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SURREY COUNTY COUNCIL

CABINET

DATE: 23 SEPTEMBER 2014

REPORT OF: MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING

LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT & INFRASTRUCTURE

SUBJECT: SURREY COUNTY COUNCIL LOCAL TRANSPORT REVIEW



SUMMARY OF ISSUE:

The Local Transport Review embraces several aspects of public transport in Surrey: provision of financial support to local buses, concessionary fares available to passengers, and provision of community transport for people who cannot use conventional local bus services.

There is a continuing need to seek ways of supporting and providing effective public transport while controlling costs and making efficiencies. The County Council's Medium Term Financial Plan shows a need to make revenue savings over the next four years.

This report outlines a process by which this could be achieved, and seeks authority for officers to conduct wide-ranging consultation during the period October 2014 to January 2015.

RECOMMENDATIONS:

It is recommended that Cabinet should:

1. Authorise officers to carry out wide-ranging consultation on proposed changes to Local Transport with partners, stakeholders, and the wider public during the period October 2014 to January 2015
2. At a further meeting in spring 2015, consider a report incorporating an equality impact assessment and costed proposals for change which take into account views expressed in the consultation

REASON FOR RECOMMENDATIONS:

The recommendations will provide a clear mandate for officers to undertake a wide-ranging consultation on the proposed changes. This will not only explore the response of the public and stakeholders, but may also generate new ideas for improving existing provision or creating new forms of community-based transport.

The report back on the consultation will enable the Cabinet to take a fully informed decision on changes to Local Transport in spring 2015.

Useful advice has been received from the Local Transport Review Member Reference Group, which will continue to oversee the consultation process and final proposals. Environment & Transport Select Committee are considering this report on 10 September, and their views will be reported to Cabinet.

DETAILS:

Background

1. Surrey County Council invests significant Council funding in local bus services and concessionary fares, and both are statutory duties. Surrey County Council (SCC) also invests in the funding of community transport, supporting partnership work with District/Borough, community and voluntary organisations. All these services benefit a large and diverse number of residents, giving them access to work, employment, health care and essential shopping, as recognised by the Department for Transport (DfT).
2. 29 million passenger trips are made each year on Surrey's local buses, 15 million of which are made on services wholly or partly funded by Surrey CC. Each day some 41,000 passenger trips are made on Surrey's buses. Surrey benefits from 194 bus services (or routes) of which:
 - 47 operate on a purely commercial basis
 - 147 are supported in varying degrees by the County Council
3. The current budgeted spend (2014/15) on transport provision is:

Transport stream:	Annual revenue spend:
Local bus contracts	£8.949 m
Concessionary fares	£8.676 m
Community transport	£0.643 m
Total	£18.268 m

The County Council also disburses £1.125m pa to bus operators in fuel duty rebate – known as 'BSOG' (Bus Service Operators Grant) - on behalf of government.

4. The largest element of spend is the bus support budget of £8.9m, and the Review has analysed this spending and the market it supports in considerable detail. Annexe A analyses this spending in terms of:
 - Passenger journeys – breakdown and trends in recent years
 - Statutory requirement to support bus services
 - Funding support – breakdown and recent years' trends

- Bus operators, key players and breakdown of costs
 - Market forces
 - National policy context
5. This analysis underpins the consultation process. Key information includes:
- 31% of journeys are made by concessionary pass holders (mostly older people) or children. Local bus planning must take account of all bus users.
 - Passenger numbers have remained constant in recent years, despite the service changes made in the previous Bus Review (2010 to 2013)
 - Transport Acts since 1985 require SCC to support “socially necessary” bus services, but a minimum level is not specified
 - Funding support is evenly divided between revenue support and reimbursement to bus operators for fare revenue foregone when a concessionary pass is used
 - The Surrey bus market is dominated by five major companies, each of whom operate in a geographical ‘territory’
 - The largest cost element in operating a bus (40% of total) is the driver’s wages
6. SCC has a continuing need to maximise the efficiency of its transport operation. Major savings have already been made in recent years:
- Ongoing revenue saving of £4.8m a year from the previous Bus Review. This was commissioned in 2008, consulted with the public in 2009-10, and delivered savings and enhancements on a phased basis
 - An efficiency saving of £742,000 pa in Concessionary Fares from 2012 was delivered following the national change in funding arrangements
 - A one-off saving of £100,000 in Community Transport in 2013/14
7. There remain underlying cost pressures within the services:
- Running costs of buses (fuel, labour, insurance, and disability requirements in bus design) tend to rise faster than inflation, and this has been reflected appropriately in the budget
 - Demand for concessionary travel continues to rise, encouraged by the free travel offered, as the Surrey population grows older

