

OPEN

## Highways & Transport Committee

4 April 2024

### Bus Service Review 2024

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**Report of: Tom Moody, Director of Highways and Infrastructure**

**Report Reference No: HTC/04/24-25**

**Ward(s) Affected: All Wards**

#### **Purpose of Report**

- 1 The report presents proposals for a strategic bus service review of the Council's support for local bus services. The review will ensure that spending provides value for money and best meets the needs of passengers within prevailing budget constraints.
- 2 The method for this review incorporates the Council's bus support criteria (as approved by the Highways and Transport Committee in November 2023), performance data and accessibility analysis. The review includes a period of consultation and engagement with the bus industry, service users, wider stakeholders and local businesses and residents.
- 3 The report also provides an update on the Council's Bus Service Improvement Plan (BSIP), which is being refreshed to update the vision, objectives and ambition for local bus services up to 2040. In line with Department for Transport (DfT) guidance published in January 2024, the updated BSIP will be submitted to DfT by 12th June 2024.

#### **Executive Summary**

- 4 The bus network in Cheshire East plays a key role in providing access to jobs and services by connecting people to places. Buses are an essential component of an integrated transport network. They have a vital role in delivering key Council policy priorities for the economy, social cohesion, environmental sustainability, including decarbonisation.

- 5 The local bus network is made up of 37 bus services, of which 21 services are fully supported by the Council (57%), a further 8 are partially supported by the Council (22%), such as evening journeys. 8 services (22%) operate on a fully commercial basis. The Council currently spends £2.5m supporting bus services which are not commercially viable but are deemed important and socially necessary.
- 6 The last bus service review was undertaken in 2017 and much has changed in that time. In 2020 the Covid-19 pandemic struck with significant impacts for passenger transport services and government published the National Bus Strategy in March 2021, which sets out to rebuild bus patronage to 2019 levels and beyond.
- 7 The Council's first BSIP was published in October 2021 during the period of recovery from the Covid pandemic. Although the number of fare-paying passengers has now returned to pre-Covid levels, the number of the concessionary passholders is still at around 70% of pre-Covid levels. The mission to rebuild patronage is ongoing, with a need to respond to the cost of living crisis and changes to working, shopping and leisure activities that have affected travel patterns.
- 8 The objectives of the bus service review are to:
  - a. Maximise opportunities to focus limited resources in the areas of greatest need.
  - b. Ensure supported services complement, not compete, with commercial services.
  - c. Maximise opportunities to extend the role of commercial services or transfer supported services to the commercial network.
  - d. Ensure that the network is coherent in terms of passenger needs, bus operations and value for money.
  - e. Work in partnership with operators to develop the best possible outcomes.
  - f. Identify opportunities to modernise flexible, demand responsive transport to complement fixed route bus service provision.
- 9 A methodology has been prepared based on an evidence-led approach which ensures our planning is informed and influenced by robust data and stakeholder consultation. The key tasks in the methodology are set in Appendix 1, including the bus support criteria, performance data, accessibility mapping and gap analysis.
- 10 An 8-week consultation is proposed between May and June 2024 to seek the views of bus operators, service users, local businesses and residents. A Consultation and Engagement Plan is included at Appendix 2. The Enhanced Partnership (EP) for buses has a key role to play in

the bus service review – the governance structure for the EP is included at Appendix 3.

## RECOMMENDATIONS

The Highways and Transport Committee is recommended to:

1. Agree that a review of the supported bus network commences in April 2024.
2. Approve the objectives and methodology (see Appendix 1) for undertaking the bus service review and delegate to the Director of Highways and Infrastructure provision to make all necessary arrangements to complete the bus service review.
3. Approve the proposed approach to stakeholder and public consultation in line with the Consultation and Engagement Plan at Appendix 2 and Communications Plan at Appendix 4.
4. Delegate authority to the Director of Highways and Infrastructure to prepare the BSIP refresh in consultation with the Enhanced Partnership Board and submit a draft to DfT by their deadline of 12th June 2024. Noting that a further report to Highways and Transport Committee will follow in June 2024 seeking endorsement of this updated document.
5. Note that a report will be provided to Highways and Transport Committee in November 2024 setting out the recommendations for the supported bus network in Cheshire East.

## Background

- 11 The Council's existing supported bus contracts expire at the end of March 2025, so there is a need to review existing service provision to ensure tendered services offer value for money and provide the best possible coverage to meet the needs of users and residents. Outcomes of this bus service review will inform the specification of tenders for re-procurement of services after the review.
- 12 In 2021, the Council was awarded £1.2m from the DfT Rural Mobility Fund to deliver a flexible, demand responsive transport (DRT) service in the south and west area of Nantwich – Go-Too was launched in October 2021 as a 3-year pilot project.
- 13 As part of the bus service review, careful consideration will be given to the blend between fixed route and flexible transport services. There are

many lessons learnt from the Go-Too pilot project which can be applied across the borough and there are clear opportunities to modernise the FlexiLink service and respond to consultation results from September 2023. These services will be included in the bus service review 2024.

