

**Cabinet**

**6 January 2015**

Report of the Cabinet Member for Transport, Planning & Economic Development

**Implementation of Budget Savings on Council Funded Local Bus Services**

**Summary**

1. City of York Council procures local bus services to operate at times of the day (or week), or in parts of the Authority area, where no commercially viable bus service exists. Where commercial services do exist (i.e. those that are operated by private companies but are neither contracted nor funded by the local authority), the Council engages with the operators with the aim of enhancing service.
2. As part of the budget process for financial year 2015/16, the Council determined in February 2014 that a saving of £200,000 was required to be made in the subsidy provided for local bus services.
3. This report outlines those services which will be withdrawn or amended to meet the required saving. Further, given the current budgetary pressures the Council faces for 2015/16 and beyond, the report offers the Cabinet Members the option to realise an additional £47,000 reduction to the subsidised local bus budget. This would require an amendment to the Council's long established criteria for the funding of bus services.
4. Should the Cabinet decide not to reduce local bus service expenditure, equivalent savings will need to be found from elsewhere.

**Recommendation**

5. The Cabinet is recommended to approve option A, to reduce the supported bus budget by £212,094 in light of the February 2014 approved budget and to implement the resulting reductions in service.

Reason: The Council has agreed to this level of saving. Withdrawal of the services outlined in this report will enable the savings to be realised without requiring an alteration to the Council's criteria for the provision of subsidy support for local bus services.

6. The Cabinet is also recommended to consider the change to the existing criteria identified in Option B to achieve an additional saving of approximately £35,000 in 2015/16.

Reason: To deliver additional savings required to cover budget pressures across the Transport Service.

### **Background**

7. The City of York and surrounds benefit from a comprehensive network of bus services, of which more than 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.
8. The Council has powers, contained in the 1985 and 2008 Transport Acts, to provide subsidies for bus services where, in its view, there is a transport need that is currently not being met through commercially operated services. For the services it procures, the Council defines the route, stopping points, frequency and operating hours of the service. The Council also monitors the performance of each service. It should be noted that the provision of financial support to local bus services is not a statutory requirement.
9. In considering whether or not to subsidise a particular bus route, City of York Council adopts two criteria: a maximum subsidy of £2 per passenger carried and a minimum number of 9 passengers carried per bus hour operated. This has been the adopted criteria since January 2009.
10. In common with all local authority areas, budgetary pressures have required that City of York Council carefully scrutinises services it provides on a discretionary basis.
11. In 2013/14, 26% of UK local transport authorities cut their levels of subsidy to local bus services (Price, Expenditure and Competition Survey 2013, Association of Transport Coordinating Officers, January 2014). The equivalent benchmarking exercise between local transport authority areas for 2014 has not yet been completed. Industry sources

suggest, however, that the number of authorities reducing their budgets in this area will be greater than 26% in the current financial year and greater again still for 2015/16 as budgetary pressures increase.

12. A close evaluation of patronage numbers across the subsidised York network has been undertaken to establish the lowest usage bus services in the York area and therefore those which should be withdrawn.
13. Over the past months, the Council has talked with the City's bus operators to establish whether there might be any cost reductions, mitigating against the need to withdraw services. This has delivered some positive outcomes which are described later in this report. The majority of the budgetary reduction can, however, only be found through service withdrawals or reductions.
14. The current network of subsidised services are divided into four categories:
  - a. Those which continue to qualify against the criteria for subsidy
  - b. Those which do not qualify for subsidy against the criteria and would be cut in their entirety
  - c. Those which would be partially withdrawn
  - d. Those for which savings can be realised following discussion with operators but which will require some alteration.
15. Table 1 below identifies which of the current Council subsidised services fit in to each of the categories listed above.

