



Economic Prosperity, Environment and Highways Board
21 April 2016

Surrey County Council Local Transport Review

Purpose of the report: To enable scrutiny of the proposed changes to local bus services in Surrey to meet the required savings target.

These proposals are due to be presented to Cabinet on 24 May 2016.

Annex B referred to in this report is not attached with agreement from the Chairman of this board. The information in this annex will be commercially sensitive when this report is published, so will be tabled directly at the meeting.

Introduction:

1. This report outlines the second year of a three year review of local transport services provided by Surrey County Council (SCC) for its residents. The Council achieved vital savings in the first year of the review in the face of increasing pressures on its funding. However, further savings are required to ensure it drives better value for money and delivers its savings target of £2m by 2017/18, as part of the Council's Medium Term Financial Plan (MTFP).
2. The savings plan for year two has been drawn up following a wide reaching public consultation running from January to March 2016, with 2,677 residents and stakeholders having their say on the services that matter most to them. This savings plan has been designed to maintain as many of the services that residents rely on as possible, and maximise cost savings with minimum changes to the level of service offered.
3. Bus operator data and the assessment of the proposed changes indicate that an estimated average of 72 passengers per day Monday to Saturday will be impacted by the changes in the savings plan. However, most of those shown as impacted will still have a reasonable level of access to a bus service.

Background

4. On 23 June 2015, Cabinet approved changes to local bus services in the first year of the Local Transport Review, with the changes coming into effect from the end of August 2015. These changes and other efficiencies enabled SCC to reduce its local transport costs by £1.043m.
5. The changes in the first year of the review made important savings for the Council. However, further savings are required, so that the review can achieve the Council's MTFP requirement to reduce local transport costs by £2m by 2017/18. To achieve the required level of savings, further changes need to be made to the local bus services that the council subsidises.

Overview of the public consultation

6. On 20 January 2016, SCC launched a public consultation on proposed changes to local bus services, which ran until 14 March 2016. This gave residents and stakeholders a chance to have their say on the proposals. They could take part by completing an online survey or hard copy survey (available in standard, large-print and easy read formats), emailing or writing to the project team, telephoning the contact centre or attending one of the public roving bus events in person. The consultation summary report in **Annex A** describes how we widely engaged with partners, stakeholders and the general public during the consultation.

Responses to the public consultation (20 January 2016 – 14 March 2016)

7. This consultation received 2,677 responses from residents and stakeholders, who told us how the proposed changes could impact them. This feedback played an important part in the review, and helped Officers draw up the final proposals for change. **Annex A** gives a more detailed breakdown on the views submitted in this consultation.
8. The key findings in this consultation were:
 - The proposal to change the current route of the 46 service (Aldershot – Farnham – Shackleford – Godalming – Compton – Guildford) to a new route could limit access to shopping, especially from Badshot Lea, Compton, Hurtmore and Shackleford to Godalming and Guildford. Respondents also told us that this proposal could limit the ability to socialise and reduce quality of life e.g. visits to Watt's Gallery.
 - The proposal to review the current route of the 3 service (Yateley – Camberley – Frimley – Ash – Aldershot) to consider improving connections to Frimley Park Hospital, and splitting the service at Camberley could limit access to medical appointments, especially

from Yateley to Frimley Park Hospital. Respondents also told us that this proposal could limit access to shopping in Camberley.

- The proposal to amend the current route and frequency of the 4/5 service (North Town – Aldershot – Hale – Farnham) could limit access to shopping, especially from Folly Hill to Aldershot and/or Farnham, and that the proposal could also adversely impact on vulnerable people.
- The proposal to amend the current route and frequency of the 409 service (Selsdon – Farleigh – Warlingham – Caterham Station) could limit access to shopping, especially from Selsdon and Farleigh. Respondents also told us that this proposal could also limit the ability to socialise and reduce quality of life.
- The proposal to amend the frequency and part of the route for the current 516 service (Dorking – Boxhill – Leatherhead – Epsom – Kiln Lane Sainsbury's) could limit access to shopping, especially to Epsom. Respondents stated that the current service is seen as acceptable and should be kept as it is. Conversely respondents also gave support to the alternative option to operate a service every two hours between Dorking and Epsom town centre Monday to Saturday.
- Some respondents agreed with the proposal to maintain the current route and timetable of the 11 service (Farnborough – Frimley Green – Camberley – Paddock Hill – Ansell Road).