Issue to be Addressed

8. The Medium Term Financial Plan (MTFP) proposes that further significant revenue savings should be made over the period.

9. The Local Transport Review (the Review) has been scoped to examine the level of service provided and consider options for efficiencies and savings:

Workstream:	Review objectives:
Local Bus	<ul style="list-style-type: none"> • Seek new sources of sustainable funding • Make a contribution to savings, while maintaining essential services
Concessionary Fares	<ul style="list-style-type: none"> • Consider the value of the extra concessions SCC offers above the national minimum • As agreed with DfT, review how SCC reimburses bus operators
Community Transport	<ul style="list-style-type: none"> • Help develop and integrate the CT sector

Approach and Scope

10. The Review aims to find new solutions and efficiencies rather than propose simple reductions. To define the scope and consider alternative possible savings the Review has studied the wider context to find ways in which its funding could become more sustainable in the medium term. This has already led to a number of improvements which are being implemented over a 2- to 3-year timescale. These are summarised in Annexe B.
11. The Review has studied how peer County Councils are responding to the funding challenge they all share. SCC has developed close relationships with our near neighbours – East and West Sussex, Hampshire, and Kent County Councils – and keeps a watching brief on wider developments. Annexe C summarises other County Councils' approaches:
- All the County Councils are under pressure to reduce revenue funding for transport provision, focusing on support for local buses and concessionary fares
 - Some are reducing bus service frequencies, especially evening and Sunday services
 - Some are reducing local-funded extra concessions in concessionary fares
 - All aim to focus their remaining support on serving key destinations and travel purposes – employment, education, health care, and food shopping
 - Most are seeking a greater role for Community Transport alternatives
12. The Review has therefore looked at all areas of spending within its scope, aiming to find savings and efficiencies which would minimise the need for reductions in the core support for local bus services. Nine possible savings lines (A to I in the table) have been identified:

Line:	Measure:	Action:
A	Review concessionary fares reimbursement	SCC currently reimburses bus operators for concessionary fare income lost according to a DfT methodology. This is being reviewed to ensure it offers best value.
B	Review the value of local extra fare concessions for disabled people	Review two SCC-funded extra concessions for disabled people: - Free travel before 9.30 am or after 23.00 pm (Monday to Friday) - Free passes for 'companions'
C	Renegotiate existing bus contracts	Approach existing bus operators to re-negotiate existing contract costs, including contract length and inflation uplift
D	Local bus service withdrawals	Review all bus services and remove or reduce support on a prioritised basis
E	Apply Section 106 support to bus services	SCC holds significant funds from developer contributions under provision of 'Section 106'. New regulations mean these can be applied to support existing services.
F	Use new funding to support bus publicity	There is scope to use either S106 or the LSTF (Local Sustainable Transport Fund) to fund essential local bus publicity and small infrastructure improvements.
G	Marketing research project	A joint marketing study with a bus operator and Surrey University to increase patronage and profitability
H	Invest in a Community Transport alternative	Work with 2 or 3 Parish Councils to develop a CT alternative to smaller rural bus services
I	Commercial approach to Community Transport	A range of measures to develop the sector and move towards commercial provision

Of these, savings lines B, C, D, and H are likely to be of most interest to the public during consultation.

Proposal

- The Review has considered the savings, risks, and impact on passengers of each option, and discussed ideas with the Local Transport Review Member Reference Group and some key stakeholder organisations.