Route	Origin	Via	Destination	Time/day	Frequency	Cost (£ for 2013/14)	Annualised cost (£)	Passengers per bus hr	Subsidy per pax
10	Stamford Bridge	York	Poppleton	Evenings (Sun – Thu)	60 mins	35,884	35,884	7.0	£2.92
11	Bishopthorpe	South Bank	Stonebow	Evenings (Mon – Sat)	60 mins	16,640	16,640	14.1	£1.22
11	Bishopthorpe	South Bank	Stonebow	Sunday (daytime)	60 mins	10,192	10,192	12.8	£1.68
12	York	Elmfield Ave	Monks Cross	Daytime (Mon – Sat)	30 mins	44,676	44,676	13.4	78p
13	York	Tadcaster Road	Copmanthorpe	Sunday (daytime)	60 mins	11,457	11,457	11.7	£1.80
13a	Acomb	Hamilton Drive	Stonebow	Daytime (Mon – Sat)	60 mins	25,844	51,000	13.9	£1.46
14	Foxwood	York	Haxby	Evenings (Mon-Sat), Daytime (Sun)	60 mins	48,297	48,297	7.2	£1.90
16a	Acomb	Hamilton Drive, Stonebow	Elmfield Avenue, Heworth	Sunday (daytime)	60 mins	10,830	10,830	9.7	£2.14
18	Holme on Spalding Moor	Wheldrake	York (Merch'gate)	Certain daytime journeys, (Mon-Sat), evenings (Fri-Sat)	Mon-Thu: 4 journeys per day; Fri: 8 journeys; Sat: 7 journeys	26,813 -11,000 <sup>ER</sup> -2,000 <sup>NY</sup>	28,960 (15,960)	15.7	£1.46
19	Skelton	Rawcliffe	York (Exh.Square)	Daytime (7 day)	60 mins	78,837	78,837	20.8	£1.06
20	Acomb	Poppleton, C' Moor, Haxby, Monks X, Heworth	Uni of York	Daytime (Mon – Sat)	60 mins	200,744 -10,000 <sup>UY</sup>	200,744 (190,744)	13.6	£1.53
21	Colton	Acaster Malbis, Bishop'pe, South Bank, Stonebow	Foss Islands	Daytime (Mon – Sat)	120 mins	72,938 -28,357 <sup>NY</sup>	72,938 (44,581)	11.2	£2.12
24	Acomb	Lindsey Ave	York	Daytime (Mon – Sat)	60 mins	193,080	193,080	19.5	76p*
26	Fordlands Road (every 30 mins)	Fulford, York Station	South Bank (every hour)	Daytime (Mon – Sat)	30/60 mins			18.5	85p*
27	University of York	Heslington Lane	York (Merch'gate)	Daytime (Mon – Sat)	60 mins			10.5	£2.34*
627	York	Heworth	Arch. Holgate & Fulford Schs.	School days only	One round trip			47.9	48p*
647	York	Boroughbridge Rd (for Manor School)	Acomb	School days only	One round trip			15.1	£1.32*

637	York	Heworth	Archbishop Holgate's School	School days only	One round trip	34,125	34,125	155.3	£1.47
36 X36	Elvington	Wheldrake, Fulford	York (Merch'gate)	Daytime (Mon – Sat)	120 mins	56,244 -7,500 <sup>ER</sup>	56,244 (48,744)	7.5	£3.46
142	York	Hessay	Ripon	Daytime (Mon – Sat)	120 mins	5,741	5,741	Contribution to NYCC contract	
181	York	Woodlands Grove, Heworth	Castle Howard	Daytime (Mon – Sat)	Four round trips	2,000	2,000	Contribution to NYCC contract	
412	York	Acomb, Rufforth	Wetherby	Daytime (Mon – Sat)	60 mins	13,320	13,320	Contribution to NYCC contract	

### **Key**

\*services 24/26/27/627/647 are part of a single contract; subsidy per passenger figures shown are estimated from the relative mileage of each of these routes.

Costs shown represent total amount paid to bus operators. Annualised costs shown in brackets represent net cost to CYC once contributions from partners have been accounted for:

<sup>ER</sup> East Riding of Yorkshire Council contribute toward the cost of this service.

<sup>NY</sup> North Yorkshire County Council contribute toward the cost of this service.

<sup>UY</sup> University of York contribute toward the cost of this service.

## Consultation

16. In arriving at a list of services to be withdrawn, detailed consultation has been undertaken with York's bus operators with the following aims:
  - a. To alert operators to the forthcoming budgetary reductions;
  - b. Whether operators perceive any commercial opportunity to introduce services currently subsidised by the Council;
  - c. To establish whether there are opportunities to reduce current tender costs, through increasing fares or by altering routes/schedules; and
  - d. To identify, as far as is possible, whether operators have plans to reduce their own commercially provided services during the same time period. This would be an issue as it could mean that the Council would have to consider the proposed cuts within the context of greater service withdrawals and would have to decide whether or not it wished to provide subsidy for those services.
17. The bus operators were happy to engage with the Council on this matter and offered suggestions on alterations which could be made. Operators did not, however, identify any routes which they believed they could operate without subsidy either in whole or in part and which would deliver any reduction in the Council's overall subsidised bus budget.
18. None of the operators shared plans to withdraw or reduce their commercially operated services. There is, as ever, a risk that the Council may be asked to consider providing support for services which are currently operated without public funding.
19. In addition to the bus operators, consultation has also been undertaken with the Council's School services team to ensure that consideration is given to the need for children to be able to get to their place of education. Some concern was expressed at the proposed withdrawal of the St Wilfrid's primary school diversion from route 19. Given the numbers using this service, however, it does not warrant continued financial support when set against the criteria for the subsidy of local bus services.
20. Applying the current subsidy criteria identified in Option A provides £212k in cost reductions. The savings required by Full Council in February 2014, which were agreed following a period of public consultation, will therefore be delivered. Comprehensive information will be provided to assist those communities impacted by the changes in advance of their implementation from April 2015.
21. The Cabinet may wish to consider public consultation on the proposal to consider changing the bus subsidy criteria with the additional resulting savings (Option B). As outlined at paragraph 48, this might include the strengthening of the criteria to ensure that subsidised services are

