
**Decision Session -
Cabinet Member for City Strategy**

3rd November 2011

Report of the Director of City Strategy

Review of Emergency bus tenders

Summary

1. In Spring 2011, the Council went out to tender for the majority of the bus network it subsidises. The five newly contracted services commenced operation on 28th August 2011. At the same time, a number of changes also took place to the commercial bus network which operates without subsidy from the Council. Some of these changes resulted in the Council needing to award contracts on an 'emergency basis'.
2. This report considers the bus services which have been procured by the Council on an emergency basis. These are services which would not otherwise have continued to operate without the immediate provision of Council funding.
3. The report considers the benefit of each bus route to the communities served, the performance of the journeys funded and provides options to be considered by the Cabinet Member for the continuation, alteration or cessation of services.
4. The report recommends a period of consultation with the relevant parish and ward councils should an in-principle decision be taken to consider any service changes. Further, information will be provided 'on bus' to enable passengers to comment on any proposed changes to Council funded local bus services.

Recommendations

5. The Cabinet Member for City Strategy is recommended to:
 - a. Retain the current network of Council subsidised bus routes and journeys for 2011/12 as set out in table A at paragraph 15 of this report.
 - b. Consult on and deliver viable public transport provision for the areas currently served by routes 13 and 19.

Reason: This course of action will allow the Council to continue to work towards its stated aim of delivering a significant improvement to the bus network whilst at the same time ensuring that resources are spent in line with the Council's stated criteria for the funding of public bus services.

Background

6. The City of York and surrounds benefit from a comprehensive network of bus services, a majority of which (80%+) are operated without subsidy from the Council. All of the bus routes in York are operated by private sector companies who are free to decide how they will run any services not requiring financial support. This includes the freedom to set the bus route, where the bus will stop, the timetable and fares charged.
7. There are two principle reasons for the Council stepping in to subsidise a route. Firstly, where no bus operator has decided to provide a service, but where it has been identified there is passenger demand and accessibility requirements for a bus route. Secondly, where a bus operator has previously operated a route but has determined that it is no longer delivering the company a sufficient return on its investment. In either of these instances, the Council may decide to award a contract to a bus operator to operate a specified bus service in return for an agreed subsidy. For these services the Council sets the route, stopping points and timetables. It also monitors the performance of each service.
8. A majority of the routes operated under contract to the Council have been subject to an open tendering process to ensure that the best value is delivered for the York taxpayer. All of the routes receiving subsidy and operating wholly within the boundary of the City of York were tendered during 2011. The newly awarded contracts commenced operation at the end of August 2011. A number of cross-boundary routes which receive funding from two or more local authorities have contracts which continue until September 2013.
9. Under the legislation laid out in the Transport Act (1985), the Council is permitted to award a proportion of its bus services without going out to tender. This is known as 'De-minimis' funding and usually applies when the sums of money are relatively modest, or where the majority of the daily or weekly timetable is operated without subsidy, but there are a number of journeys (usually operating on an evening or Sunday) which require subsidy.
10. From the Summer of 2011, due to a wide range of reasons (from the cost of vehicle operations, to the impact of contract awards both in

and beyond York) it has been necessary to subsidise a number of journeys on bus routes in York at (emergency) short notice. These are as follows:

- a. Route 10 – Saturday AM (1 return journey)
 - b. Route 10 – Sunday – Thursday evenings (hourly)
 - c. Route 16 – Sunday all day (hourly)
 - d. Route 19 – Monday – Saturday all day (hourly)
 - e. Route 19 – Friday & Saturday evenings (2 return journeys)
 - f. Route 36 – Monday – Friday peak time (1 return journey)
11. In addition to the services outlined above, as a result of not having been able to award a contract for the proposed 'Taxibus' service (due to a lack of interest), the Council has extended its funding of route 13/13A for two sections of the route as follows:
- a. Straylands Grove – Westlands Grove – Woodlands Grove – Straylands Grove (hourly between 8am – 6pm, Monday - Saturday)
 - b. Dodsworth Avenue – Fossway – Huntington Rd – Byland Avenue – Elmfield Avenue – Monks Cross (half-hourly between 7.30am – 6.30pm, Monday - Saturday)
12. The funding from the Council provides both of the areas of Heworth identified at paragraph 10 with a bus link to the Monks Cross area (Monday – Saturday daytimes) which would not otherwise exist.
13. Table A (below) provides full details of the bus services which operate with financial support from the Council.
14. The Council's current policy is that bus routes achieving a minimum of 9 passengers per bus hour and/or costing less than a maximum £2 per passenger warrant subsidy. This means that the most poorly used services will generally have a high cost per-passenger, with a modest number of people using the service.
15. The bus routes currently receiving Council support but which have not been subject to a full tendering process are highlighted in 'bold' font. Of these services, the bus routes which currently fall outside the criteria at paragraph 14 above are highlighted in '*italics*' in table A below.

