

# Environment Overview Committee

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**Dorset County Council**



Date of Meeting	19 January 2015
Officer	Matthew Piles – Head of Economy
Subject of Report	<b>Motion to Council in respect of public bus services</b>
Executive Summary	<p>This paper has been written in response to a motion to the County Council on 22 October 2014 from Councillor Ros Kayes.</p> <p>"We call on Dorset County Council to :</p> <p>1) reconsider its level of reimbursement for concessionary bus passes, recognising the impact of low reimbursement on the sustainability of services , and to alter this upwards in line with the national average;</p> <p>2) recognise its duty under section 63 of the Transport Act 1985 to “ secure the provision of such public passenger transport services as the council consider is appropriate 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 “ and to recognise this specifically in relation to economically significant routes upon which both jobs and the livelihood of town centres depend , and,</p> <p>3) recognise its duty under section 108(1)(b) of the Local Transport Act 2000(b) for the LA to carry out its functions so as to implement the policies of section 2.4.1 of its Local Transport Plan to :</p> <p>a) Maintain and improve levels of access to key services and reduce dependence on the car and</p> <p>b) Support and promote a culture of community led rural access solutions creating easier longer distance trips to urban areas by public transport"</p>

	<p>Under Standing Order 14.2 this motion has been passed to the Environment Overview Committee for consideration.</p> <p>The report sets out the background to the current concessionary fares scheme and the County Council's approach, together with advice on the options for change and any implications, including additional budget requirements.</p>
Impact Assessment:	Equalities Impact Assessment: Not required.
	Use of Evidence: Not required.
	<p>Budget: Spend on reimbursement of concessionary fares:</p> <p>Reimbursement to Operators:</p> <p>2011-12: £3,313,271.33</p> <p>2012-13: £3,793,669.26</p> <p>2013-14: £4,184,845.06</p>
	Risk Assessment: None required.
	Other Implications: None.
Recommendation	The re-imburement to bus operators should continue to be calculated using the Department for Transport guidance.
Reason for Recommendation	This action would maintain the existing network and not incur additional costs for the County Council.
Appendices	Appendix 1: Governance structure for the Holistic Transport Board.
Background Papers	<p>Department for Transport – Guidance for Travel Concession Authorities on the England National Concessionary Travel Scheme.</p> <p>Transport Act 1985</p> <p>Transport Act 2000</p> <p>Bournemouth, Poole and Dorset Local Transport Plan</p>
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**1. English National Concessionary Travel Scheme (ENCTS)**

- 1.1 A mandatory bus concession scheme for older and disabled people has been in place since 2001. The scheme has gradually been extended since its introduction and since April 2008 has provided free off-peak travel to eligible older and disabled people anywhere in England. Concessionary travel is administered locally by Travel Concession Authorities (TCAs) which are either County Councils or Unitary Authorities outside of London.
- 1.2 Central Government provides funding to TCAs for the ENCTS through Formula Grant which is administered by the Department for Communities and Local Government (DCLG). Formula Grant is a non-ringfenced, unhypothecated block grant which gives local authorities the freedom and flexibility they want in their use of funding.
- 1.3 TCAs are required by law to reimburse bus operators for carrying concessionary passengers, on the principle that the operators are “no better off and no worse off” by taking part in the concessionary travel schemes. The aim is not to subsidise bus operators, but to pay for any increased costs that they have incurred.
- 1.4 Reimbursement of bus operators is divided into two elements: revenue forgone and net additional costs. Revenue forgone is the reimbursement of fares that operators would have received from concessionary journeys that would have been made in the absence of the scheme. The average fare forgone is generally not the same as the quoted commercial cash fare but is calculated as an average of all ticket types that would have been available to concessionaires in the absence of the scheme.
- 1.5 The proportion of observed concessionary journeys that are made purely because of the concession are referred to as ‘generated journeys’. The only extra funding requirement associated with generated journeys should be the net additional costs that bus operators incur from these additional journeys. These are namely wear and tear on buses and possible costs from changes in service frequency or density. For example, if an additional bus is used simply to accommodate the additional passengers travelling on a concessionary bus pass, the operator will be reimbursed this cost. In very exceptional cases, net additional costs will include the costs to operators in buying an extra vehicle to cater for generated journeys.
- 1.6 Calculating concessionary travel reimbursement is predicated on determining what would have happened in the absence of the concessionary scheme and requires TCAs to estimate the following components of reimbursement:
  - The fares that operators would have offered and concessionary travellers paid in the absence of the concession
  - The proportion of total observed concessionary journeys that would have been made in the absence of the concession
  - Any net additional costs that operators have incurred as a result of the concession
  - An element for reasonable profit
- 1.7 Dorset County Council has a contract via the ESPO Framework 3039: Concessionary Bus Travel, Lot 3:- Travel Company Management (Advice & Consultancy) which commenced on 1 April 2012 for 3 years with option for +1 year (31 March 2015 or +1 year 31 March 2016). This was jointly procured with Wiltshire Council and Swindon Borough Council. The winning tender was Integrated Transport Planning Limited (I.T.P.Ltd). ITP Ltd calculate the reimbursement due by using the Department for Transport Reimbursement Calculator and data supplied by

the bus operators. This information is supplied to Dorset County Council on a monthly basis and the County Council reimburses bus operators in line with the information supplied.

