CHESHIRE EAST COUNCIL

REPORT TO: Environment & Prosperity Scrutiny Committee

Date of Meeting: Tuesday 7th June 2011
Report of: Strategic Director – Places
Subject/Title: Options for Revised Public Transport Support Criteria
Portfolio Holder: Cllr Rod Menlove / Cllr David Brown

1.0 Report Summary

1.1 The Council currently spends £2.8m annually supporting bus routes, with a further £450k supporting community transport. Around 2.5m passenger journeys are currently supported; this represents around 15% of the total number of journeys undertaken once commercially operated routes are taken into account.

1.2 This report outlines the proposal to introduce revised public transport support criteria which will guide future investment in local bus, rail and community transport services subsidised by the Council. The paper presents the opportunity for Scrutiny Committee to shape the new criteria, in line with local strategic priorities for transport, before the paper is presented to Cabinet later this year.

2.0 Decision Requested

2.1 The committee is asked to:

2.1.1 Comment on the criteria recommended in this report, and the associated changes to supported transport contracts, prior to submission to Cabinet.

3.0 Reasons for Recommendations

3.1 The proposed criteria reflect wider aspirations for the area contained within the Sustainable Community Strategy (SCS), Corporate Plan, Economic Development Strategy and emerging Local Development Framework (LDF).

3.2 The proposed criteria enable existing and any potential future contracts to be tested in terms of strategic priorities for transport, accessibility and financial considerations. The proposed criteria aim to provide a fair, transparent and accountable process to manage contracts within budget constraints, provide maximum value for money and support wider strategic considerations.

3.3 Significant analysis has been undertaken by officers to weigh each supported transport contract against objective criteria. However, it is inevitable that some element of subjectivity must be brought to bear. The committee is therefore

requested to comment on the proposed criteria to ensure they reflect properly the aspirations of the residents of the Borough, prior to submissions to Cabinet at a later date.

4.0   Wards Affected

4.1   All

5.0   Local Ward Members

5.1   All

6.0   Policy Implications including - Climate change
**   - Health**

6.1   The criteria link directly to the Local Transport Plan (LTP). The proposals contribute towards delivery of the Council's Climate Change agenda and Air Quality Strategy by including carbon emissions as part of the assessment criteria, which has associated health benefits. In terms of wider Council policy, the revised criteria aim to promote equality of access to local services. Finally, the revised criteria ensure the longer term financial sustainability of supported transport contracts.

7.0   Financial Implications (Authorised by the Borough Treasurer)

7.1   Local transport authorities are free to decide the total budget that they wish to devote to supporting 'socially necessary' services. Whilst central government has traditionally provided specific funding pots (e.g. Rural Bus Subsidy Grant and Rural Bus Challenge Grant), those grants have now been absorbed into the Council's Revenue Support Grant and this element of funding is discretionary.

7.2   Through applying revised support criteria, the Council are seeking greater value for money on the overall package of supported public transport services in Cheshire East. The policy changes are expected to lead to savings of approx £500k, which is the agreed level of saving required under the council's Medium Term Financial Strategy and current annual budget. A new set of criteria will determine which public transport services are supported, so that the Council achieve maximum value for money within the agreed budget limit for 2011/12.

7.3   In addition, the Council supports local community transport groups. It is proposed that in future the budgets for public transport and community transport be jointly managed, and consistent criteria applied to the combined budget, to ensure the most appropriate transport support is procured irrespective of the end provider or organisational structure. The proposed criteria do not affect community transport either by increasing or reducing support; instead, an options paper is being prepared setting out the strategic ambitions for community transport (to be presented at a later date). It is likely that for strategic reasons support for community transport will increase over time.

8.0   Legal Implications (Authorised by the Borough Solicitor)

8.1   The Transport Act (1985) imposes duties on and grants powers to local authorities to establish policies and carry out certain functions in relation to public transport.

8.2   Section 63, (1) states:

In each non-metropolitan county of England and Wales it shall be the duty of the county council—

(a)to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose

8.3   In addition:

A non-metropolitan county council in England and Wales or, in Scotland, a . . . council shall have power to take any measures that appear to them to be appropriate for the purpose of or in connection with promoting, so far as relates to their area—

(a)the availability of public passenger transport services other than subsidised services and the operation of such services, in conjunction with each other and with any available subsidised services, so as to meet any public transport requirements the council consider it appropriate to meet; or

(b)the convenience of the public (including persons who are elderly or disabled) in using all available public passenger transport services (whether subsidised or not).