Table A – City of York Council’s current portfolio of subsidised bus services

Service No	Terminal 1	Terminal 2	Days/Period	Frequency	Subsidy for 2011/12 (Actual spend based on cont. to 2011/12 end)	Annual Passengers (2011/12 forecast))	Estimated Passenger / Bus hr	Projected subsidy per passenger
10	Poppleton	Stamford B'dge	Saturdays	2 am journeys	£675	676	7	£1.92
10	Poppleton	Stamford B'dge	Sun-Thurs evening	hourly	£11,566	13,000	15	£0.88
11	City Centre	Bishopthorpe	Weekday evenings	hourly	£18,271	New contract survey pending		
12	Haxby	Acomb Park	Weekday evenings	hourly	£43,349	New contract survey pending		
12	Haxby	Acomb Park	Sundays	hourly	£12,804	New contract survey pending		
13/13A	Monks Cross	Heworth	Weekdays	Half hourly	£41,255	37,362	6	£1.10
16	Beckfield Lane	Station Road	Sundays	hourly	£1,440	3,933	10	£0.50
19B/L	Skelton	Fulford	Mon-Sat	hourly	£32,788	Survey pending	Survey pending	n/a
19B/L	Skelton	Fulford	Fri/Sat	2 eve jnys	£1,300	1,352	4	£1.87
20/20A	Fulford	Askham Bar	Mon-Sat	hourly	£164,634	78,130		£2.10
21	City Centre	Colton	Mon – Sat	two h'rlly off peak	£60,823	29,530	14	£1.39
24	Acomb	Fulford	Weekday daytime	hourly	£84,434	81,598		£1.03
26	Askham Bar	Fulford	Weekday daytime	hourly	£102,865	139,825		£0.74
35	City Centre	Holme on SM	Weekday daytime	Two hourly	£13,602	48,234	28	£0.28
35	City Centre	Holme on SM	Fri/Sat	2 eve journeys	£2,980	1,700	8	£1.75
36	City Centre	Elvington	Weekday daytime	Two hourly	£31,096	16,253	9	£1.91
X36	City Centre	Pocklington	Weekday peaks	2 journeys	£7,203	Survey pending	Survey pending	n/a
627/637	Heworth	Fulford School	Mon-Fri sch'l days	Occasional	£27,550	17,836	53	£0.26
42	City Centre	Selby	Daily daytime	hourly	£7,938	36,454	18	£0.21
142/143	City Centre	Ripon	Weekday daytime	hourly	£10,187	6,273	11	£1.62
412,413	City Centre	Wetherby	Weekday daytime	hourly	£33,101	25,655	14	£1.29
415	City Centre	Selby	Bank H's	half hourly	£264	no data	Na	Na
2011/12 exp. for services now discontinued					£26,574			
Total					£731,415			

Background/Consultation on each route

Route 10 (Poppleton – Holgate – York – Dunnington – Stamford Bridge)

16. The subsidy of evening and early morning services in the Poppleton area commenced from October 2011. The Council commenced monitoring of ridership on the journeys to be subsidised during September 2011. No consultation has been undertaken with either ward committees or parish councils along the length of route 10 to date as no changes have been proposed.
17. A number of modest changes to commercial journeys were implemented earlier in 2011 relating to early morning journeys. The relevant ward councillors were informed of the changes which largely concerned the withdrawal of very early morning services and those operated by one operator, but duplicating another's.

