

## KENT COUNTY COUNCIL

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### SELECT COMMITTEE - BUS TRANSPORT AND PUBLIC SUBSIDY

MINUTES of a meeting of the Select Committee - Bus Transport and Public Subsidy held in the Swale 2, Sessions House, County Hall, Maidstone on Monday, 10 October 2016.

PRESENT: Mr R A Marsh (Chairman), Mr M Baldock, Mr C W Caller, Mr I S Chittenden, Mr M J Harrison, Mr G Lymer, Mr B E MacDowall and Mrs J Whittle

IN ATTENDANCE: Mr G Romagnuolo (Research Officer - Overview and Scrutiny), Ms L Adam (Scrutiny Research Officer) and Mrs A Taylor (Scrutiny Research Officer)

#### UNRESTRICTED ITEMS

**1. Phil Lightowler - Head of Public Transport, Kent County Council**  
(Item 1)

*Phil Lightowler (Head of Public Transport, Kent County Council) was in attendance for this item.*

The Chairman welcomed Mr Lightowler back to the Committee. Mr Lightowler had originally given evidence to the Committee on 27 September but Members had requested an additional session with him to continue their discussion around Kent Supported Services. Mr Lightowler explained the criteria around providing funding to support non-commercial bus services which were deemed to be socially necessary.

**Q – Given the changes in demographics in Kent how long did the supported services contracts run for?**

A - Mr Lightowler confirmed that the supported services contracts were for 4 years, Members may wish to look more closely at reviewing the criteria process once funding had been provided for support services; Mr Lightowler confirmed that it was possible to terminate contracts with 90 days' notice. It was considered that there could be a panel that looked on an annual basis at competing demands for supported services and to determine whether KCC was getting the same service as in previous years. One Member suggested that it was possible that KCC was providing services out of habit rather than need if there was no review mechanism.

**Q – Was it likely that bus companies were making routes seem uneconomical so that KCC would step in and fund them**

A - Mr Lightowler confirmed that he did not believe that there was an perverse incentive, bus companies could be thought of as retailers running their services in the way they thought best. One Member did not agree with the description of bus operators being like retailers because there was no option available for the public. In addition if the bus operators were running at a loss they would tell KCC so there was bias towards the busier more profitable services.

Mr Lightowler explained that 68million journeys were undertaken across Kent and Medway each year, Kent and Medway had an extremely busy bus network which dwarfed Essex and Thurrock. Members requested that they be involved in discussions/proposals to cut services and a Member asked how many rural services had been cut from weekly to no service, daily to no service or daily to 2-3 times per week. Mr Lightowler agreed that communication was key, and he would use email to inform and discuss with Members. During Mr Lightowler's time at KCC only one bus route had been physically cut.

**Q – Was it possible to run buses to different villages on alternative days of the week only on routes where part of the journey was empty?**

A – Mr Lightowler confirmed that there was scope to undertake different routes on different days.

Mr Lightowler explained that within the English National Concessionary Travel Scheme (ENCTS) each journey was recorded and the information was sent off to MCL Transport Consultants Ltd for analysis. It was expected that 16.9million journeys would be made under the ENCTS in the next financial year at a cost of 97.98pence per journey regardless of distance – this was a cost of £16.8million cost to KCC.

**Q – With 68million journeys taking place did Mr Lightowler have any concern about the two major operators being responsible for the majority of these journeys?**

A – Mr Lightowler did not have concerns, however the county might get better outcomes with more rigorous analysis of what was available and what was being funded with more focussed criteria. The system that Kent and Medway was working with dated back to the 1980s, the bus operators had no public service obligation, they were business people selling a product. It was useful for the County Council to have strong partnerships with the bus operators, and perhaps there was the ability for enhanced partnerships and in some areas franchises.

One Member put forward a number of areas which Members might wish to explore in future to enable some more difficult decisions to be made, areas such as: the alternatives available to bus routes, the reasons for the reduced bus use, changing demographics, increased car use.

**Q – Was it in KCC's interest to rely on such a small number of large bus companies, was it possible to expand the bus operators in Kent and Medway?**

A – It was correct that there were two larger bus operators on the commercial main network. The Bus Services Bill provided KCC with the opportunity to look at the network and how it could provide an improved service to Kent residents.

**Q – It was understood that the Concessionary Bus Travel Act 2007 and the Quality Bus Partnerships (QBP) shifted the emphasis and control from the districts to the county councils.**

A – KCC was the lead authority on the QBP, the districts were responsible for planning and there was often debate around developments and S.106 agreements. There was a strong partnership with the districts to deliver infrastructure improvements; it was thought that the emphasis may change over the next couple of years depending on the outcome of the Bus Services Bill.