8.4   Finally:

It shall be the duty of a county council or (as the case may be) of a regional or islands council, in exercising their power under subsection (6) above, to have regard to a combination of economy, efficiency and effectiveness.

It shall be the duty of any council, in exercising or performing any of their functions under the preceding provisions of this section, to have regard to the transport needs of members of the public who are elderly or disabled and to the appropriate bus strategy

8.5   The criteria proposed by this report discharges the statutory obligation to: firstly, establish policies; secondly, secure appropriate public transport to discharge these policies; finally, takes into account the needs of members of the public who are elderly or disabled, and has due regard to economy, efficiency and effectiveness.

8.6   The council is required to identify the impacts on certain protected groups to ensure equality of opportunity. For example, there must be an assessment made of the impacts on groups or individuals who are disabled, who belong to ethnic or racial groups, and on the grounds of age or sex discrimination. A full equality impact assessment will be drafted should the committee decide to endorse or amend the proposed criteria, prior to submission to Cabinet.

9.0 Risk Management

9.1 If revised support criteria are approved and recommended to Cabinet, there is a need to manage implementation carefully to minimise the reputational risk to the authority in withdrawing, or providing alternative ways of delivering, public transport services which are relatively low priority in comparison to other services.

10.0 Background and Options

10.1 Currently 80% - 85% of the bus network in Cheshire East is operated commercially and the remaining 15% - 20% is subsidised by the Council. Cheshire East Council currently spends £2.8m on subsidising local bus services, which are not commercially viable but are considered to be 'socially necessary'. In addition, the Council provides £450k of funding to support community transport.

10.2 The statutory duty for local transport authorities to support services which are deemed 'socially necessary' does not include a clear definition of what this means in practice, so it is for each local authority to decide what it considers to be 'socially necessary' and prioritise the range of community travel needs. There is a specific duty to identify the needs of older and disabled residents; a duty that the council currently discharges through the support for community transport, and has been specifically taken into account in identifying and applying appropriate support criteria.

Current Inherited Criteria

10.3 Currently the local bus services which are supported by the Council are a result of historical arrangements inherited from the previous Cheshire LTPs (2001-2011). The criteria considers subsidy per passenger only and does not take account of wider social, economic and environmental considerations, nor does it specifically include the duty to consider the needs of elderly or disabled people.

10.4 This blunt assessment does not reflect the range of community travel needs and is not linked to the wider transport strategy contained in the new LTP. The criteria do not reflect the specific transport aspirations of Cheshire East Council which have emerged since Local Government Reorganisation. The criteria adopted are therefore considered to be inappropriate for the needs of Cheshire East Council, and therefore revised criteria are required.

Total Transport Transformation

10.5 Cheshire East Council is driving forward a major transformation programme which aims to revolutionise the way in which transportation is delivered across the borough. The aim is to meet the future needs of customers by providing more effective and efficient public services. The programme includes the development and implementation of a new LTP setting out the strategic priorities for transport over the next 15 years.

Cheshire East's New Local Transport Plan (2011-26)

10.6 Cheshire East's new LTP is framed around the seven priorities of the Sustainable Community Strategy (SCS) so that the role of transport in delivering the economic, environmental and social ambitions for the area is clearly understood. The LTP provides the strategic framework for transport in the borough and aims to shape investment in local highway and public transport networks over the next 15 years.

10.7 Following extensive stakeholder and community consultation, the strategic priorities for transport in Cheshire East are to "ensure a sustainable future" and "create conditions for business growth". The first LTP implementation plan includes a commitment to introduce new public transport support criteria to prioritise investment in local public transport services in line with strategic priorities for transport.

Proposals for Revised Support Criteria

10.8 Establishing new locally determined criteria, specific to Cheshire East, will create a framework to guide decision-making on which services to support in order to achieve maximum value for money in a climate of budget constraints. The intention is for all existing public transport contracts and any requests for additional services to be subjected to the criteria to identify those services deemed suitable for council support.