14. An important element of the Review is developing a new approach to Community Transport. Over the next two years a review and engagement process concerning the sector's operation and grant funding will be undertaken, to ensure that it delivers social benefit in a cost-effective way. A proposed Framework for a new Delivery Strategy is shown in Annexe D, and views will be sought during the main consultation period.
15. A main focus will inevitably be proposals for changes in Local Bus provision. The aim is to minimise and mitigate reductions to service support: the client team, working closely with Procurement, will aim to achieve the greatest contract savings possible as described in Line C.
16. But service reductions may be needed, and the Review has studied the peer Councils, previous experience from the Bus Review, and national best practice. It has mapped the existing network (Annexe F) and analysed services in the five categories shown in different colours on the map:
- Commercial (and some Transport for London (TfL)) (Purple) services which do not depend on SCC support, although sometimes SCC pays small sums to enhance services such as in the evening and at weekends
 - Primary, Strategic, (Green) supported services which serve key destinations and carry large numbers of passengers. This includes nine TfL services to which SCC contributes.
 - Secondary (Amber) supported services, which serve specific communities. This includes a contract for Demand Responsive Transport (DRT) services in Tandridge.
 - Tertiary (Red) supported services which may operate only on certain days of the week, or provide a limited service. This includes a contract for DRT services in Farnham.
 - School special services (not mapped) which serve particular schools during term time.
17. The Review has devised a careful scoring and assessment tool for SCC-supported services - ie the Green, Amber, and Red categories. Commercial (Purple) services do not need to be scored. The tool assesses each service according to the destinations it serves, the quality and patronage of the service, and its status as regards future capital or revenue investment (Annexe E). The map (Annexe F) shows the current network in the four categories listed above (excluding school specials), based on the most accurate current information.
18. Scoring and assessment is only a guide which can be considered in the consultation process. The eventual proposals for service changes following consultation will involve careful judgement of many different factors.

CONSULTATION:

19. The Review recognises that some of these changes will affect many passengers, and is planning a full programme of engagement and consultation. This will build on the programme of the previous Bus Review

undertaken during 2009-11, which was cited by Passenger Focus in their 2012 report as an exemplar of good practice.

20. The Review aims to fully engage all Surrey County Council Members in various ways:
- Environment & Transport Select Committee was briefed on 24 April, and is considering this report on 10 September. Its views will be reported to this Cabinet meeting
 - The Select Committee set up a Member Reference Group, which discussed Review proposals on 20 March, 17 June, and 20 August, and will continue its work through the public consultation period
 - All County Councillors will receive written briefing following this Cabinet meeting
 - All Local Committees have been offered a private workshop to consider proposals in their area
 - Full information will be offered to all the Surrey MP's
21. For other stakeholders and the wider public a full consultation and engagement plan has been drawn up, which is summarised in Annexe G. All partner and stakeholder bodies and groups will be offered briefings as appropriate, with particular focus on engaging with:
- Bus user groups
 - Schools and Colleges
 - Surrey Members of Parliament
 - Borough and District Councils
 - Parish and Town Councils
 - Surrey business organisations
 - Equalities organisations and Disability Empowerment Boards
 - Residents organisations
- Other groups and organisations will receive information, updates, and opportunities to feed in their views.
22. A range of communication channels will be employed, as described in Annexe G. As well as the usual approaches of meetings, printed literature, web presentation, and on-line surveys – supported by media handling - this year's consultation will have a particular focus on using digital media to reach younger bus users who travel to work. This continues the theme of a Transport for Surrey workshop with bus operators held in February. Social media and on-bus posters will be used to reach these passengers.
23. To help plan the engagement and win support for the process, 'pre-engagement' meetings have been held with some key partner organisations. These help inform the message, and can suggest new ways of engaging with users. Constructive meetings have been held with:
- Bus Users UK and North-West Surrey Bus Users Group
 - Surrey Association of Parish & Town Councils
 - Surrey Community Action

- Surrey Coalition of Disabled People and Disability Network Surrey
- Age UK and Action for Carers Surrey

These groups reserve the right to oppose any reduction in bus services, but are happy to help with the engagement process.