- 1.8 The rate of reimbursement is agreed annually with bus operators and there is an opportunity for appeal if they are dissatisfied with the figures produced by the DfT calculator. The bus operator would be required to provide evidence to substantiate a claim that the rate did not adequately reimburse them.
- 1.9 TCAs are required by law to reimburse bus operators for carrying concessionary passengers. In addition to the UK legislation governing concessionary travel schemes, TCAs are obliged to comply with European regulation No. 1370/2007 which sets out the overarching rules for reimbursement of public service obligations and places a duty on TCAs to ensure that bus operators are not over-compensated.
- 1.10 If the County Council decides to increase the re-imbusement to bus operators at a higher rate than the DfT guidance there would be no effect on services provided.
- 1.11 The current subsidy provided for tendered bus services would be reduced by the equivalent amount of the additional reimbursement to ensure that the operator is no better off.
- 1.12 On commercial bus routes, the increased reimbursement figure would contribute to additional profit for the operator. There is no evidence to suggest that an increased re-imbusement for commercial services would lead to an increase in that service.
- 1.13 Concessionary fares re-imbusement at its present level concentrates County Council spending on essential services which are not commercially viable.

## **2. Dorset County Council Transport Services**

- 2.1 Dorset County Council provides specialist transport for 12,270 passengers:
  - 7,000 mainstream school children and young people – by bus and taxi
  - 1,000 children with special educational needs – specially adapted vehicles, small buses and taxis
  - 500 children attending specialist learning centres and children in care – taxis
  - 3770 adults attending DCC day centres – contractors taxis and DCC fleet.
- 2.2 The public transport network in Dorset consists of bus, rail, coach, community transport, demand responsive services and taxis. These provide access to jobs, services, education and leisure opportunities both within Dorset and in neighbouring authorities. The extent and quality of public transport provision is a key concern for people in Dorset. The vast majority of journeys are made by bus, but rail, community transport, and taxis all contribute to the mix. A stable and sustainable public transport network that meets people's needs yet is flexible enough to respond to future changes in demand is essential to achieving the LTP3 vision of a:  
  
"safe, reliable and accessible low carbon transport system for Bournemouth, Poole and Dorset that assists in the development of a low carbon economy, maximises opportunities for sustainable transport and respects and protects the area's unique assets".
- 2.3 At the same time, the resources available to achieve this are under pressure, which means that the need to maximise efficiency is more critical than ever.

- 2.4 In 2013/14 10,231,171 passenger journeys were made on public transport vehicles. Dorset County Council subsidised 1,900,684 (20%) of those journeys.
- 2.5 We are developing a comprehensive public transport strategy with the following objectives:
- to define a sustainable core public transport network comprising a hierarchy of routes with different levels of services provision which allows people access employment, education, key services and leisure
  - to set out transparent and consistent criteria to determine whether or not a public transport service should be subsidised in terms of cost per passenger, overall cost and the availability of alternatives
  - to increase the mode share of public transport particularly on our prime transport corridors
  - to prepare for changes in future demand due to new development, in order to maximise opportunities for developer funding
- 2.6 In December 2013, the Cabinet of the County Council considered and agreed a paper presented by Dorset Passenger Transport with the aim of reducing public bus subsidies by £850,000. Proposals were based on consultation with the public and other stakeholders and on research of passenger use of services. The following criteria were agreed for withdrawal of uneconomic bus services from 6 April 2014.
- Rural services costing over £5 per passenger
  - Urban services costing over £3 per passenger
  - Services carrying fewer than 7 passengers per journey
  - School services not carrying entitled school children
  - Summer only tourist services
  - Subsidised evening services
  - Saturday services, unless they average 20 passengers per journey or more
  - Sunday, Bank Holiday and school holiday services unless additional external funding available
  - No specific subsidised journeys early mornings/evening peaks
  - Cross boundary route significantly curtailed.
- 2.7 Overriding these criteria however, it was recognised that in some areas there was already a limited service and introducing these criteria could leave some communities without access to a public bus of any kind. It was agreed therefore that no community would be left without a service where they had at least some services available prior to 6 April 2014. A one day per week service would be retained for the most well used service.
- 2.8 There were also some exceptions to the criteria. In some instances, Saturday services were retained and a weekday service removed where communities felt that this would be more beneficial. In some areas a service remained for the same days but for a shorter period, usually services finishing earlier in the day. The overall cost remained the same for these routes and did not affect the achievement of the savings.
- 2.9 The final savings figure was £822,000 and was achieved through considerable negotiation and discussion with bus operators. £25,000 was transferred to the Community Transport budget to support community initiatives.