10.9 To assist Members in deciding what transport services are considered to be 'socially necessary' in Cheshire East, a range of potential criteria have been explored, including:

- Assessment of utility of service / journey purpose (e.g. health, employment)
- Assessment of travel time
- Cost per passenger journey
- Total revenue / total cost ratio by service
- Number of passengers – total, average, minimum
- Passenger trends / commercial potential
- Availability of alternative transport services (e.g. community transport), particularly in respect of residents with significantly impaired mobility
- Deprivation measures, socio-economic measures or geographic criteria
- Specific links to economic regeneration
- Travel to work corridors
- Impact on carbon emission (e.g. air quality management area, congestion hotspots)
- Settlement size, with larger settlements typically favoured over smaller
- Integration between modes of transport
- Ability to attract external funding / cross-departmental internal resources

10.10 It is clear that there are many ways in which we can approach this issue and many criteria which could be used as an eventual solution, so it is necessary to focus upon what is important to Cheshire East Council and reflect wider aspirations for the area.

10.11 Appendix 1 sets out a range of proposed criteria based on three main objectives - LTP priorities, accessibility and financial considerations:

- **LTP Priority Themes** – Public transport has a role to play in "creating conditions for business growth" and "ensuring a sustainable future" by supporting access to

employment and economic regeneration, as well as encouraging modal shift towards greater use of public transport.

- **Accessibility** – Community consultation on both the Sustainable Community Strategy (SCS) and LTP identified a desire for improved integration between different modes of transport, particularly bus and rail services. It will also be important to consider the level of travel choice and alternative options available to avoid communities becoming socially isolated and excluded.

- **Financial Considerations** – The current financial challenges, which are expected to continue over the coming years, require the need to ensure maximum value for money. In addition, there is a statutory duty to consider the economy, efficiency and effectiveness of the supported network. Cost per passenger will continue to be an important factor to consider, as well as whether a service attracts external funding from other sources, the number of passengers using the service and the commercial potential (e.g. patronage trends).

10.12 The proposal includes a simple scoring mechanism which attempts to rank services into one of three categories of priority for funding – low, medium and high. It then follows that as part of the requirement to reduce expenditure, it is those contracts in the low priority category that would be considered first.

Potential Impact of New Criteria

10.13 The table below illustrates the type of local bus services which are currently subsidised by the Council. This includes the £2.8m supported bus budget and £456k of income streams from other departments. As noted above a further review of community transport has been launched and it is proposed no change to either increase or reduce the current support for community transport is made at this time.

10.14 Currently, weekday contracts make up the largest proportion of spend (58%), including urban, inter-urban and rural services. Nearly a third (30%) of expenditure provides bus services to local schools for children who live too close to school to be eligible for statutory travel assistance.

Type of Service	Gross Expenditure	Proportion of spend	Passenger journeys per day
School (term time only)	£986k	30%	1679
Mon to Fri/Sat	£1,885k	58%	5990
Evenings	£236k	7%	741
Sunday	£111k	3%	1526
Market/Single Day	£38k	1%	530
TOTAL	£3,256k	100%	10,466

10.15 In order to assess the potential impact of applying the revised criteria, each of the current contracts has been scored and ranked to assess the relative cost effectiveness of each service.

10.16 The types of services which score highly and could potentially be considered "high priority" are mainly weekday services operating on urban or inter-urban routes, such as Crewe-Macclesfield, Beartown network in Congleton, and Macclesfield-Poynton. There are also a number of evening and Sunday services providing access to hospital in Crewe and leisure facilities in Greater Manchester.

10.17 The routes which score highly provide access to employment and essential services, as well as serving congestion hotspots and air quality management areas. They are considered "multi-use" in terms of journey purpose. These services also carry a significant number of passengers with relatively low cost per passenger. Cheshire East Transport will seek to work with transport providers to determine if these services could potentially be adopted by the commercial market, if they present a suitable commercial opportunity.

10.18 The types of services with lower scores which could potentially be considered "low priority" are mainly school services that operate during term time for children who live too close to school for children to be entitled to transport at taxpayer expense. These bus services are predominantly "single-purpose" in providing access to school only. Other services in this category include Sunday services and weekday services operating in rural areas with low passenger numbers are high cost per passenger relative to other services (e.g. Alsager-Scholar Green).

