

Report of the Director of City Strategy

Subsidised Public Bus Services

Summary

1. With the announcement by First York that they were withdrawing service 22 and 23, short term arrangements were put in place to maintain services for route 22. Similarly when the contract for Service 18 (jointly funded with East Riding & NYCC) was surrendered by First York Ltd., and East Riding withdrew funding from jointly funded Service 196, short term arrangements were again put in place to maintain the service. Members are asked to note the short term changes.
2. A tendering exercise for contracts due to expire at the end of August 2008 and in April 2009 was completed in May. Those tenders were well in excess of the current budget and short term arrangements have been provisionally arranged to maintain the services until the outcomes of the Subsidised Bus Service Review are known.
3. The recommendation is that the Executive approve a package of measures that modify the service in the short term until the outcomes of the review are known and new arrangements can be implemented.

Background

4. The legislation under which subsidised public bus services can be provided is included in Transport Acts of 1985 and 2000.
5. The Council currently has a budget of £636,500, which is almost fully allocated to the support of subsidised bus services for which it considers there to be a social need, but which do not generate sufficient income from fares to make them commercially attractive to bus companies. The services concerned are supported to fill gaps in the City's network of commercially provided services, as part of a Strategy to achieve the Council's Transport Policy goals and to address social exclusion issues.
6. There are 27 subsidised services and it is projected that they will carry approximately 600,000 fare paying passengers in 2008/9.
7. Most services were tendered in 2006 for a 5 year period. Funding was insufficient to support the new contracts and so it was necessary to withdraw some services. Some services were subsequently provided by

the bus companies on a commercial basis whilst others had to be renegotiated to achieve similar services at similar costs.

8. There is a small group of contracts, for cross boundary services into neighbouring Council areas, which run out on 31 August 2008 or 25 April 2009, which has recently been tendered. Remaining contracts for which York is the only or lead authority expire in 2011.
9. Costs of providing public transport services have been rising steadily, at a faster rate than published inflation indices, for some years now. Until now, the Council has largely managed to control the impact of this on bus service subsidy requirements.
10. At Budget Council it was agreed that a review of subsidised services and their suitability for rural transport should be undertaken during 2008/9. Members have expressed concerns that, particularly in rural parts of the city, funding support for existing bus services may not achieve best value for the expenditure involved. Discussions are already on going with consultants and it is expected that this review will be completed by the end of the calendar year.

Policy Framework

11. Within the LTP the bus strategy includes sections on both rural bus services and supported bus services. Whilst it is recognised that both these service areas are essential for providing accessibility to communities that do not have regular commercial services the effectiveness of solutions adopted are limited by the funding that is available.
12. The current level and type of services provided has evolved over time mainly responding to Member and customer pressures.
13. In 1996 a review was undertaken of subsidised bus services and the following basic position was adopted.
 - Services should be within 400m walking (urban), 800m (rural)
 - Below 11 passengers / bus hour, not supported
 - Above 31 passengers / bus hour, not supported, commercial service
 - The subsidy / passenger journey should represent value for money

Service Pressures

14. The cost of providing the bus services has in recent years increased beyond normal levels of inflation, mainly due to recent increases in fuel and labour costs. This puts pressure on the bus companies who seek additional reimbursement from the Council.