The Chairman thanked Mr Lightowler for his helpful comments and advised that the notes of the meeting would be shared with him for his comments prior to publication.

**2. Norman Kemp, Co-Owner of Nu-Venture bus company and Chair of the Kent & Medway branch of the Confederation of Passenger Transport**

*(Item 2)*

*Norman Kemp (Co-Owner of Nu-Venture bus company and Chair of the Kent and Medway branch of the Confederation of Passenger Transport) was in attendance for this item.*

The Chairman welcomed Mr Kemp to the Committee. Mr Kemp was the co-owner of Nu-Venture, a local bus company based in Aylesford. Nu-Venture employed 50 people and ran 25 buses substantially in Kent but also in Medway. The bus services operated were a mixture of commercial and tendered. The Kent and Medway branch of the Confederation of Passenger Transport (CPT), which Mr Kemp chaired, met regularly to discuss matters such as legislative changes and technical innovation and to discuss the big issues (such as an increase in fuel price for example).

**Q - Would Mr Kemp expect an increase in fares with an increase in fuel costs and vice versa, a decrease in fares with a decrease in fuel costs?**

A – Mr Kemp explained that he would take a long term view of costs, many operators were at the smaller end of the market but also provided by people who were closer to the 'ground'. The bus service was a strictly regulated environment with skills necessary in many areas, it was necessary for bus companies to listen and lobby in order to put their case forward.

**Q – What are the effects of traffic congestion on bus reliability?**

A – traffic congestion was a huge problem for bus operators, recent issues with road works in Tunbridge Wells had proved extremely difficult and the Grammar School system in Kent meant that buses were carrying students large distances to school. If the buses were not able to run to time the operators would either have to reduce the service or use additional resources. When asked whether there was anything KCC could do to ease congestion on Kent's roads Mr Kemp explained that he understood the difficulties and the road networks were working at full capacity. Communication was vital and it was important for Members and residents to know who their bus providers were.

**Q – What does your fleet consist of?**

A – Nu-Venture operated a mixed fleet of mainly elderly buses and double deckers. The disability rules which were coming into effect in January 2017 would mean that many of the double deckers could no longer be used.

Mr Kemp explained that Nu-Venture was alert to the small changes in passenger flows, the Kent population was changing rapidly and an incoming population was bringing more mobile families with children. In some areas some of the older bus routes were no longer needed because the demographics were changing, with these changes the idea of serving communities with bus services less regularly but still providing them with a service was appealing. In many areas the school routes distorted the picture of bus travel, the market had changed largely due to the school traffic.

As a small company Nu-Venture was excluded from Quality Bus Partnerships (QBP) and Mr Kemp would like to be involved in the discussions at the QBP.

It was important to carefully schedule buses and drivers, and Mr Kemp and his colleagues could spot where numbers got too low to be sustainable. If problems were caused by traffic and road works Mr Kemp's network of local contacts would ensure, as far as possible, that the service continued. The bus service was built on reliability and had to be resourced enough to cover bus breakdowns and driver illnesses. If there were large issues they would be raised with the Council.

**Q – What could KCC do, if anything, to promote improved bus transport in Kent?**

A – the bus operators had huge respect for the regulators, there was a need to work more closely and perhaps informally with Members. Mr Kemp suggested that a bus summit could be held in the same way that a previous rail summit had been. Bus operators had to be careful to listen to customers and inform them when services were changing. A Member asked that bus operators ensure that they give residents the opportunity to give feedback and widen the engagement to include both people who use, and don't use, buses.

Mr Kemp explained that difficulties sometimes arose when residents had aspirations of a door to door service, if there was an obvious demand which was being missed by the bus operators then KCC should be informed.

Mr Kemp suggested that there could be a mid/east/west group consisting of bus operators and members to discuss the relevant issues in a friendly forum.

**Q – Did Nu-Venture accept the Kent Connected Card on their buses? (The Kent version of the Oyster Card is called Kent Connected and uses more up to date technology).**

A – Yes, Nu-Venture did accept the Kent Connected Card as well as the Kent Young Person's Travel Pass (KYPTP); it was illegal for operators to turn away a concessionary card. Mr Kemp explained that the level of reimbursement received in relation to the KYPTP had not kept up with costs, there had been a 21% increase in the bus industry's costs in the last 5 years and no uplift in the cost of the KYPTP for 9 years, there was a need to re-examine the schemes. The bus operators wanted to be offering attractive products, it Members were seeking better value this required uplifts. The Chairman confirmed that the cost of the YPTP had increased from £50 at inception to £270 currently, however Mr Kemp confirmed that the actual annual cost of an annual season ticket could reach £900 depending on journey length. The YPTP had provided a distorted sense of value of bus journeys.

