

CHESHIRE EAST COUNCIL

DRAFT REPORT TO: Cabinet

Date of Meeting: XX XXX XXX
Report of: Strategic Director, Places and Organisational Capacity
Subject/Title: Financial Support for Public Transport
Portfolio Holder: Cllr Rod Menlove

1.0 Report Summary

- 1.1 The Council currently spends £2.2m (net of income) supporting public transport in the Borough. The adopted Business Plan (2012-15) for Cheshire East Council anticipates a reduction of £0.5m in that support, subject to a full public consultation on the equality impacts. This report sets out a series of options for how best to meet the transport needs of local communities within the context of reduced budgets.
- 1.2 The proposals have been developed, informed and influenced by three key sources of evidence and assessment: 1) the Council's adopted public transport support criteria which fully reflect the key themes and aspirations contained within the Local Transport Plan; 2) passenger journey data provided by local bus operators; and 3) the results and analysis of the recent public consultation exercise and focus group discussion.
- 1.3 The report explores the potential to reduce the Council's financial support whilst minimising the impact on protected equality groups, particularly older and disabled people. Even with the anticipated budget reduction, the Council will still be committing to a substantial level of subsidy for public transport contracts as well as additional support for concessionary travel, infrastructure expenditure, publicity and information.

2.0 Decision Requested

- 2.1 Endorse the planned investment of approximately £1.7m net per annum in continuing support for public transport contracts;
- 2.2 Agree the proposal to reduce or withdraw funding subsidies for bus services supported by Cheshire East Council in line with the schedule set out in Appendix 3, resulting in a reduction in gross expenditure of £736,000 per annum, in accordance with the timetable shown in Appendix 5 and the budget reallocations shown in paragraph 7.5;
- 2.3 Authorise the Transport Manager, in consultation with the Cabinet Member for Environmental Services, to make final adjustments to individual contract decisions and timings in negotiation with bus

operators, and seek to secure commercial operation of currently-subsidised routes;

- 2.4 Agree the formal establishment of a representative forum to engage on matters relating to flexible transport in particular, and older and disabled residents transport needs in general;
- 2.5 Agree the reinvestment of £150,000 per annum in the provision of flexible, demand responsive transport.

3.0 Reasons for Recommendations

- 3.1 The proposals have been developed by merging three key sources of evidence which together provide a robust assessment of the impact. The Council's public transport support criteria (adopted in August 2011) provide a fair, transparent and accountable process to score and rank each current supported transport contract against objective criteria. The criteria reflect wider aspirations for the area contained within the Sustainable Community Strategy and the Corporate Plan. They are also directly linked to the Local Transport Plan, which set out the strategic priorities for transport in Cheshire East – to “create conditions for business growth” and “ensure a sustainable future”. The criteria utilise passenger journey data from local bus operators, such as the number of passenger journeys and proportion of concessionary pass holders to gauge the number and characteristics of those affected.
- 3.2 To look in closer detail at the impact of any changes at a local and individual level, a full and extensive consultation exercise was undertaken across the borough from 27 April until 22 June 2012. The consultation was followed by a focus group discussion with representatives of older and disabled people to assess the impact and potential mitigation measures. The results from the consultation have informed the Equality Impact Assessment (see Appendix 4watermark) to consider the impact of any changes on certain equality groups with protected characteristics, such as older people, people with disabilities, people with mobility or learning difficulties etc.
- 3.3 The council's adopted business plan for 2012-2015 anticipated a reduction of gross annual expenditure on public transport support of approximately £500,000, with reinvestment of approximately £100,000 a year into flexible, demand responsive transport. In the light of emerging financial pressures, it is considered appropriate that Cabinet considers a further reduction in support for public transport, with further reinvestment of part of the additional saving into demand responsive transport.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications including – Carbon Reduction – Health