Route 13/13A (Copmanthorpe – York – Heworth – Huntington – Monks Cross – the link between Heworth and Monks Cross receives Council subsidy)

18. A significant amount of consultation was undertaken with Heworth ward councillors during 2010 when the bus operator (First) made the Council aware of its intention to shorten route 13 (so that it no longer linked the Bell Farm area with Monks Cross).
19. Council officers attended a meeting of the ward committee in September 2010 and a report was brought to the former Executive Member for City Strategy's meeting to determine whether the Council should fund the extension to Monks Cross.
20. The Council agreed to fund the continued operation of the service in the short term pending the Spring 2011 tendering exercise which, it was hoped, would deliver a more viable long term solution. As outlined at paragraph 10 above, this was not to be the case.

Route 16 (Acomb – Hamilton Drive – Holgate Road – Station Rise)

21. Holgate ward councillors have been advised of the changes to this route on Monday - Saturday which operate without Council subsidy (terminating at Station Rise as opposed to running on to Strensall via Lendal Bridge). The Sunday, subsidised, service does connect to route 5 (and continues to Strensall) and for this reason no wider consultation has been undertaken at this stage as the Sunday service has not been significantly altered.

Route 19 (Skelton – Rawcliffe – Clifton – York – Fulford)

22. Following approval of the route by the Council in December 2010, route 19 was one of the services to be included as part of the tender package in Spring 2011. The service is an amalgamation of the former route 14 and 22 routes.
23. Prior to the commencement of route 19 and following the withdrawal of North Yorkshire County Council's contracted evening services (which stop at Skelton but which do not divert from the A19), a petition containing 140 signatories was received by the Council from residents of Skelton concerned that the service to York was to be withdrawn. The petition, received on 20th July, stated that:

The timetable for our village bus is being changed by York City Council. This is going to leave us with a reduced service and on a weekend a bus only every 2 hours. This is being put forward to the council as unsatisfactory.
24. A Council contract was not awarded for this service as Veolia-Transdev offered to operate the route without Council subsidy.
25. In the run up to and subsequent to the alterations to the bus network in August 2011, Council officers have attended meetings of the Skelton, Rawcliffe and Clifton Without and Clifton ward committees and Rawcliffe Parish Council to discuss the bus service in this area. The meetings identified several issues which could be attended to and these are summarised as follows:
 - a. Residents in the Rawcliffe area requested improvements to the evening bus service, especially as North Yorkshire County Council had recently discontinued the evening services between York and Easingwold (but serving Rawcliffe and Skelton on the A19).
 - b. Residents in the Burton Stone Lane area requested that the route be changed back to the old 14 route to run through Bootham – St Leonards Place – Lendal Bridge – Rougier Street – Piccadilly.
26. In response to the request for an improvement to the evening bus service, agreement with Veolia-Transdev was reached to operate two additional Friday-Saturday evening journeys (in addition to the existing late evening journey) on a trial basis to the end of the 2011.
27. Following the launch of route 19 it quickly became apparent that in spite of the best efforts of both the bus operator and the Council to

deliver the maximum level of service, with the minimum level of resource, the route could not reliably operate to the registered timetable.

28. In response to the request for the service to be re-routed back via the City Centre and to address the reliability problems, Veolia-Transdev and the Council have worked together to deliver a timetable which will provide this link for every route 19 journey serving Burton Stone Lane.
29. The Council has funded the revisions to service outlined at paragraphs 26 (to the end of 2011) and 28 (to the end of the financial year, March 2012) as per the costs set out in Table A at paragraph 15 above.
30. Some Rawcliffe residents were unhappy with the provision of Friday-Saturday only evening services and have continued to request that consideration be given to the provision of evening services serving Skelton, Rawcliffe and Clifton all week.

Route X36 (Pocklington – Everingham – Sutton on Derwent – Elvington – Grimston Bar – York)

31. East Yorkshire Motor Services (EYMS) gave notice of their intention to discontinue the AM peak Pocklington – York and PM peak York – Pocklington journeys.
32. The initial usage figures provided by EYMS suggested that the route would not meet either East Riding or City of York council's criteria for financial support. Following significant engagement with the local area and the offer of a financial contribution by Elvington Parish Council, however, the councils agreed to jointly fund York Pullman to provide the service for a trial period to the end of 2011.