Proposed changes to local bus services

9. The preferred approach to achieve the required savings has been through sensible negotiations, retendering of services, encouraging commercialisation and by re-planning the network of services. By adopting this approach, the overall potential impact and hardship to service users has been reduced through a requirement to pay a smaller subsidy payment.
10. This approach has also had to take account of a review conducted by Stagecoach of their non-subsidised services in West Surrey, which in some cases has resulted in a re-shaping of their routes to achieve what they feel would be the best option for future commercial viability. This has meant that SCC has had to review the services it subsidises in the same area to avoid competitive duplication and to provide integration into a cohesive, sustainable network.
11. Nine local bus services have been tendered using the electronic Dynamic Purchasing System (DPS). Working with procurement we invited 21 companies who are suppliers on the DPS to bid for one or more of the nine local bus services via a mini competition. The nine local bus services put out to tender are:
 - **236** - Oxted-Westerham-Edenbridge-Dormansland-Lingfield-Newchapel-Crawley
 - **409** - Caterham-Warlingham-Chelsham Common-Farleigh-Selsdon
 - **509** - East Grinstead-Felcourt-Lingfield-Blindley Heath-South Godstone-Godstone-Caterham-Caterham on the Hill

- **510** - Hurst Green-Oxted
- **516** - Epsom-Leatherhead-Headley-Boxhill-Betchworth Station-Dorking
- **594/595** - Chalkpit Wood-Oxted-Limpsfield-Limpsfield Chart/Tastfield-Westerham
- **603** - Redhill-Merstham-Chaldon-Caterham-Godstone-Oxted School
- **610** - Smallfield-Outwood-South Nutfield-Bletchingley-Godstone-Oxted School
- **694** - Lingfield-Merle Common-Hurst Green-Pollards Oak-Oxted

The anticipated savings from this tender process are included in the savings figure referred to in paragraph 17.

12. The Council has also worked with operators to re-negotiate certain contracts to reach a compromise in what is provided within a lower-price framework, to provide the Council with better value for money. This exercise has resulted in annual savings of £0.236m **without** changing the current level of service offered.
13. The savings described in the above paragraph are a beneficial outcome for the review. However, to make the required level of savings in the review, it has been necessary to propose some compromises on local bus services in terms of routes, frequencies, days of operation or timetables. The proposals that will go to Cabinet have been drawn up through partnership working with the relevant operators by:
 - Encouraging operators to sustain services on a more commercial basis, thus reducing the requirement for funding support.
 - Taking due regard of comments received in the consultation process and avoiding as much as possible impacts on services, or sections of the route, which have the highest levels of patronage.
 - Retaining, where possible, key journeys at times that support travel to work, school/college, health care and general food shopping
 - Considering future factors, such as school place planning, economic growth and residential development.
14. **Annex B** provides information on the bus services for which proposals were published in the consultation, together with the actual outcome now being recommended to Cabinet. If approved by Cabinet, the proposed changes are expected to come into effect from 3 or 4 September 2016. This review has focused on bus services contracts due to expire at that time. However, during discussions with bus operators, opportunities to renegotiate other contracts have been realised.
15. The services proposed to change from 3 or 4 September 2016 are expected to have an impact on a small number of passengers who use these services. Most of those shown as impacted in **Annex B** will still have a reasonable level of access to a bus service. However, in a few instances, as a result of the proposed change:

- Some passengers may no longer be able to make a direct journey to certain destinations requiring a change of bus in the future.
 - Some passengers may experience a lesser choice of travel opportunity or a less frequent service.
16. Passenger journey data derived from operator's ticket machines has been averaged over several weeks. This has been used to give the best estimate of potential impact caused by the recommended outcome, as shown in **Annex B**. It is difficult to accurately estimate the number of current passengers who might be unable to travel as a result of a reduction in frequency or a revised timetable, as some will find that the new arrangements are still satisfactory for their individual requirements. Passengers who still have a bus service to their required destination, albeit by a different route and/or with a revised timetable, have been excluded from the estimate.
17. By implementing the recommended service changes in **Annex B**, the total annual subsidy will reduce by £0.435m in a full year. The saving in 2016/17 will be £0.257m, as the changes will come into effect, subject to Cabinet approval, part way through the financial year. This is summarised in the table at paragraph 31.
18. Subject to Cabinet approval, there may be a need to make further minor adjustments during final service planning and mobilisation. SCC will also be reviewing other local bus services in 2017 to ensure the required overall savings target is achieved by the end of the review.
19. It should also be noted that some commercial service proposals were put forward by operators, which in the main are not subsidised by SCC and therefore not part of the review. These were included in the public consultation to tell the public what the operator was planning to do and to give a clearer overall picture. It is the prerogative of the operator if they wish to make commercial service changes upon which SCC has very limited influence. They are therefore excluded from **Annex B**. The current understanding on these proposals in respect of any change in September 2016 is:
- **Stagecoach "Kite" service:** Aldershot-Ash-Normandy-Guildford: No change.
 - **Stagecoach 1 "Gold" service:** Aldershot-Camberley-Old Dean: No change.
 - **Stagecoach 2:** Farnborough-Frimley-Heatherside-Camberley: No change.
 - **Stagecoach 3:** Aldershot-Mytchett-Camberley-Yateley: No change.
 - **Stagecoach 4 and 5:** Farnham-Sandy Hill-Heath End-Aldershot: Proposed withdrawal of Service 4 from the Folly Hill area was cancelled and a new timetable featuring generally three buses per hour between Farnham and Aldershot was introduced on 10 April 2016.
 - **Stagecoach 17:** Aldershot-Farnham-Shortheath-Rowledge: No change to the route or general frequency of the service.
 - **Stagecoach 18:** Aldershot-Farnham-Bordon-Haslemere: No change to the route or general frequency of the service.

- **Stagecoach 65:** Guildford-Farnham-Alton: No change.
- **Metrobus 281:** Lingfield-Dormansland-East Grinstead-Crawley: No decision on the future structure of this service has been advised by the operator at this time.
- **Southdown 424 :** Redhill-Woodhatch-Horley-Smallfield-Crawley (commercially provided between Horley and Crawley): The planned change of route between Copthorne and Crawley will not proceed and the generally hourly service will be retained but with some timetable changes.

Other savings proposals for 2016/17

20. Work has continued to review funding allocations from SCC to community transport services in Surrey. We have recommended maintaining current levels of community transport support for 2016/17 due to uncertainty on areas of work, which directly affect the sector e.g. the tender of the Non-Emergency Patient Transport contract and changes in Surrey Choices' transport provision. Any changes to funding support could have a detrimental effect on the ability of the sector to respond to these areas of work therefore revised funding allocations will be put in place for 2017/18. However, additional savings of £0.052m have been achieved due to two factors:
- Firstly, a reduction in the level of funding for the Tandridge taxi voucher scheme. The level of grant has reduced by £0.018m. This has been achieved by the scheme using reserves, which will ensure service delivery remains unchanged.
 - Secondly, Reigate & Banstead Borough Council (RBBC) took the decision to cease their Dial a Ride service, deciding to support the needs of their residents through a taxi voucher scheme by diverting some of their funding to the scheme. SCC grant funding of £0.034m previously allocated to RBBC to support Dial a Ride can now be taken as a saving.
21. In 2016/17, SCC will continue to grant fund organisations, who provide Dial a Ride, Taxi Voucher and Voluntary Car Schemes. Ongoing partnership work with the boroughs and districts and community transport partners is well underway. Areas of work include an East Surrey Community Transport review being led by Tandridge District Council and a taxi voucher scheme audit. Findings from these reviews will contribute to the revised grant allocations for the last year of the review in 2017/18.