- 6.1 The adopted criteria link directly to the Local Transport Plan and consider the impact on wider policy agendas including economic development, air quality and carbon reduction, which has associated health benefits. The criteria also consider a range of accessibility indicators with an 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 Central government 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 largely unhypothecated. So long as a local authority has undertaken an assessment of unmet need under the Transport Act, it is a matter for members to decide how far they wish to meet those needs, taking into account the revenues available, and having in mind the duty to consider the economy, efficiency and effectiveness of provision. Local transport authorities are therefore free to decide the total budget that they wish to devote to supporting local transport services in the light of the assessment of transport need. Members must also have in mind the requirement to make budgetary decisions based on the need to ensure equality is promoted and inequality minimised as far as is reasonably practicable.
- 7.2 The Council's Business Plan (2012-15) anticipates a reduction of expenditure on local bus support of £0.5m, with a reinvestment of £0.1m in alternatives for those passengers most directly affected by any potential withdrawals of service. The changes that were envisaged in the recent public consultation are expected to lead to savings of approx £0.4m which is the agreed level of saving required. The Council also supports local flexible transport provision. The support for such demand responsive transport is largely constrained by the budget available.
- 7.3 In the light of emerging financial pressures facing the authority, and the process of identifying new and more cost-effective ways of supporting service delivery, budgets devoted to services are kept under constant review. Accordingly, it is appropriate for the Transport Service to recommend the scope for reductions in expenditure and for them to be considered by Cabinet. Upon consideration of the consultation feedback, and taking into account the financial resources available to the authority, it is now considered that overall annual support for public transport be reduced by approximately £0.75m, but a an increase in anticipated annual support for flexible, demand response transport of an additional £0.15m, resulting in a £0.6m net saving.
- 7.4 The current supported routes now recommended for withdrawal have impacts on budgets in both public transport and home to school transport terms. Some services recommended for withdrawal are used for the carriage of children entitled to transport at public expense. Allowance has been made for

alternative transport provision for such children, with around 398 children being entitled to transport at taxpayer expense.

- 7.5 The service has calculated the effects of the changes on the public transport and home to school budgets to be as follows:

	Current full year cost as at July 2012	If recommendations adopted – expected full year effect
Gross expenditure – public transport	£3.0m	£2.2m
Income from public transport – home to school transport recharge etc	(£0.8m)	-
Budget transfer – estimated additional contracted home to school transport	-	(£0.5m)
Net public transport expenditure	£2.2m	£1.7m

There is therefore a net saving to the public transport budget of approximately £0.5m, and a net saving to the home to school budget of approximately £0.3m. £0.15m of these savings are recommended for reinvestment into flexible, demand-responsive transport provision, resulting in a net overall saving of approximately £0.6m.

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.

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).

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.

- 8.3 The Council has previously adopted the Local Transport Plan, and associated bus support criteria, to ensure it discharges the statutory obligation to: firstly, establish policies; secondly, secure appropriate public transport to discharge these policies; finally, take into account the needs of members of the public who are elderly or disabled, and has due regard to economy, efficiency and effectiveness.
- 8.4 Under the Equality Act 2010, the Council is required to identify the impacts of any decisions, policies etc on certain protected groups to ensure equality is promoted, and inequality minimised. 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, on the grounds of age or sex discrimination etc. The results from the public consultation have informed the Equality Impact Assessment (EIA), which is, in turn, informing the proposals being recommended for consideration by Cabinet. The full Equality Impact Assessment is attached at Appendix 4.

9.0 Risk Management

- 9.1 In recommending how best to achieve the savings identified in the Business Plan, 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. In addition, there are risks that reduced financial support for public transport may lead to threats to the viability of individual bus routes or indeed whole companies, especially in the light of changes to central government public transport grants. Finally, there are risks that the council may be challenged that it has not adequately discharged its statutory duties in respect of consultation or the level of support given to meeting local transport needs.

10.0 Background and Options

- 10.1 Currently 85% - 90% of the bus network in Cheshire East is operated commercially and the remaining 10% - 15% is subsidised by the Council. Cheshire East Council currently spends £2.2m net of income on subsidising local bus services, which are not commercially viable but have previously been considered to be necessary to meet transport needs that would otherwise be

unmet. In addition, the Council provides £450k of funding to support flexible, demand responsive transport. Finally, the council spends an additional £3.95m on public transport support, such as through concessionary fares, infrastructure, information and publicity etc.