considered within the context of the whole bus network. Greater consideration could be given to what alternative bus service provision would remain were services to be withdrawn in any particular area.

## **Options**

22. Option A – to deliver £212k of savings to the local bus budget in 2015/16 applying the established bus subsidy criteria with the exception of Route 21 which is subject to decisions in adjacent authorities and for which a further decision will be taken next year.
23. Option B - alter the Council's established criteria for the provision of bus service support and to deliver a total of £247k of savings to the local bus budget in 2015/16.

## **Analysis**

24. The following section of the report considers each of the service reduction/revision proposals and associated savings.
25. Details of additional service reductions which would deliver a total saving of £247,000 are outlined at paragraph 47 below.
26. Route 21 (Colton – Bolton Percy – Acaster Malbis – Bishopthorpe – York) is analysed separately at paragraph 44 as this is the service which will be considered in 16/17 subject to decisions by adjacent authorities.
27. A summary of the impact of the service withdrawals on communities is provided at table 2 (following the description of each route below). A Community Impact Assessment is included at Annex A to this report.
28. Maps displaying the route of each of the bus services concerned are included in Annex B to this report.

## **Option A**

### ***Full withdrawal of route***

29. **Route 16a** is a Sunday only, hourly, bus service connecting Heworth to Acomb via York city centre. Patronage on this daytime service is very low and it does not meet the Council's criteria for subsidy. A saving of £10,830 can be achieved through this withdrawal. Other bus services provide coverage to some, but not all, of the areas along the route.
30. **Route 36** is a Monday – Saturday service connecting Elvington to York via Wheldrake and Fulford. It is complemented by a peak time x36 service which serves numerous villages and hamlets beyond Elvington en-route to Pocklington. Whilst passenger numbers on the x36 are reasonable, the daytime (off peak) 36 service is the worst performing service on the York bus network at a subsidy of £3.46 per passenger carried.

31. Under these proposals, the x36 would continue to operate but the 36 would be withdrawn, saving £40,000. Aside from the peak time journeys, Elvington will be connected to York by one return journey on a Tuesday, Wednesday and Saturday only.
32. Wheldrake will also experience a reduction in its level of bus service as a result of the withdrawal of the 36.

### ***Partial reductions to routes***

33. **Route 10** is a cross city route, linking Stamford Bridge and Dunnington to the east of the city with Poppleton and Acomb to the West. The vast majority of departures on this route are provided on a commercial basis and will continue to operate as at present. This includes all of the daytime departures up to 7.30pm and later evening departures on Friday and Saturday evenings. Departures after 8pm on Sunday to Thursday evening services are funded by the Council. These services meet neither of the Council's criteria for support so are recommended for withdrawal. A saving of £36,057 can be achieved through this reduction.
34. **Route 14** is a cross city route linking Foxwood (via Woodthorpe) with Haxby West Nooks via York city centre on evenings and all day on Sundays. Departures on the daytime routes from Monday - Saturday are provided on a commercial basis and will continue to operate as at present. The Monday to Thursday evening and Sunday services perform particularly poorly. It is therefore proposed to withdraw these services. Friday/ Saturday evening departures do meet the Council's subsidy criteria so would continue to operate. A saving of £34,497 can be achieved through this reduction.
35. **Route 20** is a daytime suburban service providing connections to various parts of the north York area without requiring a change of buses in the city centre. Levels of patronage on this service are especially poor between Acomb and Clifton Moor (with the exception of school journeys).
36. Patronage also falls below the Council's criteria for the section of route linking Monks Cross and the University of York (again, with the exception of school journeys). The current contracting operator for route 20 has advised that it is not prepared to operate a shorter route without an increase to the price paid per mile for the service. To this end, it is necessary to implement a tender exercise to ensure best value for the revised service.
37. The revised route 20 is proposed to operate from Clifton Moor via Wigginton, Haxby and Huntington to Monks Cross and Vangarde shopping centres. It is envisaged that a proportion of the new service cost will be pump-primed using developer contributions from the Vangarde development. This will be justified by increasing the frequency of service and therefore the proportion of journeys made by public transport to the Vangarde retail park. An AM and PM school day return service would continue to be provided along the full length of the current service 20 route. It is considered reasonable that a



