2.20 in part 1D of this report) with an option to extend up to six years.
- 1.14 That a two year contract for a three day a week conventional bus service serving Bighton, Binsted, Four Marks, Froyle, Gundleton and Ropley be awarded to Stagecoach at an annual cost of £26,364 (section 2 – paragraph 2.20 of part 1D of this report) with an option to extend up to six years.
- 1.15 That a two year contract for a five day commuter return journey between South Warnborough and Basingstoke be awarded as a Taxishare at an estimated cost of £18,000 (section 3 – paragraph 2.20 of part 1D of this report) with an option to extend up to six years.

2. Reasons for the decisions:

PART 1A

2.1. Reduced Government funding, including Rural Bus Subsidy Grant, means that the budget available for bus subsidy is reduced. So that provision can best match changing needs, current patterns of use and available resources, the strategy for support has been reviewed. An Equalities Impact Assessment has been undertaken and discussion with service providers and extensive public consultation has been carried out. A revised pattern of services has been developed to give access to employment, education, health, retail and leisure facilities for the widest section of the community whilst reflecting the current financial environment.

PART 1B

2.2. The current Blackwater Valley area local bus contracts expire on 30 October 2011. Approval to award tenders will continue to give access to employment, education, health, retail and leisure facilities for the widest section of the community whilst reflecting the current financial environment. Emphasis has been placed on communities retaining some form of transport within available budget levels.

PART 1C

2.3 The current Eastleigh area local bus contracts expire on 30 October 2011. Approval to award tenders will continue to give access to employment, health, retail and leisure facilities for the widest section of the community whilst reflecting the current financial environment. Emphasis has been placed on communities retaining some form of transport within available budget levels.

PART 1D

2.4 These contract awards will ensure the continued provision of a transport service in all the existing areas to enable users to access a range of facilities with timetables which meet current funding availability. The three main contracts, which will each continue to include a school journey, will also contribute to the Council's corporate aim of supporting quality of life and well-being in Hampshire.

3. Other options considered and rejected:

PART 1A

3.1. Do nothing: would result in area tenders not being renewed as they come up for renewal due to lack of budget. This would unfairly affect those areas.

3.2. Retain current support criteria: this would not inform how needs could best be met within revised budget

3.3. Remove all support: could lead to hardship.

PART 1B

3.4 The review of services considered a number of options for delivering local services which consisted of looking at community transport options. Options for Community Transport solutions have been considered where appropriate, however the volume of passengers recorded on some individual journeys would exceed the capacity of Community Transport alternatives.

3.5 Other timetable options including exploring enhancements to services were rejected on the grounds of not proving affordable within current budget levels.

3.6 Withdraw funding from bus contracts leaving local residents without access to vital local services.

PART 1C

3.7 The review of services considered a number of options for delivering local services which consisted of looking at community transport options. Options for Community Transport solutions have been considered where appropriate, however the volume of passengers recorded on some individual journeys would exceed the capacity of Community Transport alternatives.

3.8 Other timetable options including exploring enhancements to services were rejected on the grounds of not proving affordable within current budget levels.

3.9 Withdraw funding from bus contracts leaving local residents without access to vital local services.

PART 1D

3.10A number of options were tendered for each of the three operating areas which included the current service and a conventional bus service options. A number of these options were considered and rejected because they either did not achieve the required budget savings or the service offered did not maintain the flexibility of geographical coverage offered by a Congo service.

PARAGRAPHS 4-7 APPLY TO ALL PARTS OF THE REPORT

4. Conflicts of interest: applicable to Parts 1A, 1B, 1C and 1D

4.1. Conflicts of interest declared by the decision-maker: None

4.2. Conflicts of interest declared by other Executive Members consulted: None

5. Dispensation granted by the Standards Committee: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

In reaching this decision I would like to thank both the individuals and groups who contributed to the process. I am satisfied that the consultation process and impact assessment was very thorough and fully met requirements, highlighting in particular vulnerable groups, such as people with disabilities and the elderly who depend on public transport.

I would like to acknowledge the input of the deputees who spoke at the decision meeting: Cllr Lynda Banister (Winchester City Council), Cllr David Airey (Eastleigh Borough Council), Cllr Jackie Porter and Cllr Adam Carew. I would furthermore like to acknowledge the comments I have received prior to the decision meeting from: Cllr Sharyn Wheale (on behalf of the Environment and Transportation Select Committee), Cllr Charlotte Bailey, Cllr Jim Forrest (Fareham Borough Council), Cllr Alison Hoare (Marchwood Parish Council), Cllr Elaine Still, Mike Slinn (Chair of the Transport Group of Winchester Action on Climate Change), Cllr Ann Buckley, Cllr Knight, Cllr Pat Wyeth (New Forest District Council), Hursley Parish Council and Southwick Parish Council.

I carefully considered all these representations and the officers' responses to the points raised. In coming to my decisions I was particularly mindful of these issues and highlighted that I would expect that use will be made of the delegation under recommendation 1.5, if there are opportunities to modify proposals, to better meet the requirements identified by deputees, within the limitations set out in that recommendation.