- 14 A successful bus service is good for the economy, for the environment, for the cost of living and for the quality of life in the towns and villages across the borough. The Council's Bus Service Improvement Plan (BSIP) is how the Council set out our vision for growing bus patronage in the local area.
- 15 The DfT BSIP guidance issued in January 2024 set out the key themes of the 2024 BSIP, which are:
  - a. Update the baseline to 2023/24: updating the 2021 BSIP's account of the current situation to reflect all developments since 2021, including the evolution of the local bus market post-pandemic and its issues and opportunities; highlighting achievements made since 2021 in progress with the delivery of locally-driven change through the Enhanced Partnership.
  - b. Setting out the improvement programme for 2024/25: to reflect the known funding envelope of BSIP funding (phases 2 and 3 for Cheshire East) and all other funding sources for BSIP delivery, including the Council's own resources.
  - c. Getting ready for 2025 and beyond: refreshing the plans ambition and content to set out a high quality and flexible pipeline of prioritised proposals for the four years 2025/26 to 2028/29, within the BSIP's overall 10 year plus vision, attractive to funders, and ready for delivery as opportunities for funding arise.
- 16 Every local transport authority needs to produce a 2024 BSIP to secure the release of funding for 2024/25. BSIPs should be comprehensive and authoritative, whilst also being concise and accessible to the public.

## **Consultation and Engagement**

- 17 A period of stakeholder and public consultation is proposed for 8 weeks between May and June 2024. Views will be sought from bus industry, service users, passenger groups, Town and Parish Councils, wider stakeholders, local businesses, and residents. A Consultation and Engagement Plan has been developed in conjunction with the Council's Research & Consultation Team (see Appendix 2), as well as a Communications Plan (see Appendix 4).

## **Reasons for Recommendations**

- 18 The proposals will ensure that the Council's expenditure on local bus services meets the needs of residents and continues to provide value for money. With supported bus contracts coming to an end on 31<sup>st</sup> March 2025, there is a need to review the existing service provision to ensure the Council continue to provide services in a lawful manner. Completing the review and updating our BSIP ensures we meet DfT's national guidance placing Cheshire East Council in the strongest possible position to attract future funding from central government.

### Other Options Considered

- 19 The alternative option is to do nothing and contracts would expire and services would cease. However, it has been 7 years since the last review and continuing with the existing network would miss the opportunity to evaluate the network and make appropriate adjustments which could benefit passengers and maximise value for money within budget constraints.

Option	Impact	Risk
Do Nothing	Supported bus contracts will end and supported services will stop operating in March 2025.	Ceasing all supported bus services will have a knock-on effect on commercial routes leading to their withdrawal (at least in part).
Do Same	Re-procure supported bus contracts as currently provided. The bus network will operate as it does currently, potentially not aligned with strategic priorities and not maximising value for money.	The supported network will not meet the needs of bus users and not offer the potential for quality enhancement or growth.

### Implications and Comments

#### *Monitoring Officer/Legal*

- 20 The statutory basis for subsidising public passenger transport services is found within Section 63 of the Transport Act 1985. A condition of a

subsidy is where the service in question would not be provided, or would not be provided to a particular standard, without subsidy, and provided that open and competitive tenders are invited for the provision of the service.

- 21 In exercising or performing this function, the council must have regard to the transport needs of the elderly and the disabled.
- 22 The Council should keep any policies, plans and strategies under review and updated as necessary. The last Bus Service Review took place in 2017 which predates the current adopted Local Transport Plan.
- 23 In proposing to consult the Council must be mindful of the Gunning principles which are:
  - consultation must take place when the proposal is still at a formative stage;
  - sufficient reasons must be put forward for the proposal to allow for intelligent consideration and response;
  - adequate time must be given for consideration and response; and
  - the results of consultation must be conscientiously taken into account.
- 24 When the bus market was deregulated in the 1980s there was no clear definition of a socially necessary service. Rural areas are less likely to have bus services as there is less population density when compared to urban areas. It was expected that local authorities would be able to subsidise routes that bus operators did not find profitable, but there is no requirement for local authorities to provide socially necessary bus services. Over time, pressures on local authority budgets have made it more difficult for local authorities to fund services that are not commercially viable.
- 25 Local authorities have powers to provide services, under tender, to meet public transport requirements within their area that would not be met in any other way. This is common practice. Some services in any given area are likely to be subsidised as councils have deemed them important routes for social and economic reasons. Bus operators must give notice to the local authority and Traffic Commissioner that they plan to introduce, change or withdraw a bus route.

*Section 151 Officer/Finance*

- 26 In 2023/24 the Council had a budget of £2,562,396 for supported local bus services. These costs will be funded by the Council's supported bus budget, DfT Local Transport Fund (LTF) grants, DfT Bus Service Operator Grant (BSOG) allocation and other fee income. The costs incurred to complete the review of local supported bus services, including the public and stakeholder consultation, will be funded from the Council's supported bus budget.
- 27 The Council has been awarded £1,187,596 from the BSIP+ funding from central government. DfT make clear in the associated Memorandum of Understanding that to be eligible for future funding, including 2024/25 BSIP+ funding, the overall authority budget must be maintained at least at the same level. DfT expect the grant funding to be spent within a reasonable timeframe and outputs delivered within 12 months of funding receipt.
- 28 The DfT have also announced BSIP/BSIP+ funding allocations for 2024/25 which are set out in the below table. A delivery plan is currently being developed and will be reported to Committee in June 2024.