2.10 One of the initiatives which helped shape the new services was a study of North Dorset travel requirements undertaken by North Dorset District Council and supported by Dorset County Council. The intention was to replicate this study across Dorset but the need to reduce expenditure more urgently has prevented further studies taking place.

2.11 Prior to April 2014 Dorset County Council was spending an average of £6.95 per head of population compared to the national average of £5.06. Since the reduction in budget the Dorset subsidy has reduced to £4.88. The benchmark is 2013 data and when revised figures are obtained for 2014 it is likely that the national average will have dropped as many more authorities continue to cut back their subsidised services.

### 3. **LTP Priorities**

3.1 Maintain and improve levels of access to key services and reduce dependence on the car,

3.1.1 Funding has been obtained through the Local Sustainable Transport Fund (LSTF) which has been used by Dorset County Council and its partners to provide infrastructure which has enabled increased services on commercially operated bus routes.

3.1.2 The Weymouth Olympic Package included substantial infrastructure in the Weymouth/Dorchester area e.g. improved facilities at bus stops which included Real Time Passenger Information (RTPI). Improvements to the bus terminal area at Weymouth's Kings Statue were also made.

3.1.3 Significant infrastructure improvements have been made in Weymouth, Dorchester and Christchurch by the creation of safe cycling routes. In Bridport, the Askers Meadow cycle route and the Bradpole to Bridport link were funded through the Local Transport Plan Integrated Block funding. There are further plans to provide links in Bridport, including a link to West Bay.

3.1.4 Rail services in Dorset have been maintained and in Purbeck have been improved. The Council has acquired the Swanage branch line and a service will be implemented in 2015 which will directly link Swanage to the national rail network for the first time since 1971.

3.1.5 The LTP recognises that financial constraints may be imposed on transport through the need to make financial savings for the whole authority and prioritise budget spend which may mean that maintain the existing bus services would be difficult. The changes to public bus services in April 2014 ensured that the budget was spent more effectively to retain those bus services where there was a need demonstrated by regular passengers and removed those services which were underutilised. All communities with an existing service retained some services, albeit at a reduced level. Community Transport solutions will be developed in those areas.

3.2 Support and promote a culture of community led rural access solutions.

- 3.2.1 Rural access solutions are broader than the provision of bus services. Considerable work has been done and further work continues to support rural access.
  - 3.2.2 Community transport schemes are currently provided in many areas in Dorset. Schemes include Neighbour Cars and Country Cars run by local volunteers with support from the Council to get the scheme started or by financial support towards the fuel costs. Dial a Bus services are operated by Dorset County Council using the Council fleet of specially adapted vehicles. The Council supports a variety of other local schemes run by local communities through annual grant payments. There is funding available for additional schemes and since the reduction in public transport subsidy in April 2014, Officers have been reviewing the existing policy to broaden the scope of eligible passengers. At the Audit & Scrutiny Committee on 25 November 2014 Members and Officers will be hearing a call for evidence which will be used to support development of the Community Transport Policy.
  - 3.2.3 Community Travel Exchanges have been developed at Stallbridge, Beaminster and Maiden Newton. These have enabled local people, with DCC support, to develop service hubs, reducing the need for travel.
  - 3.2.4 A new Wheels to Work scooter scheme has been introduced in North Dorset enabling young people to purchase a scooter at very preferential rates which is paid for by instalments.
  - 3.2.5 Community Car Club schemes have been set up in Weymouth, Dorchester and Blandford. Anyone with a driving license can join this club but it is primarily aimed at providing access to a car for people who do not own a car but would like occasional use.
- 3.3 Creating easier longer distance trips to urban areas by public transport
- 3.3.1 The Councils aim is to encourage growth of commercial bus services and reduce dependence on local bus subsidies. In rural areas this is challenging because small numbers of passengers use buses in those areas and longer distance trips usually take considerably longer while serving those small communities.
  - 3.3.2 Contracts for subsidised bus services end in July 2016 and during the next 12 months a new bus network will be developed in consultation with stakeholders such as bus users, bus operators, and town and district councils.
  - 3.3.3 Transport models in other areas show that the creation of a fast, efficient and reliable service to urban areas, which will be valued by workers and young people, will be key to the success of future commercial services. Access to those commercial routes can then be provided by shorter subsidised local bus services and community transport as needed by rural communities
4. **Transport Review**
- 4.1 In early 2014, Dorset County Council commissioned a consultant through the Association of Public Service Excellence (APSE Solutions) to carry out a systemic review of both the in-house and externally delivered Transport Services in support of

the Holistic Transport Review, one of the key projects identified within the Forward Together Programme.