- 10.2 The statutory duties contained in the Transport Act for local transport authorities to support services which are deemed to meet transport needs that would otherwise be unmet does not include a clear definition of what this means in practice. There is a specific duty to identify the needs of older and disabled residents; such duty is also contained in the Equality Act, which imposes an overriding duty upon the authority to ensure that inequality is minimised and equality promoted through its policies and actions.
- 10.3 The Council currently adopts a variety of measures to try to promote equality and minimise inequality through its transport policies. For example, the Council spends around £450,000 a year on supporting flexible, demand responsive transport that is used mainly by older people, or by people with a disability such as blindness / partial sight, physical disability, infirmity etc. The public consultation exercise has been specifically designed so that a full understanding of older and disabled residents' needs is gained, and how well the Council's support is meeting those needs.

Local Transport Plan (2011-26)

- 10.4 Cheshire East's Local Transport Plan (LTP) is framed around the seven priorities of the Sustainable Community Strategy 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.
- 10.5 The LTP sets out the strategic priorities for transport in Cheshire East, which are to "create conditions for business growth" and "ensure a sustainable future". As part of the first implementation plan, new public transport support criteria were developed to prioritise investment in local public transport services in line with the overall strategic priorities for transport.

Public Transport Support Criteria

- 10.6 In August 2011, Cabinet adopted new locally determined support criteria, specific to Cheshire East, which provides a framework to guide decision-making on future investment in local bus, rail and community transport services financially supported by the Council. The 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.
- 10.7 The criteria enable existing contracts to be tested against three main objectives listed below:
- **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** – It is important to consider the level of travel choice and alternative travel options available to avoid communities becoming socially isolated and excluded. Community consultation has identified a desire for improved integration between different modes of transport, particularly bus and rail services.
- **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 is 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.

10.8 The criteria have been translated into a scoring mechanism which ranks contracts in priority order ranging from “most meets strategic needs to “least meets strategic needs”. It then follows that when seeking greater value for money from the supported network, it is those contracts that score lower relative to other services that are considered first. The full list of contracts ranked in priority order to assess the relative ranking and hence priority attached to each service is included at Appendix 1.

10.9 Many of the services with lower scores which are considered “lower priority” are school day services that operate during term time only for children who live too close to school for children to be entitled to transport at taxpayer expense or are attending a school that is not the nearest suitable educational establishment.

Public Consultation & Focus Group

10.10 In order to gain an understanding of the impacts that reduced support and potential changes to “lower priority” services might have on public transport users, particularly older and disabled residents, the Council undertook an 8 week consultation between 27 April and 22 June 2012.

10.11 A questionnaire was constructed to record formal feedback and collect both quantitative and qualitative evidence. Both paper and electronic versions of the survey were available. Objective information (e.g. how often do you use a bus, which bus do you use etc) was captured, as well as more subjective data, such as a description of personal impact should subsidy be withdrawn from a particular route.

10.12 The consultation included a series of 10 consultation events held at various locations across the Borough. Officers from Cheshire East Transport were available to answer both generic questions (e.g. how to complete the questionnaire) and specific questions, such as the potential impact on

individual bus service users, and alternatives should subsidy be withdrawn. These sessions were held in a variety of locations and at different times of day to enable a reasonable opportunity for people to engage face-to-face on various transport issues.