saving of approximately £75k will be achievable through a tender process. It will not be possible, however, to have completed this exercise (and therefore, to realise the saving) by April 2015. To this end, only a part year saving will be delivered in 2015/16 for reductions to route 20. A part year allowance of £60k for the anticipated 2015/16 saving has been included in the Option A proposal.

38. **Route 27** Patronage on this service is poor. The bus used to provide the route is, however, completely interworked with the schedule for routes 24 and 26 and cannot be withdrawn without undermining these services. The time currently allocated to providing the 27 will therefore be re-allocated to providing a new link for routes 24 and 26 to Foss Islands retail park, unlocking £20,000 of developer funding secured for support for local bus services. There will be no direct bus link between Heslington and Fulford. Passengers are well catered for, however, by regular services connecting in York city centre.

### ***Efficiencies from retained routes***

39. **Route 13a** is a Monday – Saturday daytime service linking Acomb to York city centre via Hamilton Drive. Until September 2014 this service was operated on a commercial basis. The operator of the service gave the Council notice of their intention to cease operation. To prevent immediate loss of service, the Council agreed to subsidise the route on a short term basis.
40. The performance of the route has been evaluated and the figures demonstrate, in line with the Council's criteria, that the route is worthy of continued support. The Council must, however, undertake an open tendering exercise to ensure that value for money is delivered. It is not possible to quantify what the financial implications of this will be but it is recommended that this route be tendered concurrently with the new route 20.
41. **Route 19** is a daytime, hourly, service linking Skelton – Rawcliffe and Clifton to York city centre. Through a combination of operator negotiation and the removal of an AM and PM school diversion (to St Wilfrid's primary school) a saving of £5,710 can be achieved.
42. The St Wilfrid's diversion carries fewer than six regular passengers meaning that over £500 per annum is spent on transporting each child. The diversion also results in a two hour gap along the regular route, denying passengers an AM peak and mid-afternoon service.
43. **Routes 627, 637 and 647** are public local bus services which only operate on school days, providing links to a number of York secondary schools. Current fares on these services are significantly below child fares offered by commercial operators. By regularising these fares with the remainder of the

bus network (from broadly £1 to £2 return), a contract saving of £16,000 can be achieved.

### ***Exception to Application of Criteria***

44. **Route 21** is a Monday – Saturday service which is jointly funded by City of York and North Yorkshire County councils. North Yorkshire faces similar budgetary pressures which must be realised in 2016, rather than in 2015.
45. While the performance of this service is poor and it does not meet the York criteria for subsidy, there are sections of the route in both local authority areas which will be left entirely without a bus service as a consequence of withdrawal. Given that this service is delivered in partnership between the local authorities it is proposed that withdrawal of this service be delayed to financial year 2016/17. The saving would be £44,200 on the basis of implementation at the start of the financial year.
46. Table 2 below summarises the impacts of the proposed service reductions and details the associated saving for 2015/16 and for 2016/17.

### **Option B**

#### ***Alterations which would deliver an additional saving of £35k (Total £247,000)***

47. CYC's adopted criteria for continued subsidy of bus services has for at least five years been 9 passengers per bus hour operated and £2 per passenger subsidy. A tightening of the CYC criteria to 13 passengers per bus hour operated and £1.60 per passenger subsidy would bring the following services in to scope for possible withdrawal. The Cabinet Member may wish to consider consulting on this change to the criteria.
48. In determining whether services should be subsidised, consideration is given to the total sum of bus service provision in the area of concern. The Cabinet may wish to strengthen the criteria to ensure that other (commercial) bus service provision is clearly factored in to any decision to subsidise or cease to subsidise services.
49. **Route 11** is operated on a commercial basis on Monday – Saturday daytimes. The Sunday service, operating between Bishopthorpe and York via South Bank is funded by the Council. Withdrawal of this Sunday service would deliver a saving of £10,374.
50. **Route 13** is operated on a commercial basis on Monday – Saturday daytimes. The Sunday service, operating between Copmanthorpe and York via Askham Bar is funded by the Council. Withdrawal of this Sunday service would deliver a saving of £11,457.
51. Details of **Route 14** are outlined at paragraph 28 above. Withdrawal of Friday / Saturday evening services would deliver a saving of £13,800.