There were difficulties with the number of people travelling, if residents were unable to get on a bus due to it being at full capacity it is uneconomical to put on an additional bus and difficult to get funding from the local authority.

Mr Kemp explained to Members that there was an East of Maidstone Travel Group which shared information and discussed public transport issues with parish councils. Nu-Venture was not allowed to be part of the Maidstone Quality Bus Partnership.

In relation to the 21% in costs of running buses Members asked whether this was something they could look into further.

**Q – How did Nu-Venture compete in the market? Did Nu-Venture train its own drivers or did the company rely on those already trained?**

A – Mr Kemp confirmed that it was a mixture of those already trained and those trained in house. With regards to franchising it was proposed in the draft legislation that there would be no compensation for small operators if they lost contracts. Economies of scale made it difficult for smaller operators to compete.

**Q – With the rising costs of concessionary travel what was KCC's income per journey?**

A – Mr Kemp explained that the bus operator was supplied with information on what they were due to be paid on a monthly basis. 15 years ago the concessionary fare was a half fare however, now income was provided to the operators retrospectively, a long way behind expenditure. The bus operators were more alert to information from concessionary fares. It was difficult to predict revenue; school development days for example hugely reduced the revenue received by the bus operators.

**Q – Was there any viability in profit sharing with bus operators?**

A - Mr Kemp explained that some contracts were let with the fare risk by the local authority but that generally speaking the operator took the revenue risk and a more informal debate would be useful to enable views to be shared.

The Chairman thanked Mr Kemp for his helpful comments and advised that the notes of the meeting would be shared with him for his comments prior to publication.

### **3. Anne Clark, Managing Director of MCL Transport Consultant (Item 3)**

*Anne Clark (Managing Director of MCL Transport Consultants was in attendance for this item.*

The Chairman welcomed Mrs Clark to the Committee. Mrs Clark was the Managing Director of MCL Transport Consultants Ltd, which specialised in financial systems, concessionary travel schemes administration, smart ticketing projects and E-purse apportionment.

Mrs Clark's presentation had been circulated to Select Committee Members prior to the meeting and she used the presentation to explain how the Kent County

Concessionary Travel Scheme worked. Mrs Clark's presentation can be found [via this link](#) and Mrs Clark pointed Members to some facts about MCL including the 14 English National Concessionary Travel Schemes (ENCTS) which MCL administered.

Mrs Clark was an accountant and an ex bus operator, KCC was MCL's client but it was necessary to understand the various issues from the point of view of KCC and the bus operators.

Mrs Clark talked Members through the principles of reimbursement, pages 19 – 24 of the presentation.

**Q – How was it possible to determine the original number of passengers and how many passengers have been 'generated'?**

A – Mrs Clark explained that the Department for Transport (DfT) had produced a calculator to work out how many passengers were generated. The calculator was based on fare increases but it was accepted that it was impossible to know precisely how many passengers were actually generated, but the principles of the Calculator were accepted by all parties.

**Q – With regards to additional buses with additional capacity what cost was this to KCC and how could KCC be sure this was not duplicated between ENCTS and YPTP?**

A – Mr Lightowler explained that KCC would look at the data over the summer in order to schedule YPTP and supported services and any services receiving additional costs paid in respect of YPTP would not be considered for additional ENCTS payments. Mrs Clark explained that, apart from additional costs, it was necessary to look at Young Persons Travel Pass (YPTP) and 16+ separately to ENCTS as operator reimbursement used different methods.

Mrs Clark referred members to page 28 of her presentation, which illustrated some of the checks that were applied to operator data - non-acceptable journeys took place outside 09.30hours and 23:00hours or were journeys outside Kent.

Mrs Clark talked Members through pages 36 – 38 of the presentation, this being marginal capacity costs where operators were likely to maximise total reimbursement with local values. The length of journey was the mean journey length (identified by operator) and this was checked to see if it was reasonable. There was no option other than to use the calculator provided by the DfT with all services being included by the operator to avoid "cherry picking".

**Q – How many bus operators received the default costs provided by MCL?**

It was generally accepted by the smaller bus operators that it was too time consuming and costly to challenge the default values. It was mainly the larger bus groups who could afford to provide their own local values. It was noted however that rural infrequent and special services were paid at higher rates by default.