- 10.13 Consultation material was made available in all libraries and customer contact centres. Direct email and postal information was sent to an extensive list of consultees, ranging from community groups and voluntary organisations to businesses and neighbouring authorities. Publicity was provided to bus companies to place on vehicles, parish council clerks were provided with information and the Council's website was used to prominently display and promote the consultation. Finally, the material was brought to the attention of all Cheshire East Council members. It is considered that this attempt to bring the consultation to the notice of as many people as possible has resulted in a reasonably high level of responses.
- 10.14 Following the consultation and the initial analysis of the results, it was decided to arrange a targeted focus group session with representatives of older people and disability groups (e.g. Age UK, Cheshire East 50+ Network, Disability Resource Exchange and Iris Vision Resource Centre). This provided an opportunity to explore the impacts of any changes on these protected equality groups and deepen our understanding of what measures may help mitigate adverse impacts.
- 10.15 The focus group session provided a highly valuable forum to discuss issues with representative groups and we recommend that this level of engagement continues on an ongoing basis, with appropriate Cheshire East Council Member involvement.

Consultation Results & Analysis

- 10.16 1,610 responses were received. It is important to note that a higher proportion of older residents, those with a limiting long term illness or disability, and those without access to a car took part in the consultation than found in the adult population of Cheshire East. This is to be expected, as it reflects the profile of bus users both in the borough and across the country.
- 10.17 A number of headline statistics from the overall survey results are listed below with a full report of the consultation results included as Appendix 2.
- Analysis shows a general distribution of respondents throughout Cheshire East
 - The majority of respondents are older people (60% are aged 65+)
 - 45% consider themselves to have a limiting long term illness or disability
 - 44% of respondents did not have access to a car within the household
 - More than two thirds of respondents use bus services at least once a week
 - The main journey purpose is for access to shops and services
 - Consultation feedback was received on the majority of supported bus services
 - Overall more than half of respondents said they would not use flexible transport

- 10.18 For these statistics to be meaningful in informing and influencing the proposals, it is important to analyse responses in relation to each individual bus service. This level of analysis reveals that the scale of impact in withdrawing subsidy can vary considerably, particularly when considering the needs of older and disabled people as protected equality groups.
- 10.19 Whilst all consultation responses for each currently supported service have been fully considered, the analysis of impacts by each individual bus service has focused on the contracts with lower scores against the Council's support criteria. These are considered lower priority relative to other services. Of these services, twenty-one are school day services which operate during term time and are predominantly "single-purpose" in providing access to school only.

Impact Assessment - School Day Local Bus Services

- 10.20 Cabinet have previously been advised of the relatively low strategic priority accorded to public transport support for "school day" public transport. The journeys supported by the Council provide access to school during term time only – generally providing one journey to school in the morning and a return journey in the afternoon. In school holidays these journeys are not available. There are few passengers other than schoolchildren; nevertheless, the equality impact on both the children and any other passengers affected should subsidy be withdrawn must be taken into account.
- 10.21 These services generally received low response rates – indeed eight services received no response or feedback from the public. Each of the consultation responses for these school-day services has been analysed in detail and a summary of the responses for each service is included as Appendix 3A. Those who would be most affected by the withdrawal of support for school day services are children who live too close to school to be entitled to transport at taxpayer expense, or are attending a school that is not the nearest suitable educational establishment. As such, there is no additional statutory requirement to consider their needs, other than in the context of the promotion of sustainable school travel. Any children who are travelling on these public bus services and are eligible for transport assistance under the Council's adopted Home to School Transport Policy would be found alternative travel arrangements by Cheshire East Transport. The financial impacts of this are set out in paragraphs 7.4 and 10.24.
- 10.22 The Council's support for public bus services which carry school children not eligible for home to school transport is a significant benefit – however, this level of provision is not available to all. There is currently inequity in the way school day public bus services are supported in some areas but not others, which is a result of historical arrangements and decisions prior to Local Government Reorganisation.
- 10.23 Upon detailed examination of consultation responses of users of these school day services, it is not considered that older and disabled people would be adversely affected by withdrawal support for school day services. There are very few non-student users, and for those people who do use the service for

general public transport purposes, demand responsive transport is considered to be a suitable alternative.

10.24 The reduction in recharge to Children's Services would be approximately £0.8m a year. Alternative provision for the 398 children entitled to transport at taxpayer expense is estimated to cost £0.5m a year. The net saving in terms of Children's Services is therefore around £0.3m a year.