**Table 2 – summary of proposed changes**

<b>Route</b>	<b>Time of day / week impact</b>	<b>Areas left without a bus service</b>	<b>Alternatives</b>	<b>Positives</b>	<b>2015/16 saving</b>	<b>2016/17 saving</b>
19	School journeys	St Wilfrid's primary school, Monkgate	Education Transport investigating possible alternatives for the small numbers impacted.	The route still continues	£5,710	
27	Weekday, daytime	Heslington Lane (Hes Hall to jtn with Broadway)	26 serves Broadway/Hes Lane. 4/44 serve Heslington Hall to York. UoY route 'UB1' runs from Hes Hall to Halifax & James College.	A direct link for Fulford Rd residents to Foss Islands Retail Park	£10,000	£10,000
627/637 /647	School journeys	n/a	n/a	The routes still continue	£15,000	
10	Sun-Thurs evenings	Poppleton, Dunnington, Stamford Bridge	EYMS route 45 currently serves Dunnington but infrequently.		£36,057	
14	Sunday (daytime) Evening (Sun – Thurs)	Woodthorpe, York end of Huntington Rd, Haxby West Nooks & Wheatfield Lane/ Greenshaw Drive	None		£34,497	
20	Mon-Fri (daytime)	Station Rd (Poppleton), Ostman Rd (Acomb)	None		£60,000 (part year)	£15,000 (additional for full year)

**Table 2 – summary of proposed changes**

					effect)	effect)
16a	Sunday (daytime)	Hamilton Drive, Holly Bank, Dodsworth Ave, Monkton Rd, Elmfield Ave	None		£10,830	
21	Mon-Sat (daytime)	Colton, Bolton Percy, Acaster Malbis, Middlethorpe Grove	None			£44,200
36	Mon-Fri (daytime)	Elvington, Wheldrake	Wheldrake served by route 18. Elvington retains 'market day' service 195 from East Yorkshire		£40,000	
<b>Savings</b>					<b>£212,094</b>	<b>£69,200</b>
<b>Additional savings from criteria change (Option B)</b>						
11	Sunday (daytime)	Bishopthorpe, South Bank	None		£10,374	
13	Sunday (daytime)	Copmanthorpe	Coastliner serves parts of Copmanthorpe		£11,457	
14	Friday/Saturday evening	Woodthorpe, York end of Huntington Rd, West Nooks & Wheatfield Lane/ Greenshaw Drive	None		£13,800	
<b>Grand total</b>					<b>£247,725</b>	<b>£69,200</b>

## **Council Plan**

52. The local bus services identified for discontinuation in this report are poorly used. These services do not, therefore, significantly assist in the delivery of the Council's objectives. The Council has a responsibility to ensure that the services it provides offer value for money.
53. The withdrawal of these services helps to ensure the continued operation of those subsidised bus services, within ongoing financial constraints, which do deliver the Council Plan objectives. Specifically these are to 'Get York Moving', 'Protect vulnerable people' and to 'Build strong communities'.

## **Implications**

54. This report has the following implications:

**Financial** – Option A will exceed the £200k saving agreed at Budget Council, February 2014 by £12k. Option B would deliver additional savings which, given the Council's current financial pressures, would help to improve the overall budgetary position.

**Human Resources (HR)** - None

**Equalities** – A Community Impact Assessment has been completed and accompanies this report at Annex A.

**Legal** – The City of York Council as Local Transport Authority of the area, has a responsibility under the Transport Act 1985 to provide bus services it deems 'socially necessary'. It is at the discretion of the Local Transport Authority to determine how it implements this responsibility and the level of service provided.

**Crime and Disorder** - None

**Information Technology (IT)** – None

**Property** - None

**Other** - None

## **Risk Management**

55. In compliance with the Council's risk management strategy, no significant risks associated with the recommendations in this report have been identified.

## Contact Details

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	<b>Report Approved</b>	√	<b>Date</b> 16 December 2014
<b>Specialist Implications Officer(s)</b> Patrick Looker, Finance Manager			
<b>Wards Affected:</b> All			√
<b>For further information please contact the author of the report</b>			

## Annexes

Annex A(a) Community Impact Assessment – Option A

Annex A(b) Community Impact Assessment – Option B

Annex B Route maps of services proposed for withdrawal