**Q – A Member asked for further details on the taxi voucher scheme**

A – Mrs Clark had mentioned a scheme elsewhere which MCL administered where taxi vouchers were given to those too disabled to use a bus or too remote to have a service. She explained that taxi companies were commercial companies charging regular fares and the vouchers were used as cash towards those fares.

Mrs Clark referred Members to page 41 of her presentation and the “no better, no worse” principle. The majority of shire counties used consultants to undertake costing work. In general it was estimated that the travel passes generated between 35-55% of travel which in turn was reflected in the amount paid to operators.

**Q – Would buses carrying school children receive Additional Capacity Costs (ACC) and did the ‘no better, no worse’ principle enable bus operators to buy new buses to cope with additional school needs and therefore upgrade their fleet of buses?**

A – The method of identifying legitimate additional cost claims was explained on page 42 of the presentation, but was complicated; MCL was very rigorous in investigating the information and claims provided by bus operators. MCL represented KCC not the bus operator and at the same time as challenging the published scheme, bus operators were likely to also put in an appeal to the Secretary of State. The aim was to avoid the appeal going full term, as this was costly in legal fees and unlikely to achieve a realistic outcome, by reviewing the operator’s figures in detail and negotiating an acceptable resolution.

The principle of “no better, no worse” by definition only reimbursed operators what they were due. It did not enable bus operators to invest in better vehicles than they would normally operate as claim values reflected an operator’s actual operating costs.

It was accepted that this was a complicated area, it was Members view that smaller companies could suffer where larger companies were able to squeeze every penny out of the system. Mr Lightowler confirmed that, in respect of subsidised services, KCC accepted the most economically advantageous price.

The Chairman reminded Members of the new bus legislation, the Committee aimed to focus bus transport across Kent to ensure it was the number one network across England.

**Q – Would the Bus Services Bill give opportunity to improve bus services?**

A – Yes, those operators with a good working relationship would be more prepared to negotiate, the Bill would bring greater communication and if KCC wanted good services the bus operators should be treated fairly. Fair and reasonable Concessionary fares reimbursement, including ACC claims might enable operators to keep the borderline services running, so avoiding a greater call on subsidised services.

The Chairman thanked Mrs Clark for her helpful comments and advised that the notes of the meeting would be shared with her for comments prior to publication.

**4. KYCC Transport Committee representatives, accompanied by Sadie Williams, Youth Participation Worker, Kent County Council**

*(Item 4)*

*Arpana Rai (Member, KYCC Transport Committee), Charlotte Swaine (Member, KYCC Transport Committee), Claude Evele (Vice Chair, KYCC Transport Committee), Joseph Horsnell (Chair, KYCC Transport Committee) and Sadie Williams (Youth Participation Worker, Kent County Council) were in attendance for this item.*

The Chairman welcomed the guests to the Committee. Sadie began by introducing the representatives of the KYCC Transport Committee: Claude (Vice Chair), Joseph (Chair), Charlotte and Arpana.

Joseph detailed the recent work of the KYCC Transport Committee. The Committee had collected research through its Travel Information Collection Survey and developed case studies as supporting evidence. The Committee had met with public transport companies including Arriva, Nu Venture, Stagecoach and Southeastern who had provided them with positive feedback about their research. The Committee had circulated a presentation about behaviour on public transport to all Year 6 students before they started secondary school; an evaluation would be completed to measure its success. The Committee had contributed to the establishment of the Young Persons Travel Card and had raised concerns about the cost of the card. The Committee was also promoting green travel particularly cycling; a z card on cycling safety information had been produced.

**Q – What are the key targets of the Committee?**

A - Joseph explained that the Committee's role was to voice the concerns raised by their electorate. He noted that transport was voted every year as a campaign of the KYCC and it was an area that young people felt passionate about.

**Q – Respondents to your survey highlight that public transport services, particularly school services, are often late. Does this just happen in September or is it all year round?**

Arpana explained that there were constant delays throughout the school year due to traffic. She stated that difficulties in getting to school impacted negatively on students' motivation at school. She highlighted that some recipients were also concerned about the safety and maintenance of the vehicles being used by the bus companies as there had been incidences of buses catching fire.

**Q – Are schools understanding when students arrive late at school due to public transport?**

A – Joseph explained that it varied between schools. He stated that his school was very strict and students were penalised for being late despite it being out of their control. Claude noted at his school, they were aware of the problematic routes and students were penalised for being late. He reported that there was a bus from Chartham to Canterbury where students were regularly late three times a week and did not arrive until the second lesson.