15. The number of providers in York is limited. Some of the providers are in a fragile state in terms of their engagement in York. If some subsidised services were removed then these providers could well reconsider their total operation in York and therefore further reduce the services being provided.
16. First York gave notice of plans to scale back their commercial services from 11 May 2008 which, most significantly, included:
 - A substantial reduction to the weekday daytime services on Service 22 between York and Skelton including the AM and PM peak services.
 - The complete withdrawal of Service 23 between York – Leeman Road – Rawcliffe – Clifton Moor.
17. In April, First York advised that they were unable to maintain the Service 18 between York – Wheldrake – Holme on Spalding Moor, on the current level of subsidy. This service is jointly funded by NYCC and East Riding. For the same reasons, they surrendered the contract to provide evening and Sunday services on Route 22.
18. In April those contracts due to expire in August 2008 or April 2009 were tendered. The services tendered were :
 - 18 (York – Wheldrake – Holme on Spalding Moor; jointly funded with East Riding and North Yorkshire County Councils)
 - C1 (Askham Bar – Acaster Malbis – Tadcaster; jointly funded with North Yorkshire CC)
 - 28/29 (Monks Cross – Huntington Road – University, and Monks Cross – Heworth – University; jointly funded with a small contribution from York University).
 - 195 (York – Elvington – Pocklington; off peak journeys to supplement commercial and East Riding funded service)
 - 22 (York – Skelton; weekday evenings and Sundays)
19. The outcome of this tendering round, and other cost pressures, was that the cost of maintaining the existing subsidised bus service from August had risen by a total of £99,595.
20. East Riding of Yorkshire Council advised it was withdrawing funding from Service 196 (York – Elvington – Aughton) from 14 June 2008. The cost of continuing to providing this service at the current level will be £12,133 in 2008/9.

Action to Date

Service 22

21. Following discussions with First York it was agreed that the following action would be taken to maintain the service.
 - First York agreed to a temporary arrangement to provide a reduced 22 service to operate until 31 January 2009.
 - The evening service 22 was discontinued from 7.15pm (6.15pm Sunday). Daytime services to be operated 7 days a week.
 - The resultant total cost increase of service 22 for 2008/9 is £25,154. The increase was to be managed from within the overall budget.

Service 18

22. In the case of Service 18, a temporary arrangement was agreed with First York, at a significantly higher price, shared between the three funding authorities, whilst a tendering process is conducted. The additional cost to York for 2008/9 is £6,016.

Service 196

23. The Council had been part funding this service with East Riding until June 2008. Agreement was made to fully fund the service until 31 August 2008, pending a decision on the long term future of public transport provision for Elvington. The additional cost for operating the service to the end of 2008/09 would be £10,795.

Consultation

24. No formal public consultation has been carried out in respect of Services 18, 28/29, 195 and 196. Tenders were invited for continuation of the existing services without modification, although options were included to explore the cost of some improvements suggested in unsolicited correspondence.

Service 22 / 23

25. There was a significant number of objections received by Officers when it was announced by First York that day time services were being withdrawn.

Proposed Service 21 (formally C1 & 21)

26. Parishes served by this service were consulted, because significant changes were envisaged, combining elements of Service C1 with Service 21 (Acaster Malbis – Middlethorpe Grove – South Bank – City Centre) to provide a more efficient, attractive, and better performing service.

27. Acaster Malbis responded, indicating it wished both services to remain as they currently are. Copmanthorpe Parish Council responded, expressing concerns that the proposal for a revised service does not cater for residents of the Temple Lane area of the village.
28. Dialogue is also being maintained with neighbouring local authorities, which share funding for Services 18 and C1.

Options

29. There are two options for addressing the service and cost pressures :

A Maintain services pending the review

Maintain all of the current subsidised services until the outcomes of the review are known and new arrangements are implemented.

B Modifications to Services from September

Modifying the number and routing of some of the subsidised services being provided from the beginning of September 2008 until the outcomes of the review are known and new arrangements are implemented.

Analysis

Option A – Maintain services pending the review

30. This option will retain all subsidised bus services at their current levels until the outcomes of the review are known and the new arrangements are implemented. The advantages of this option are that no loss of service will occur during the intervening period. However there is a significant cost attached to this option when some of the services do not meet the Council's policy. This is not recommended.