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| Approved by: | Date: |
| ----- | 27 July 2011 |
| Executive Member for Environment and Transport Councillor M J Kendal | |

HAMPSHIRE COUNTY COUNCIL**Decision Report**

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| Decision Maker: | Executive Member – Environment and Transport |
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| Title: | Bus Subsidy Review |
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| Report From: | Director of Economy, Transport and Environment |

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PART 1A – RENEGOTIATION OF LOCAL BUS SUBSIDY CONTRACTS AND REVIEW OF SUPPORT CRITERIA

1. Executive Summary

- 1.1. The reduction in Government funding, especially Rural Bus Subsidy Grant (RBSG), has meant that less money is available to support subsidised bus services. So that funding best meets travel needs, consultation and an Equalities Impact Assessment (EqIA) have been carried out and contracts re-tendered or renegotiated.
- 1.2. The reduced funding requires a £1.1 million reduction in year 2011/12 in the Bus Subsidy budget. In addition, Government Rural Bus Subsidy Grant is being reduced by £544,000 in the year. This has been allocated proportionately across all areas to be equitable. This saving has been applied to tender renewals in Blackwater Valley, Eastleigh and for Congo services in Alton, Andover and Burghclere and in other areas through a negotiated process with bus operators. The negotiated process has the effect of declaring our budget to operators and using their commercial skill and business knowledge to propose changes to services which best meet travel needs within the budget available. This has the added advantage of providing certainty about the outcome at this decision making stage, rather than requiring a further period of uncertainty as operators respond to the County Council's decisions on subsidy reduction.
- 1.3. The public consultation revealed strong preferences for the retention of traditional bus services, with reduced frequency if that was the consequence, but maintaining the current bus network where possible rather than reducing to a core 'hub and spoke' model. These preferences are reflected in the proposals. The EqIA identified the needs of the elderly with lower car access especially in isolated rural areas where there are less local facilities. To this

end the proposals seek to cushion the effect of the cut in RBSG which would especially impact these areas, by applying the reduction as part of the County wide saving rather than on specific rural routes and services.

- 1.4. This review also therefore aims to ensure that communities with an existing public or community transport service retain an essential transport link. Home to School Transport for entitled children is funded separately .
- 1.5. This report sets out the results of the Bus Subsidy Review and seeks approval for changes to supported bus services to best meet travel needs within the available budget.
- 1.6. The report is divided into sections covering:
 - financial context;
 - consultation outcomes;
 - tenders and negotiated approach;
 - mitigating actions; and
 - proposals for each area.

2. Contextual information

- 2.1. Under the terms of the 1985 Transport Act, the County Council has to identify socially necessary bus services which are not provided by the commercial bus operators. Hampshire County Council spends £6.7 million a year supporting such services, which account for 28% of bus journeys and 15% of passenger trips. The Act does not set out the level of support required. In addition, a further £1.6 million of Government Rural Bus Subsidy Grant is used to support services in rural areas. A further £1.8 million is spent on Community Transport services such as Dial-a-Ride.
- 2.2. The County Council is facing a funding gap of £55 million due to a reduction in Government funding which means that the budget available for bus subsidy is being reduced. In addition, Government Rural Bus Subsidy Grant is being reduced by 33% or £544,000.
- 2.3. The meeting of the County Council on 24 February confirmed the need to reduce the bus subsidy budget in 2011/12 by just over £1.1 million from October giving a full year effect of some £2.2 million. As some bus services are funded using monies outside the review, such as developer contributions and externally funded cross boundary routes for specified services, this funding is maintained without reduction where possible, with the £1.1 million reduction made from remaining funding. So that the budget savings can be delivered within the current financial year, it is intended that revised services will be introduced in autumn 2011, generally in October.

- 2.4. Bus use in Hampshire has been at a twenty year high and the County Council has provided support through capital projects such as bus stations or bus stop improvements, through promotion such as travel guides or information services and through subsidy funding of non-commercial services. Over 70% of bus services and 85% of passenger journeys in Hampshire are provided commercially, without subsidy, but bus subsidy has increased by 10% over five years to £6.7 million.
- 2.5. As the funding which produced the present network will no longer be available in full, the support criteria which produced that network have needed to be revised. The Executive Member inaugurated a series of workshops in 2010 through which Members contributed to this process.
- 2.6. Members identified a greater role for Community Transport and for the community itself. To this end, a Rural Tool Kit is being launched which will provide sources of advice and examples of best practice to enable existing facilities to be publicised and local transport to be developed. This will be equally valuable in urban areas and for support groups and will be freely available in print, on disc and online.
- 2.7. Members felt that local bus subsidy should support essential trips not provided by others that were actually used and which ran to a regular timetable with easy access vehicles where possible. Essential journeys such as health or local shopping should be prioritised with work and education. Taxi-share or community transport should be used where the bus was no longer viable.
- 2.8. The traditional criteria for support has been cost per passenger trip but using this alone does not take account of accessibility or local circumstances, journey purpose or the other transport services which may be available though it can be a useful benchmark. To reflect the reduction in RBSG and to the bus subsidy budget, the existing maximum cost per trip of £2.50 would reduce to £1.67 for conventional bus.
- 2.9. Where a bus is not viable, and numbers justify, a taxi-share is considered. This has a higher cost per trip but only runs when required so has a lower total cost. Cango uses accessible vehicles and provides a flexible bus service across an area where otherwise a number of bus routes would be required. A higher cost per trip results.
- 2.10. New criteria have been developed which bring together the output of the Members' Workshops, public consultation and Equalities Impact Assessment and build on the criteria used for the countywide Area Review process in 2006-2008:

'That we seek to provide access to key services (employment, food shopping, doctors, education, leisure) which are not available locally by offering a link to one local centre or as a feeder to the wider transport network using transport appropriate to the level of use and where alternative transport services are not available nearby.'

- 2.11. How to provide transport for an area has been informed by surveys of use, by census and accessibility data, operator information about costs and alternatives and the consultation process. This data provides population, income and car ownership levels, usage of existing services, community priorities, local facilities and travel alternatives including other bus routes, train services and ferries.
- 2.12. Some evening or Sunday journeys have been proposed for retention, where numbers warrant, value for money criteria are met and journey surveys reveal that employment use is high and therefore travel is needed at those times as this reflects the local demographic profile and income levels. Some daytime services, where most journeys may be for shopping, are proposed to have the number of journeys or days of week reduced as travel can be made at different times.
- 2.13. The budget situation had suggested that the needs of most users would be best met by supporting core services - the main routes which connect key destinations - with a safety net of services using community led transport, shopper type routes and taxi-shares to underpin the aim that communities with an existing service retain an essential transport link.
- 2.14. Consultation involved special passenger transport forums and over 5,000 questionnaires distributed by post, online and by hand in local bus stations, town centres and libraries. See Appendix 1.
- 2.15. Respondents were asked whether they would prefer a core network with feeder services or a more even spread of services and whether they would like to keep transport links using alternatives such as shared taxis or have a turn up and go service for which booking was not required, such as a bus, even though this would be provided less frequently.
- 2.16. The public consultation revealed strong preferences for the retention of traditional bus services, with reduced frequency but maintaining the current bus network where possible rather than reducing to a core 'hub and spoke' model with greater use of community transport or taxi-share services. The proposals in this report reflect local circumstances and consultation feedback with retention of local bus, albeit to a reduced timetable, where possible.
- 2.17. As some bus services are funded using monies outside the review, such as developer contributions, the reduction to that part of the bus subsidy budget which is effectively available amounts to some 45%. Savings within a band around this have been applied equitably in all areas. Because of funding outside the review, such as from Bournemouth and Dorset on the X1/X2 from Lymington to Bournemouth, the same level of saving is not possible in all cases. Where developer contributions are available, such as for the 29/30 in Gosport, these are used to best effect to minimise the effect of the revised bus subsidy budget.
- 2.18. Funding has been prioritised according to the outcome of the consultation and the Equalities Impact Assessment. The EqIA identified the needs of the

elderly with lower car access especially in isolated rural areas where there are less local facilities. To this end the proposals seek to cushion the effect of the cut in RBSG which would especially affect those areas. Whilst some services such as the 6 from Lymington to Southampton, the 46 from Winchester to Southampton and the 67 from Petersfield to Winchester were introduced or saw frequency doubled due to the introduction of RBSG, these routes have now been curtailed or reduced in frequency rather than see areas left without a service. In general however the RBSG reduction has been added to the overall bus subsidy budget reduction and applied equally across the county to mitigate the impact on rural areas in line with the EqIA findings.

- 2.19. The 45% saving has been applied equitably to tender renewals in the Blackwater Valley and Eastleigh areas and has included Cango services in Alton, Andover and Burghclere. In other areas a similar revised budget has been applied through a new negotiated process with bus operators.
- 2.20. The negotiated process is a new approach developed with support from legal and procurement teams to negotiate with operators with contracts covering several routes or journeys on mainly commercial services. The process has the effect of declaring our revised budget to operators for them to use their commercial skill and business knowledge to propose changes to services which best meet travel needs within the budget available.
- 2.21. The effect has been to achieve budget savings without the risks of countywide re-tendering of all 116 contracts which could have led to no bids being received for some routes and substantial price increases on others.
- 2.22. Where operators have individual contracts which cover a group of services, these have been dealt with through negotiation. Where operators are contracted to provide route enhancements, such as an extra journey on a commercial service, they have been asked to take these over without subsidy. Examples of where this has happened include the Goldstar 1 (between Aldershot, Farnborough and Camberley), the 69 (between Fareham and Winchester) and summer Sunday services in the Fareham and Gosport area. In other cases single tender arrangements may be available and where this is not possible, emergency 12 month contracts remain an option.
- 2.23. The negotiated process has proved successful, but because it is a new process, and due to the pressures on the bus operators' commercial offices due to large tenders in neighbouring authority areas, this has proved more difficult and lengthy than anticipated. Negotiated changes will operate for the life of the existing contract, subject to performance review.