Mitigating Impacts

10.19 It is accepted that even though the relative numbers of current users may be small, there is still an impact on the passengers who currently use the services. It is therefore appropriate to outline the mitigating factors behind the service withdrawals,

10.20 For those services with a relatively low score for accessibility, it means there are suitable alternative services within reasonable walking distance of the service at risk. Whilst the alternative service may not be a direct service (ie requires a change of bus partway through the journey) or may not operate at the same time as the service at risk, it is considered that there is a suitable alternative already in place.

10.21 For some services, there is potentially a compromise with commercial operators who will be encouraged to operate some or the entire route commercially. For example, some services operate with relatively low levels of subsidy per passenger, and it may be that with additional marketing, promotion and publicity of these services they may become commercially viable. Also, through acceptance of increased fares, it may be possible to shift the balance away from taxpayer support in favour of a greater share of cost being borne directly by passengers. For some services, an increase of around 25p in the fare charged would entirely eliminate the taxpayer subsidy required, and it is proposed that any service that requires less than 75p per journey subsidy becomes subject to negotiation with commercial operators to identify options for reducing taxpayer support.

10.22 However, it may not be possible to mitigate the impacts in every case. In addition, many of the routes that are currently considered to be low priority are for support for school transport operated for children who live too close to school to qualify for transport at taxpayer expense. These routes interact with other routes which are the subject of revised policy proposals from Children's Services.

10.23 It should be noted that whilst every effort has been and will be made to mitigate impacts, withdrawals of support for public transport are inevitably an unpopular and unwelcome development. Cheshire East Transport will endeavour to accommodate any reasonable request for examination of issues in particular areas to identify alternative solutions should significant adverse impacts result from the implementation of revised support criteria.

10.24 Even with the proposed service reductions, the council will still be supporting more than 2 million passenger journeys a year, and committing to budget support of £2.2m a year. The estimated net cost per passenger journey of the contracts proposed for withdrawal average £2.35 per passenger journey; the routes proposed for continued support average £1.05 per passenger journey. It is clear that this represents better value for the taxpayer since the routes with highest levels of passenger subsidy are in the lowest priority category.

11.0 *Access to Information*

The background papers relating to this report can be inspected by contacting the report writer:

Name: Chris Williams
Designation: Transport Manager
Tel No: 01244 973452
Email: chris.williams@cheshireeast.gov.uk

Appendix 1 – Proposed revised support criteria

Objective	Criteria	Scoring	
LTP Priority Themes Weighting 40%	Business growth - journey purpose (max. score of 10)	Employment	5
		Education / training	4
		Health / medical / welfare	3
		Shopping / personal business	2
		Leisure (social / recreation)	1
	Sustainable economic growth	The route serves a significant (>1000 trips) travel to work area	4
		The route serves a moderate (500-1000 trips) travel to work area	2
		The route serves a low (<500 trips) travel to work area	0
	Impact on carbon emissions	The route directly serves an Air Quality Management Area (AQMA) and/or congestion hotspot	4
		The route passes nearby an AQMA and/or congestion hotspot	2
		No AQMA or congestion hotspots are served by the route	0
Accessibility Weighting 30%	Integration - transport interchange	More than 1 interchange point or major interchange point on route	4
		One interchange point on route	2
		No interchange points on route	0
	Accessibility - travel alternative	No reasonable alternative	5
		Alternative within 2 hours during daytime within no more than 800 metres	4
		Alternative within 2 hours during daytime at same location	3
		Alternative within 1 hour during daytime within no more than 800 metres	2
		Alternative within 1 hour during daytime at same location	1
Financial Considerations Weighting 30%	Cost per passenger	Subsidy per passenger is no more than £1	5
		Subsidy per passenger is more than £1, but no more than £2.50	4
		Subsidy per passenger is more than £2.50, but no more than £5	3
		Subsidy per passenger is more than £5 but no more than £10	2
		Subsidy per passenger is more than £10	1
	Funding options / alternatives	Potential for external funding contributions	4
		Potential for sharing of internal resources (e.g. cross-departmental)	2
		No funding / resource alternatives	0
	Service Usage	More than 100,000 passenger journeys per annum	5
		More than 25,000 but not more than 99,999 passenger journeys per annum	4
		More than 10,000 but not more than 24,999 passenger journeys per annum	3
		More than 5,000 but not more than 9,999 passenger journeys per annum	2
		Up to 4,999 passenger journeys per annum	1
	Patronage trends - commercial potential	Passenger numbers increasing	4
		Passenger numbers stable	2
		Passenger numbers decreasing	0