Cheshire East Funding Allocation	2023/24	2024/25
BSIP + (Phase 2)	£1,187,596	£1,187,596
BSIP (Phase 3)	0	£2,268.000

### *Policy*

- 29 Cheshire East's Corporate Plan recognises the importance of the bus network in supporting key strategic objectives such as reducing air pollution, reducing carbon emissions, enabling housing and employment growth, improving quality of place and protecting the environment.
- 30 The Local Transport Plan (2019-2024) outlines the role transport will play in supporting the long-term goals to improve the economy, protect the environment, improve health and wellbeing and the quality of place. The methodology used to undertake this network review must reflect this framework, considering social, economic and environmental impacts of bus services across the borough.
- 31 Cheshire East's Bus Service Improvement Plan (BSIP) sets out the ambition for the bus network to improve the speed, reliability and quality of public transport, to encourage more residents to choose bus, make fewer car journeys and contribute to carbon reduction.

<b>An open and enabling organisation</b>	<b>A council which empowers and cares about people</b>	<b>A thriving and sustainable place</b>
<p>Ensure that there is transparency in all aspects of council decision making.</p> <p>Support a sustainable financial future for the council, through service development, improvement and transformation.</p> <p>Promote and develop the services of the council through regular communication and engagement with all residents.</p>	<p>Work together with our residents and partners to support people and communities to be strong and resilient.</p> <p>Reduce health inequalities across the borough.</p>	<p>A great place for people to live, work and visit.</p> <p>To reduce the impact on our environment.</p> <p>A transport network that is safe and promotes active travel.</p> <p>Thriving urban and rural economies with opportunities for all.</p> <p>To be carbon neutral by 2025.</p>

### *Equality, Diversity and Inclusion*

- 32 The Council will fully evaluate the equality implications of the proposed bus service review and BSIP refresh through an Equality Impact Assessment (EqIA). The draft EqIA will be updated following consultation with protected equality groups, particularly young people, older people and people with disabilities. A draft EqIA is included at Appendix 5.

### *Human Resources*

- 33 There are no direct implications for Human Resources.

### *Risk Management*

- 34 In terms of governance and corporate oversight, a Bus Strategy Programme Board has been established including colleagues from key enabling services, such as legal, finance, research & consultation, and communications. This will ensure that the process of undertaking a bus service review is robust, as well providing as oversight of the BSIP refresh. A detailed risk register for the project has been developed and will be maintained throughout the life of the project.

### *Rural Communities*

- 35 The Corporate Plan outlines targets to reduce areas of the borough not served by public transport. The Council has already demonstrated a



commitment to this through its successful bid to DfT funding as part of the Rural Mobility Fund, subsequent operations of the Go-too service and continued delivery of the boroughwide FlexiLink service.

- 36 The Corporate Plan also identifies the desire for thriving and active rural communities by 2025. The Council's Rural Action Plan (2022) highlights the importance of public transport links to help small businesses access markets or making it practical for employees to seek work in rural communities. Transport can also bring customers and tourists to local rural businesses such as shops, hotels and B&Bs. The importance of local buses for rural communities has been reflected within the review methodology through accessibility analysis, considering how best to serve areas of the borough that are not served by conventional fixed route services, whilst offering services that are value for money. This accessibility analysis ensures bus services remain accessible for those who need them most.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 37 The methodology takes account of requirements for home to school transport, including the current transformation programme that is working to optimise travel to and from schools and colleges. The Corporate Plan outlines the significant pressures in Children's Services, particularly placements for looked after children and services for children with special educational needs, including home to school transport. A significant number of school children across the borough use buses to access educational establishments.

*Public Health*

- 38 There are pockets of deprivation in Cheshire East related to income, health and life chances. Bus services enable a greater proportion of residents to access important services such as health care facilities. The continued delivery of these services therefore helps to address the Corporate Plan target to reduce health inequalities across the borough. The Index of Multiple Deprivation (IMD) is currently used to prioritise services and will be used as part of this methodology to assess accessibility within highly deprived areas where bus routes provide a lifeline for these communities.

*Climate Change*

- 39 Cheshire East Council have committed to be carbon neutral by 2025 and to influence carbon reduction across the borough in order to become a carbon neutral borough by 2045. Growing patronage on local

bus services is a key part of the programme to decarbonise of the transport network in the borough.

<b>Access to Information</b>	
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Appendices:	<ol style="list-style-type: none"><li>1. Proposed Methodology</li><li>2. Consultation and Engagement Plan</li><li>3. Enhanced Partnership for Buses – Governance</li><li>4. Communications Plan</li><li>5. Equality Impact Assessment</li></ol>
Background Papers:	None