RISK MANAGEMENT AND IMPLICATIONS:

24. Annexe H summarises the Review's Risk Register and the measures in progress to reduce or mitigate risks. The two highest risks are:
- Public opposition to reductions in bus services. During the consultation we will ensure that residents understand why particular changes are proposed in certain areas
 - Use of Section 106 funds to support services. Using S106 funding should sustain services until 2018/19. During the period longer term solutions will need to be found
25. Other significant risks being managed are that:
- Renegotiation of bus contracts may impact on the levels of service offered
 - Some savings workstreams may fall short in their delivery
 - The need to secure agreement with one or more Parish Councils to provide an alternative service

Financial and Value for Money Implications

26. The aim of the consultation is to achieve the MTFP savings required, and some spending will be required. A sum of £10,000 has been allocated in the corporate Communications budget to cover various publicity expenses.
27. The proposals presented for consideration in spring 2015 will be devised to deliver the most effective Transport services possible within the constraints of existing resources.

Section 151 Officer Commentary

28. The council's approved Medium Term Financial Plan includes the requirement to reduce local transport costs by £2m per year by 2017/18, including a reduction of £0.4m in 2015/16. The measures outlined in this report could contribute toward that saving. To the extent that the full saving is not identified, or where savings are time limited (e.g. use of Section 106 funding explained in paragraph 24) then additional permanent solutions will need to be found to meet the requirement for ongoing savings.

Legal Implications – Monitoring Officer

29. The public sector equality duty (Section 149 of the Equality Act 2010) applies to the decision to be made by Cabinet in this report. There is a requirement when deciding upon the recommendations to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful

discrimination. These matters will be dealt with in the proposed Equalities Impact Assessment (EiA).

Pre-consultation

30. There is a clear expectation in public law that the Council should carry out a consultation process whenever it is considering making significant changes to service provision. Such consultation will need to involve those directly affected by such changes together with relevant representative groups. It will be important that the material presented to consultees provides sufficient information to allow for intelligent consideration and response in relation to the proposals. This information will need to be presented in a way that consultees will understand. The responses to the consultation will need to be conscientiously taken into account when the Cabinet makes any future decision in relation to any proposed changes to financial support to local buses, concessionary fares available to passengers, and provision of community transport for people who cannot use conventional local bus services.

General Decision-Making

31. In coming to a decision on this issue the Cabinet needs to take account of all relevant matters and not consider irrelevant matters.

Equalities and Diversity

32. An Equality Impact Assessment (EiA) is being developed to determine and quantify the impact on bus service users and Surrey residents with protected characteristics. It will also identify mitigating actions to ensure negative consequences are minimised.
33. Recommendations for Cabinet in the previous Bus Review were accompanied by a full EiA, and this benefited from development over three phases of consultation. It was last published with the Bus Review Phase 3 Cabinet report on 29 May 2012.
34. The new EiA will use a variety of data and feedback sources, as well as the responses to the public consultation to understand the likely impact of proposals to withdraw subsidised bus services. If the assessment identifies any potential inequalities, mitigating actions will be identified.
35. Development of the EiA benefits from early meetings with some of the main equalities stakeholder organisations. The Review team has met:
 - Surrey Coalition of Disabled People
 - Disability Alliance Network Surrey
 - Age UK Surrey
 - Action for Carers Surrey

Public transport is important to the groups represented by these organisations, and they do not favour any funding reduction. But discussions have been held about means of engagement and possible mitigation measures.

36. The EIA will be developed during the consultation period, and be critically reviewed by the E&I Directorate Equality Group, the External Equalities Advisory Group, and the organisations mentioned above.

Other Implications:

37. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Some implication – described below
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report
Public Health	Some implication – described below
Climate change	Some implication – described below
Carbon emissions	Some implication – described below

Corporate Parenting/Looked After Children implications

38. Most Looked After Children attend mainstream schools, and so may travel to school on the public bus network. They do not automatically qualify for free travel, and so are entitled to this only under normal geographical criteria. Any reductions in the public bus network, especially school special services, will have some impact on these children.
39. When a child has educational special needs or a Social Care assessment they are likely to be entitled to bespoke transport booked through the Transport Co-ordination Centre. This is outside the scope of this Review.