Option B – Modification to Services from September

31. This option will see a modification in services based upon the policy framework as outlined earlier in the report. This is recommended.
32. The proposal is :

Service	Proposal	Possible savings in 2008/09
22 (evenings),	Discontinue 31/08/08 at end of current contract, lack of patronage.	-£17,202
22 (day)	Service maintained	
C1 and 21	Discontinued from 31/01/09 (allowing for six months notice to be given on the contracts), replaced by modified service 21, limited patronage, poor	-£10,300

	value for money	
C3	Discontinue from 31/01/09 (allowing for six months notice to be given on the contracts), limited patronage, poor value for money	-£4,600
195	Discontinue 31/08/08 at end of current contract, limited patronage, poor value for money	£-10,305
196	Discontinue 31/08/08 at end of current contract, limited patronage, poor value for money	£-7,077
28/29	Discontinue 31/08/08 at end of current contract, not value for money, alternatives available for many current users.	-£35,428
18	Service maintained	
Total		-£84,912

33. Annex A sets out the bus services which the Council currently subsidises, either wholly or in conjunction with partner authorities, together with summary data on costs and performance.

Service 22

34. To continue the evening services would cost an additional £21,000 in the current year and £46,000 in a full year on the basis of tender bid prices. These services are poorly used and have previously been put forward for Members to consider withdrawal of support.
35. The daytime 22 service will continue until 19:15 from York (18:19 on Sundays) and alternative weekday evening services (29A/31X), subsidised by North Yorkshire County Council, are provided along the A19. It is not recommended therefore that evening services on Route 22 are continued.

Service C1/21

36. Service C1 is jointly funded by the Council and North Yorkshire County Council, providing transport links to Tadcaster and Askham Bar from villages along the route.
37. Currently, services C1 and 21 both serve Acaster Malbis splitting a limited demand between the two. For this reason a proposal has been developed, in conjunction with North Yorkshire County Council, to combine the best of both services C1 and 21.

The following desirable and well patronised features will be retained:

- Journeys to Askham Bar at peak times.
 - Inter-peak journeys between Bolton Percy and York City Centre
38. A handful of passengers travelling to and from Tadcaster and between Temple Lane, Copmanthorpe and Askham Bar would be left with no service. The proposal is designed, however, to improve overall patronage performance.

Service C3

39. Service C3 forms part of the same contract as Service 21, utilising the same vehicle. As well as conveying villagers between Askham Bryan, Askham Richard, Bilbrough and Askham Bar, the service has carried school children entitled to free travel between Askham Bryan and Askham Richard, and between Copmanthorpe, Acomb Park and Manor School.
40. Many journeys between the villages and Askham Bar run empty. LCCS are making alternative arrangements for entitled school children. Council subsidised Service 26 can meet the needs of non-entitled school children with slight retiming of selected journeys.

Service 195/196

41. Journeys on Services 195/6 form a significant part of the skeletal bus service through Elvington. Their subsidy per passenger is high and their passengers per bus hour is low. In the case of Service 195, the passengers per bus hour figure is less than 5. Without these services, however, villagers in Elvington and across the East Riding border would have a much reduced public transport service, which would be of little usefulness for most journey purposes. Despite this, it is recommended that funding of these services is discontinued subject to the findings of the subsidised bus review outlined earlier in the report.

Service 28/29

42. Services 28 and 29 were introduced in Autumn 2000, funded by University of York with money raised from charges to staff for parking on Campus, to improve public transport access to the Heslington Campus. After their initial two year commitment, the University decided not to continue funding the services, as they did not consider them sufficiently successful.
43. A limited service has continued since 2003 with a steadily increasing subsidy. Analysis of sample passenger surveys suggests 15% of passengers have no alternative bus service for their journey. A further 45% do have an alternative, mostly involving a change of service in the City Centre. The remaining 40% are making journeys which could be catered for by other bus services on common sections of route.
44. It is therefore proposed that consideration is given to discontinuation of support for this service. Whilst the withdrawal of these services will

cause inconvenience and make bus use a less attractive option for some journeys, less hardship is likely to be caused than withdrawal of other services where most passengers have no alternative service readily available.