Options

33. The following options are presented for the Cabinet Member's consideration:
 - a. Retain the current network of Council subsidised bus routes and journeys for 2011/12 as set out in table A at paragraph 15 of this report. Consult on and deliver viable public transport provision for the areas currently served by routes 13 and 19.
 - b. Consult on the discontinuation of one or more or of the services which have not been tendered and which do not

meet the Council's criteria for subsidy as set out in this report

Analysis

34. **Option A** – Retention of the current Council supported bus network (inclusive of emergency contracts) would be at a forecast cost for 2011/12 of £731,000. The budget allocated for the support of local bus services for 2011/12 is £708,000.
35. As a majority of the York network was re-tendered during the course of this financial year, this year's costs are slightly higher than a full year. It is forecast that the cost of the current network of services for a full year (2012/13) would be £674,000.
36. For most bus service contracts, all local authorities are required to conduct a tendering process to secure public transport services. A total of 25% of the total bus subsidy budget may, however, be used to contract services without going to the market under 'de minimis' funding arrangements. Department for Transport guidelines stipulate that:

'Local authorities...with forecast expenditure...on bus service subsidies in any one year of £600,000 or more will be able to spend up to 25% of this on de minimis contracts; within this 25% there is no limit on the expenditure in any one year that may be incurred on an individual de minimis contract or the amount of de minimis contract expenditure in any year with any single operator.

Authorities must ensure that with any agreements of 12 months or less, at the time of entering into that agreement, the value of subsidies paid under that agreement and of any other agreements being entered into in that year does not exceed 25% of the forecast expenditure. For any service subsidy agreements that remain in force for more than 12 months, the amount of subsidies payable in any one year under the agreement in future years cannot exceed 25% of the forecast expenditure, current at the time the agreement was made.' (www.dft.gov.uk)

In summary, this means that with a budget of £674,000, a total sum of £168,500 may be spent under 'de minimis' funding arrangements in any full financial year. If the current network of bus services continues for the remainder of this financial year (April 2011- March 2012), the value of the Council's 'de minimis' arrangements will be £144,000.

37. It is important that the Council retains the ability to award contracts for bus services at short notice. Two services form the majority of the Council's de-minimis spend:
- a. Route 13 @ £48,000 per annum (Monday – Saturday daytime)
 - b. Route 19 @ £55,000 per annum (Monday – Saturday daytime)
38. During the course of any given year, there is a significant likelihood that one or a number of bus journeys or routes will be discontinued by bus operators. It is recommended that the Council seeks to reduce the de-minimis expenditure so that, should the need arise, the Council is at liberty to procure emergency bus services at short notice.
39. The result of such attempts may result in a re-design of the bus network in the areas currently served by both routes 13 and 19. Consultation would be undertaken with ward committees, parish councils, bus operators and other interest groups where appropriate, whose views would be sought in the re-design of services.
40. It is estimated that the new route arrangements could be in place for the commencement of the new financial year (April 2012). This would give the Council a good opportunity to consult and conduct any subsequent tender process to deliver a sustainable solution.
41. **Option B** – Discontinuation of the non-tendered services currently identified as not meeting Council criteria would result in an annual reduction of c. £50,000 in 2011/12 and £52,000 in a full year.
42. The services currently not reaching the required Council criteria are
- a. Route 10 (Saturday AM)
 - b. Route 13 (extension from Heworth/Bell Farm to Monks Cross)
 - c. Route 19 (Friday/Saturday evening services)

Future plans for bus services

Route 10 – Saturday AM

43. The Council is working with partners at East Riding Council to put the subsidised journeys on route 10 on to a more sustainable

footing. These services are operated by York Pullman and are not duplicated by First York services.

44. Whether option a or b are selected, it is recommended that the 0655 journey from Poppleton to Stamford Bridge is discontinued as the 0728 commercially operated journey from Poppleton will allow bus users to reach central York by 0750. This compares favourably with many other parts of York which do not benefit from a journey this early on a Saturday morning. Usage of this journey is typically poor (figures from the surveying of one September and one October journey indicate that no passengers were carried between Poppleton and York).
45. Officers will continue to closely scrutinise the performance of the subsidised evening journeys and will look for opportunities to reduce the level of funding required whilst retaining the service.