10.25 It is therefore recommended that:

- all financial support for such services should now cease;
- that appropriate alternative provision be found for children entitled to transport under the Council's Home to School Transport Policy;
- that – in the interests of economy and efficiency – should it be found to be more cost effective to continue to support public transport than secure private hire transport – that Cheshire East Transport be authorised to depart from the policy to ensure the Council's statutory responsibilities for home to school transport are fulfilled.

Impact Assessment – General Local Bus Services

10.26 There are 20 other supported bus services which achieve the lowest score and ranking when measured against the council's adopted support criteria. These supported journeys are mainly evening journeys, Sunday journeys and other specific weekday journeys. A route by route assessment detailing the specifics of the Council's support for each service and the potential impact / outcome should subsidy be withdrawn is included at Appendix 3B.

10.27 Detailed analysis and consideration of consultation responses has taken place following the conclusion of the public consultation period. This has helped identify not only potential adverse consequences for older and disabled residents, but also valuable information on potential mitigation measures, such as use of demand responsive transport for essential journeys, timetabling changes etc.

10.28 Nevertheless, Cabinet are advised that there are likely to be adverse impacts should subsidies be reduced or withdrawn. It is important to point out that the duties imposed on the council by the Equality Act 2010 do not mean that a policy cannot be pursued or a decision reached which has adverse impacts – Cabinet are entitled to make such decisions where it is reasonable to do so, having taken into account the Equality Duty and in recognition of the impacts on protected groups. Cabinet must take into account the duties to:

- **eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act;
- **advance equality of opportunity** between people who share a protected characteristic and people who do not share it; and
- **foster good relations** between people who share a protected characteristic and people who do not share it.

10.29 With these duties in mind, a detailed commentary on likely impacts and mitigation of adverse impacts is contained within Appendix 3B. Cabinet is asked to note that it is not inevitable that a withdrawal of subsidy from a particular contract will inevitably result in adverse impacts. For example, some routes have alternative bus services relatively close by that are suitable for many passengers needs. Changes to timetables – for example, migration from hourly to bi-hourly – may not have a substantial impact; nor minor route changes.

10.30 For many of the general public transport services that are currently supported, only part of the total route or timetable is supported. For example, service 85 Newcastle – Crewe service is operated commercially for the majority of the day, but the early morning journey is subsidised by the council. It is likely that withdrawal of subsidy may result in particular additional journey or journeys being withdrawn by the current contractor, but that the remainder of the service will operate largely unchanged.

10.31 Nevertheless, there are risks that withdrawals of subsidy may impact on elements of service that are not subsidised. There are, in fact, a range of possible responses to subsidy withdrawal that contractors may make, including:

- continuation of service unchanged C
- continuation of service, but with amended timetable or route to concentrate on most commercially viable aspects C
- operator amends other routes or timetables to partially retain service O
- operator withdraws route or journey that was previously subsidised O
- operator withdraws commercial as well as subsidised route O

It is therefore important that dialogue with operators is continued throughout the process of potential subsidy withdrawal so that their likely response is anticipated and planned for.

Flexible / demand responsive transport

10.32 For many older and disabled residents, demand responsive transport is not only appropriate for their travel needs, it can often be the main or only way their travel needs can be met. Conversely, for other public transport users, demand responsive transport is difficult to use or impossible – for example, it is not suitable for daily commuting purposes. Flexible transport is not therefore a panacea for all impacts that may result from reductions in public transport subsidy. It has a vital role to play for some users, a valuable role for many others, but is unsuitable for many more.

10.33 It is most relevant in addressing the needs of older (especially frail older) residents, and people with physical disabilities. It is therefore a key way of

addressing the council's equality duties should mainstream public transport services no longer exist if subsidy is withdrawn.

- 10.34 Further engagement with representative groups is taking place to shape the council's procurement of demand responsive services. Members should note that currently there is only limited usage of flexible transport by people other than older and disabled residents, and that there is significant potential to address issues such as evening and weekend transport for young people in particular.

11.0 Access to Information

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

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