**Q – What prevents young people travelling to school by bike?**

A – Joseph explained that it was not the distance or bike storage facilities that prevented young people from cycling to school; it was that young people did not feel

safe on the roads. He stated that motorists did not respect young cyclists and there were not enough cycle lanes for young cyclists to use.

**Q – Is the Transport Committee aware of the cost of the Young Person’s Travel Pass (YPTP) to Kent County Council?**

A – Joseph explained that the Committee was aware of the cost of the pass per child to Kent County Council and recognised that it was expensive. He stated that the YPTP was a vital service for young people particularly for low income families. He reported that the Committee’s focus had moved away from campaigning to reduce the cost of the pass to improving the quality of the pass. He reported that the last price increase was poorly explained to parents and young people. He noted that the current price was manageable for most families but it was still expensive particularly the 16+ Travel Card.

**Q – Do you think there is a role in schools using their minibuses for transporting students to and from school?**

Joseph explained that it would be unrealistic for most school due to the financial pressure they were under; they would not be able to pay for the petrol and drivers to provide transport.

**Q – Should schools use their post 16 funding more effectively and provide transport?**

A - Joseph explained that any measures that helped young people get to school, particularly those from a low income family, would be welcome.

**Q – Are there any alternatives to the YPTP?**

A - Charlotte explained that lots of young people used the YPTP to get them to and from school. She noted that if she was not able to use the YPTP, she would have to walk one hour each way; she was aware of students who travelled for two hours each way to school. She suggested that a cheaper weekly bus ticket for students would be useful.

Joseph stated that the Committee was researching alternatives. He was aware of a scheme in Milton Keynes where young people aged 11 – 21 were given an ‘MK All in One’ card for free; when using the card young people received a concessionary fare and every journey cost £1. He noted that the card could also be used as ID which was useful for young people.

**Q – Would young people be willing to pay more for the YPTP if it included travel during the evenings, weekends and school holidays?**

A – Joseph stated that it would depend on the options and it would be a good idea if young people were able to choose different pass options such as cheaper pass excluding evenings, weekends and holidays or more expensive including evenings, weekends and holidays.

**Q – Following changes to YPTP which prohibits its use during the evening and weekends, what impact has that had on young people particularly for socialising?**

A - Arpana explained it was difficult for young people to work and to complete extracurricular activities. Claude stated it had put off young people from attending social events as they now had to ask their parents for money to cover the cost of travel. Joseph noted that he was aware of young people who were no longer able to attend or get home from sporting fixtures as a result of changes to the YPTP. Claude highlighted a personal experience; he played for a hockey team and used the bus to get to practice sessions and matches but there was a period of two hours during the day where there were no buses which often resulted in him needing a lift from his parents which was disruptive.

**Q –Was the Committee pleased with the response rate to the survey?**

A – Joseph explained that the survey was conducted by KYCC Members who were full time students. The KYCC Members had to print out the surveys and encourage students at their schools to complete them. The Committee would have liked to have received more responses but they were limited by the amount of time they could give to collect and analyse the data in addition to their studies.

**Q - In the survey a number of people indicated that they travelled more than twice a day. What reason did they travel more than twice a day (other than for going to school)?**

A – Claude explained that young people used public transport to get to youth clubs. Joseph stated that the Committee would be happy to collect further data about this on behalf of the Select Committee.

**Q – Question 2 of the survey looked at satisfaction with the journey. Were the participants asked to list the categories in priority order?**

A – Joseph explained that participants were asked to rate each category and the categories were randomly listed.

**Q – Could a subsidised smart card be used as an alternative to the YPTP?**

A- Joseph explained that it would depend on the level of subsidisation.

A Member suggested that a zoning system for concessionary travel could be explored with the bus companies.

**Q – Have you been made aware of bus routes which finish too early in the day?**

A – Joseph explained that he did not have specific feedback but could imagine it being a problem. He noted that in his local area Stagecoach services ran fairly regularly.

**Q – How did you get statistics about train use? Have you been able to meet with the train providers?**

A – Joseph explained that the survey was given to all young people who used public transport; approximately 25% of respondents used train travel. He noted that it had been difficult to get a meeting with the train providers.

The Chairman invited the KYCC representatives to lobby their local County Councillors, in advance of the budget meeting of the Kent County Council, for the use of YPTP during the evenings and holidays

A Member suggested that Mr Arnold from Stagecoach be invited to be a witness before the Committee. The Chairman noted that Philip Norwell (Managing Director, Stagecoach South East) had already attended before the Committee.