Corporate Priorities

45. Council involvement in the provision of bus services contributes towards the following Council's Corporate Aims as set out in the Council Plan. In particular, it contributes towards the "Sustainable City" and "Inclusive City" strategic objectives in the Community Strategy and Corporate Aim 1.3 to "make getting around York, easier, more reliable, and less damaging to the environment".
46. Council involvement also contributes towards achievement of the objectives embodied in the Council's Second Local Transport Plan; to reduce congestion, improve safety, improve air quality, improve accessibility, and improve other aspects of quality of life.
47. Reductions in the network of bus routes and extent of services can only work against these aims, unless the same outcomes can be achieved by alternative strategies.

Implications

48. Implications for the proposals are :

Financial

Option A

To award contracts for all the recently tendered services and interim measures identified in the report would cost £749k compared to a budget of £636.5k. This would be £112.5k above the budget. The implications in a full year would be an increase of £192.2k. There is currently no identified budget to support this.

If Members wish to fund all these increases it would need to release a supplementary estimate from contingency. It should be noted however that the cost of bus tenders was not an item identified as a potential call on the contingency.

The General Contingency for 2008/09 was set at £800k. Potential areas that might require funding during the year were identified as part of the budget process, and totalled over £2m, which included £750k for costs connected with the Highways PFI bid. To date £34k has been released leaving £766k available. It is too early to know yet how many of the identified areas of financial pressure will be brought before Members for funding. The key pressures identified where there may be a need for additional funding included within the £2m, are: downturn in parking penalty charge notice income, concessionary fares and children's social

care costs. This issue was not included in the £1.989m identified as possible recurring pressures in the budget. Any release from the contingency will obviously reduce sums available for distribution during the remainder of the year. The balance available, if Members wish to subsidise the services at a cost of £112.5k, will be £653.5k.

It should be noted that this request is for a part year in 2008/09 only. There will be consequential costs in 2009/10 and future years of £79.7k. This funding requirement would have to be considered as part of the budget process.

Option B

Should Members agree option B the total cost of subsidised services within 2008/09 would total £664k. This is an increase of £27.5k against the budget. However in a full year the cost of these services is estimated to be £632.7k which is within the current budget. Should Members agree to this option it is recommended that the additional costs in 2008/09 are funded from reserves.

The Council has reserves that can be used to fund non-recurring expenditure, which will leave the contingency available to fund recurring items. It is important that the Council maintain a minimum level of revenue reserves to deal with any unforeseen events. The value of the minimum level of these reserves is determined by a risk assessment undertaken by the Director of Resources and included in the annual Revenue Budget report. For 2008/09 the minimum recommended level is £5.222m. It is estimated that there will be approximately £1.376m of other revenue reserves available, thus the level of the general fund balance should not fall below £3.846m. The current forecast level of the general fund balance at the end of 2008/09 is £6.784m, although there are also potential needs to net use in future years amounting to £1.366m. The balance available, if this application for £27.5k is approved will be £6.756m.

- **Human Resources (HR)** - None
- **Equalities** – Withdrawal of bus services will disadvantage those who depend on them for mobility and access to services. It will cause most disadvantage to those without the means to make their own travel arrangements, including people on low incomes, some elderly people, and some people with mobility handicaps.
- **Legal** – None, provided action is taken in accordance with contractual commitments.
- **Crime and Disorder** - None
- **Information Technology (IT)** - None
- **Property** - None

Risk Management

49. The risks associated with the recommendations of this report are assessed at a net level below 16.

Recommendations

50. That Members note the short term measures implemented as described in paragraphs 21, 22 and 23.

Reason : As far as possible to maintain the services until the results of the review are known.

51. Approve option B to modify services as described in paragraphs 31 to 44.

Reason : To keep the service within the overall budget.

Contact Details

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Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

None

Annexes

1. Table of Subsidised Bus Services