Route 13/13A

46. The decision taken by the Executive Member Decision Session of 5th October 2010 committed the Council to provide a bus link between Heworth and Monks Cross. The withdrawal of the 13/13a service would leave several areas of Heworth (distant from the Malton Road) with no connection to Monks Cross.
47. The Council has attempted to procure a 'taxi-bus' service to replace the section of route 13/13a linking various areas of Heworth to Monks Cross. Although initial interest was shown by a number of taxi companies, no taxi company submitted a tender. The planned stadium and retail developments earmarked for Monks Cross are likely to result in more public transport provision to the area rather than less.
48. Officers recommend a review of the bus network in the Heworth area to develop viable links to both York and Monks Cross.

Route 19 (Fri-Sat evening)

49. Bus operator Veolia/Transdev operate these journeys and have only agreed to do so on a short term trial basis until December 2011. The two evening journeys supported by the Council have only been operated since September.
50. Members should also be mindful that a decision to withdraw these journeys (linking York to Rawcliffe and Skelton on a Friday and Saturday evening) would leave these areas with no bus later than 8pm following a decision by North Yorkshire County Council to withdraw support for their tendered services in April 2011.

51. The Council will work with the City's bus operators to deliver the best possible (viable) service for bus users in the area.

Route X36

52. Bus operator York Pullman operates these peak time journeys (one in the morning, one in the evening) between Pocklington and York via Elvington.
53. This peak time service has existed since September 2011 and is jointly funded by City of York, East Riding of Yorkshire (ERYC) and one or more parish councils. In the York area, Elvington Parish Council has made a contribution to the operation of the service.
54. ERYC and CYC have committed to fund the service until the end of December 2011. Whilst early data suggest that these journeys will not be viable in the longer term, it is too early to make a decision, especially as this is the only service from Elvington and the villages across the river Derwent in East Yorkshire which gets to York before 0900 on a weekday.
55. The Council will continue to monitor patronage to inform any decision on the future of these services.

Corporate Objectives

56. Support for bus services in York contributes to the following Corporate priorities:
 - **Sustainable City** - There is considerable scope for reducing vehicle congestion delay on the overall network through greater bus use, thereby reducing the associated adverse affects, such as air pollution.
 - **Inclusive City** – The retention of sustainable bus routes across York increases access to opportunities and facilities by a wider (and potentially cheaper) range of travel choices.
57. Local Transport Plan 2011- 2015 (LTP3): Support for the services outlined above would contribute to several of the aims of the third Local Transport Plan, namely:
 - To provide quality alternatives to the car to provide more choice and enable more trips to be undertaken by sustainable means
 - Improving Strategic Links to enhance the wider connections with the key residential and employment areas in and around York, and beyond

- Tackling Transport Emissions to reduce the release of pollutants harmful to health and the environment.

Implications

- **Financial**

Option A would cost an estimated £674,000 in a full year.

Option B would cost an estimated £624,000 in a full year.

- **Human Resources (HR)**

There are no HR implications

- **Equalities**

An Equalities Impact Assessment to support the Council's support of local bus services was produced earlier in 2011.

- **Legal**

There are no Legal implications

- **Crime and Disorder**

The withdrawal of evening bus services where no public transport exists may require people to make journeys by foot in the dark which they wouldn't otherwise make, possibly increasing the risk to vulnerable members of the community.

- **Information Technology (IT)**

There are no IT implications

- **Property**

There are no Property implications

- **Other**

There are no other implications

Risk Management

58. Any tender exercise would be conducted in line with the Official Journal of the European Union guidelines under the close supervision of the Council's Procurement team. Any new contract awards (or the continuation of existing services beyond March

2012) will be subject to the necessary funding being made available through the Council's budget process in February 2012.

59. Measured in terms of impact and likelihood, the risk score for all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.

Contact Details

Author:

Andrew Bradley
Principal Transport Planner
Transport Planning Unit
Ext. 1404

Chief Officer Responsible for the report:

Richard Wood
Assistant Director (City Development & Transport)
City Strategy

Report Approved



Date 18.10.11

Specialist Implications Officer(s)

*Implication: Financial
Name: Patrick Looker
Title: Finance Manager
Tel No: 01904 551633*

Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex A: Map showing bus routes 10, 13/13A, 16, 19 & X36