Update on year one changes and other savings work streams

22. As stated in paragraph 4, a number of changes to local bus services came into effect from the end of August 2015. Over the last year, SCC has reviewed the effectiveness of these changes, most of which are performing to the expected level. During this time, Abellio has become increasingly concerned with the reliability of certain services in North Surrey due to increasing traffic volumes, especially during the peak hours, which are unpredictable in terms of impact and location.

23. Introducing more resources onto these services was not commercially sustainable, and no further Council funding was available to offset the significant extra cost. To improve reliability Abellio have now introduced revised timetables for these services. SCC has worked with Abellio to seek to minimise the impact of the changes and will continue to work in partnership to monitor and improve reliability.
24. As part of the programme to manage the English National Concessionary Travel Scheme (ENCTS) free travel on the Guildford Park & Ride network was withdrawn during November 2015 for passengers with Older Persons ENCTS passes. This has been replaced with a £1 return fare. Passengers with Disabled Persons ENCTS passes can still travel at no cost.
25. On 1 April 2016 MCL Transport were contracted to advise SCC on the development and operation of the ENCTS scheme, and to undertake the bus operator reimbursement. We will work with MCL over the coming months to improve the quality of data and to review the reimbursement arrangements and calculations, with recommendations for change being implemented for the 2017/18 scheme.
26. The Knowledge Transfer Partnership (KTP), the jointly funded project between Innovate UK, University of Surrey and Surrey County Council, has appointed a KTP Associate who started during autumn 2015. The KTP has been established with the aim to stimulate additional patronage on bus services and reduce the need for SCC revenue funding. The KTP will also embed market research methodologies and skills within the county council to allow this approach to be applied widely across all funded bus services. To date the Associate has completed the research phase of the project, and is progressing with the Focus Groups. It is anticipated that the first pilot will be implemented during Autumn 2016.

Risk Management and Implications

27. The main risk identified was the adverse public reaction to the proposed changes. The recommended changes are expected to have an impact with an estimated 72 passengers per day Monday to Saturday who use these services affected. Most of those shown as impacted will still have a reasonable level of access to a bus service. However in a few instances, as a result of the proposed change:
 - Some passengers may no longer be able to make a direct journey to certain destinations requiring a change of bus in the future.
 - Some passengers may experience a lesser choice of travel opportunity or a less frequent service.
28. Every effort has been made to ensure that residents and stakeholders understand why particular changes are being proposed in certain areas and what other alternative services are available to them.

Financial and Value for Money Implications

29. The Local Transport Review is an agreed MTFP savings programme which has a requirement to deliver £2m in savings by 2017/18. As explained in paragraph 4, a sum of £1.043m of annual savings was achieved in year one of the review.
30. A sum of £0.009m has been spent to assist with the production of publicity materials required for the public consultation. This relatively small cost has delivered a high quality consultation receiving an excellent level of response ensuring that we have listened to our residents' views before drawing up final proposals for change.
31. Paragraphs 12, 17 and 20 explain the detail of proposed savings for 2016/17. If Cabinet agree to the recommended changes the full annual savings achieved will be **£0.723m**. The saving in 2016/17 for this is less at £0.447m, as the changes will come into effect, part way through the financial year. This is summarised in the table below.

Method	2016/17 saving	Annual saving
Through contract negotiations with bus operators without changing the current level of service offered.	£0.138m	£0.236m
Proposed changes to local bus services as detailed in Annex B .	£0.257m	£0.435m
Grant reduction to community transport providers	£0.052m	£0.052m
Total	£0.447m	£0.723m

32. The full year savings of £0.723m added to the year one full year saving of £1.043m is £1.766m. This shows that the review is on target to delivering the £2m required saving, as shown in the table below.