Public Health implications

40. Many residents use the public bus network to travel to medical appointments in either GP surgeries, health centres, or one of Surrey’s five acute hospitals. Travel to the acute hospitals is included (see Annexe E) as one of the Destination Assessment factors used to rank bus services.
41. Surrey’s five Priority Places are areas of concentrated needs defined in the Joint Strategic Needs Assessment. Their residents have a higher incidence of relative deprivation, low educational attainment, unemployment, or ill health than the Surrey average. The areas are:
- Stanwell North/Ashford North/Stanwell South
 - Old Dean, Camberley

- Maybury / Sheerwater, Woking
- Westborough, Guildford
- Merstham, near Reigate

These are also included in the Destination Assessment (Annexe E).

42. However, residents also use the public bus network to travel to GP surgeries and health centres in many locations. Bus travel itself encourages older people to remain active and mobile in visiting shops, friends, and family. Any significant reduction in bus provision would therefore have some impact.

<u>Climate change/carbon emissions implications</u>
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43. The Bus Review Cabinet report of 2 March 2010 (Item 13, Annexe G) included an outline Environmental Impact Assessment. This covered potential impacts of local bus reductions on:

- Carbon emissions and air quality
- Road safety
- Various national and local indicators

44. The Assessment gave an estimate of the possible impact of local bus reductions on carbon emissions, assuming that if a bus is not available, passengers would use a variety of alternatives travel modes. It was estimated that the review could lead to a 17% in the number of bus trips made.

45. In fact analysis shows that local bus patronage remained very constant between 2010/11 and 2012/13, ie the period covered by the Bus Review. Total trips per annum remained within the range 30.5 m to 30.75 m, demonstrating that the reduction estimate of 17% was over-pessimistic.

46. The current Review has been screened under the Environmental Assessment of Plans & Programmes Regulations 2004, and will not require a formal Strategic Environmental Assessment, as it does not involve changes to physical infrastructure. It also remains compatible with the published 2011 Surrey Local Transport Plan.

47. To offer Cabinet clear guidance in making final decisions, a revised 'environmental appraisal' will be undertaken during the consultation period. This will provide an estimate of impacts of the Review on:

- Carbon emissions, using the previous modelling methodology, but based on new estimates of possible patronage change.
- Air quality, studying in particular any impacts in the parts of Surrey covered by Air Quality Management Areas.
- Road safety

In each case, the environmental risks involved will be explained to Cabinet, together with options to accept, mitigate, or reduce them.

<u>WHAT HAPPENS NEXT</u>

1. If Cabinet approves these recommendations the next steps will be

- Public consultation and engagement on the Review will begin on 1 October 2014, and run until 15 January 2015
- All Members will be given details of planned consultation events, including dates arranged for Local Committee workshops
- The Member Reference Group will be updated at two meetings during the consultation period
- Responses will be analysed during February and March 2015
- Responses and proposals for change will be brought to Environment & Transport Select Committee and Cabinet during May 2015
- Initial changes to bus services will take effect in September 2015

Contact Officer:

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Consulted:

The Review has so far consulted:

- Environment and Transport Select Committee on 24 April and 10 September
- Local Transport Review Member Reference Group on 20 March, 17 June, and 20 August
- Bus Users UK and North-West Surrey Bus Users Group
- Surrey Association of Parish & Town Councils
- Surrey Community Action
- Surrey Coalition of Disabled People and Disability Network Surrey
- Age UK and Action for Carers Surrey

Annexes:

- A Analysis of Local Bus provision
- B Sustainable funding proposals
- C Neighbouring County approaches
- D New Community Transport framework strategy
- E Local Bus scoring and assessment
- F Local Bus network hierarchy map
- G Summary of consultation/engagement plan
- H Project risk register

Sources/background papers:

Bus Review reports to Cabinet on

- 29 Sept 2009
- 2 March 2010
- 2 June 2010

21 June 2011
29 May 2012

Presentation to Environment & Transport Select Committee 24 April 2014

Passenger Focus. *Bus Service Reviews: Consulting on Changes to Local Services.*
Oct 2012

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