- 4.2 The review sought to critically analyse the current role models including structures, business processes and contract arrangements that the County Council has in place to deliver transport services.
- 4.3 The objective was to provide Dorset County Council with a summary of potential areas for optimizing service delivery and cost savings through reviewing the current service delivery models, service quality, statutory and non-statutory responsibilities and cost base, in addition to enhancing the customer experience.
- 4.4 The holistic review was to incorporate all activities including commissioning, procurement and administration of vehicles and transport related services including 3rd party providers and would focus specifically on;
  - In-house passenger transport - Special Educational Needs, Children Out of School and Adult & Community Services
  - Outsourced passenger transport - Special Educational Needs, Children Out of School, and Adult & Community Service and Mainstream School Transport
  - Outsourced Public Transport
  - Local Community Service
  - In-house Park and Ride
- 4.5 The outline key project deliverables were:
  - To assess and report on the current model both benefits and weaknesses.
  - To provide a comprehensive and evidenced based options appraisal of service delivery models and recommendations for Dorset to optimize performance and savings opportunities.
  - To identify potential areas for improved utilization of fleet for both in-house and externally provided services.
  - To provide recommendations on future structures to deliver these services and to identify specific areas for improvement across end to end processes that affect the customers, service providers and cost.
- 4.6 As a result of the investigations, 12 headline recommendations from APSE were provided to the Forward Together Board on 17 May 2014. The board supported the recommendations and requested that they be progressed through the continued work of the Holistic Transport Review:
  - Establish a fully integrated Dorset Passenger Transport Unit.
  - Target cost savings in excess of £1.3m per year on SEN & Adult Care.
  - Review current high level of private taxi use for mainstream school pupils.
  - Establish a Strategic Passenger Transport Commissioning Group.



- Review concessionary seats for 16-18 year old students.
- Review financial arrangement of the Dorchester Park and Ride.
- Corporate Finance and Fleet Services should work closely with DPT.
- Establish a performance monitoring system within DPT to monitor external and internal transport service provision.
- Establish customer satisfaction surveys across all passenger transport services and ensure undertaken routinely.
- Commence the procurement process for passenger transport contracts which expire in 2016 as soon as possible.
- Budget for Mainstream School Transport should be transferred from DPT to Children's Services.
- DPT should routinely benchmark the cost of passenger transport services nationally with County Councils and with external local service providers.

## 5. **Governance and Next Steps**

- 5.1 Due to the strategic and complex nature of this review a comprehensive governance structure has been put in place. Please see Appendix A for further detail.
- 5.2 The three workstream lead officers have met and outlined the key next steps;
- Establish a Strategic Passenger Transport Commissioning Group to oversee the development of a Dorset Transport Strategy.
  - Establish a task and finish group to develop and implement the passenger transport strategy ensuring that we consider the approach to commissioning, procurement, service provision and financial management of passenger transport services.
  - South West Audit colleagues will assist by focusing on Policy vs Practice for all elements of transport.
  - Ensure that existing working groups established for children's transport develop the relevant APSE recommendations further and present options to the Holistic Transport Board.
  - In preparation of the development of an Integrated Transport Unit hold a series of workshops with existing operational teams to further understand the existing work practices, good practice and areas for development.

## 6. **Summary**

- 6.1 Work to develop a sustainable transport service which supports the Local Transport Plan is ongoing. The strategy and policy will be developed in the forthcoming months as the Holistic Transport Board workstreams progress their work.

- 6.2 There are two options for the level of re-imbusement paid to bus operators for the ENCTS:
- 6.2.1 Maintain the existing re-imbusement level using the guidance provided by DfT. There would be no net effect to either the cost or bus services.
  - 6.2.2 Ignore DfT guidance and increase the level of re-imbusement to bus operators. The result would be no change to the overall cost and provision of subsidised tendered bus services. There would be an increase in the cost to the authority for re-imbusement of fares on commercial services and no evidence that this would lead to an increase in provision. If an increase in service provision occurred on a commercial service as a result of an increase in the re-imbusement level, this would effectively be providing a subsidy to provide additional services.
- 6.3 Any increase in the re-imbusement rate to bus operators for the ENCTS as detailed in 6.2.2 would require a source of additional funding to be identified or savings to be made elsewhere.

**Matthew Piles**  
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January 2015

**Holistic Transport Review – Governance Structure**