	2015/16	2016/17	2017/18	Total
MTFP Target	£0.750m	£0.515m	£0.735m	£2m
Phase 1 savings	£0.789m	£0.254m	-	£1.043m
Phase 2 savings	-	£0.447m	£0.276m	£0.723m
Phase 3 savings	-	-	£0.234m	£0.234m

Total	£0.789m	£0.701m	£0.510m	£2m
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Equalities and Diversity

33. The Local Transport Review has sought to understand the impact that the proposed changes to local bus services would have on Surrey residents and bus service users, especially those with protected characteristics. An Equalities Impact Assessment (EIA) was completed during year one and a further update has been carried out for year two.
34. The EIA has used a variety of data and feedback sources including:
- Responses received during the public consultation
 - Feedback given at our stakeholder events during the public consultation period, especially those given during meetings with the Surrey Coalition of Disabled People, Surrey Disability Alliance Networks and other equality groups. Feedback has also been gathered from our public roving bus events
 - National surveys and bus operator patronage data
 - ESP Systex Concessionary Fares Card Management System data
 - Local information (Surrey-i)
35. Potential impacts are perceived to mainly be negative. Any changes to local bus services are likely to impact people with protected characteristics who rely on services to access employment, education, health care, places of worship and essential shopping. Mitigating actions have been developed to ensure the likelihood of any potential inequalities is reduced.
36. An estimated average of 72 passengers per day Monday to Saturday, identified as using services proposed for change in **Annex B**, could be negatively impacted by the proposed changes. However, most of those shown as impacted will still have a reasonable level of access to a bus service.

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

Corporate Parenting/ Looked After Children Implications:

38. Most looked after children attend mainstream schools and some may travel to school on the public bus network. They may not qualify for bespoke transport under the usual entitlement criteria and could be affected by some of the outcomes from the revised services.

Public Health Implications

39. In the public consultation, residents told us that they use local bus services to attend medical appointments at GP surgeries, health centres, opticians or one of Surrey's Acute Hospitals. Services to these healthcare destinations will be retained, where possible, but in some cases a user may now have to change bus to reach their preferred healthcare destination.
40. Bus travel itself encourages older people to remain active and mobile in visiting shops and other leisure activities and meeting with friends and family. The majority of respondents to the consultation stated that they were over the age of 65. Consultation feedback from those aged 65 and over has been analysed to see if the proposed changes reduce their options to travel by bus. This analysis has informed the final recommendations to Cabinet.

Climate Change/ Carbon Emissions Implications

41. The proposed changes to local bus services in **Annex B** would, in theory, lead to a reduction in emissions, as there would be a decrease in the total miles travelled by buses. However the net effect could lead to a slight increase in emissions equivalent to the energy used in less than 2 homes a year. This would be due to a switch by a number of existing bus passengers, to some form of car transport including:
- Driving alone.
 - Obtaining a lift, either as part of an existing journey being made by car or as a direct result of the change in bus service.
 - Taking a taxi.
42. However this should be seen as a worst case scenario, and will likely lead to much less because:
- Most existing passengers are likely to retain access to some form of local transport.
 - Furthermore, the proposals include some enhanced travel opportunities, which could encourage increases in bus patronage.
 - The last bus review in 2010 estimated that patronage would fall by 17% but patronage actually remained static.

Conclusions:

43. This paper sets out the proposals to achieve the required savings in year two of the three year review of local transport services. The EPEH Board is requested to review the proposals being put forward and provide feedback prior to taking this paper to Cabinet on 24 May 2016.

Recommendations:

44. It is recommended that the EPEH Board:
- Reviews and provides feedback on the proposed changes to local bus services in Surrey, as detailed in **Annex B** of this report.

Next steps:

This item will be tabled at Cabinet on 24 May 2016. If Cabinet approves the recommendations, the next steps will be:

- Formally award new or revised contracts to the relevant operators.
- Launch a full communication programme with residents and stakeholders from mid-June 2016 to ensure bus users are aware of the changes that will take effect from early September 2016.
- Begin preparations for year three of the Local Transport Review.

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Annexes:

A – Public Consultation Summary Report

B – Table of proposed local bus changes (*by virtue of paragraph(s) 3 of Part 1 of schedule 12A of the Local Government Act 1972*).

Sources/background papers:

- Surrey County Council Local Transport Review, Cabinet paper, 23 June 2015

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