

From: Simon Jones, Corporate Director, Growth, Environment and Transport
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To: David Brazier, Cabinet Member for Highways and Transport

Subject: **KCC Supported Bus Funding Review**

Key decision 22/00052

Classification: **Unrestricted**

Past Pathway of Paper: 18 February 2022 and 19 May 2022

Future Pathway of Paper: for Cabinet Member Decision

Electoral Division: Countywide

Summary: The budget for supported bus services in 2021/22 was £6m net. For the financial year 2022/23 and to support the Council achieve a balanced budget, the net budget for supported bus services is proposed to decrease by £2.2m.

In order to retain spend within the reduced budget available, 48 bus subsidy contracts, with a value of £3M, have been identified for potential withdrawal from end of October 2022.

To inform the final decisions, an eight-week public consultation was conducted from 24th February until 20th April attracting over 2,562 responses.

This report summarises the outcomes of the consultation, the themes and the user impacts and outlines a revised service proposal.

Recommendation:

The Cabinet Member for Highways and Transport is asked to agree to withdraw funding support from 38 supported bus services as shown at Appendix A.

1. Introduction

- 1.1 Local Transport Authorities have an obligation to provide such public transport services as they consider appropriate to meet public needs which would not otherwise be met. It is for Authorities to consider what services are “appropriate” to meet those needs. In response to austerity and reduced funding from the Government, a number of Authorities have reduced or completely ceased to fund public bus services.
- 1.2 The pandemic has had a profound impact on the use of buses in Kent and across the UK. Government advice to avoid the use of Public Transport during the pandemic plus changes to lifestyle and working patterns have contributed to a sharp decline in the use of services, particularly at off-peak times. In 2019/20 over 3.7m journeys were completed on KCC subsidised bus services. In

2021/22, this figure was 2.3m, so increasing the £ per passenger journey subsidy provided to all services supported by KCC.

- 1.3 From April 2022, the net budget for supported bus services has reduced from £6m to £3.8m to support the Council in achieving a balanced budget in 2022/23. In order to retain spend within the reduced budget available, 48 bus subsidy contracts with a NET cost of £3m were identified for potential withdrawal from end of October 2022.
- 1.4 This paper summarises the outcomes from the associated public consultation, highlighting impacts and considerations to inform final decisions.

2. Background and approach to identifying services for consultation

- 2.1 Since 2014/15 Public Transport have been working to reduce the cost of supported services, with the least impact on service users. Costs have been reduced through a range of measures including; commercialisation of previously tendered services, the re-planning and rationalisation of tendered services and a flexible approach to the use of Bus Service Operator Grant Funding received from the Government.
- 2.2 The reduced use of buses during and since the pandemic coupled with the rising costs of fuel and driver salaries has seen a partial reversal of this trend and additional cost commitments were absorbed by KCC during 2021/22 relating to commercial bus withdrawals and the increased costs of some existing contracts. Hence the additional £800k, required on top of the £2.2m to bring the supported bus budget in line with the set budget.
- 2.3 There are currently 129 contracts supported by the Council, including those for the Kent Karrier Dial-a-Ride services. These contracts cover a range of service types including support for specific journeys, journeys on specific days i.e., Sundays, funding for whole services and journeys to and from school.
- 2.4 In response to previous needs to reduce the spend on public bus services but where the saving required has been smaller, the approach adopted has been to focus resulting changes on frequency reductions, sharing resource and other solutions designed to limit the impacts on passengers.
- 2.5 The saving required in this instance is too great as a proportion of the overall budget to allow for this approach and the opportunities for savings have largely been deployed and are now extremely limited.
- 2.6 For this reason, the approach to identifying the potential saving required has been to apply KCC's Criteria for the Support of Public Bus Services to identify contracts for potential withdrawal. The Criteria prioritises services taking account of the days and times of use and the performance of the contract in value for money terms, calculated as a £ per passenger journey figure. **

** Calculated as the annual cost of the contract divided by the number of journeys made on it. 2019/20 journey numbers have been used in order to consider pre-pandemic / steady state usage.

2.7 The criteria for prioritising services is shown below and a full list of the services identified for consultation is attached as Appendix C of this report.

Priority	DAYS OF OPERATION	£ Per Passenger Journey
1	Any day of the week	Less than £3
2	Monday to Friday	£3 to £5
3	Monday to Friday	Over £5
4	Saturday	£3 to £5
5	Sunday and evening	£3 to £5
6	Saturday, Sunday & evening	£5 to £7
7	Any day	Over £7
8	Poorly performing contracts with very limited implications	Regardless of cost

2.8 By applying the Criteria, 49 contracts up to the total value of £3m were identified for potential withdrawal. It should be noted that these include all contracts in categories 8 through to 2 and some of the more poorly performing contracts in Category 1.

2.9 As a consequence, the contracts identified include services and journeys of all types including those used by school children, services which represent the only public transport for some rural communities and all of KCC's Kent Karrier Dial-a-Ride services.

3. Consultation

3.1 In order to fully understand equality and other impacts and to inform final decisions a public consultation ran for eight weeks from 24 February to 20 April 2022. The consultation asked for a range of feedback to understand user characteristics, journey purposes, user impacts and equalities implications.

3.2 To support the consultation a comprehensive communications campaign was undertaken, including; a mailshot to Kent Karrier Members, emails to Kent Travel Saver card holders and stakeholder organisations, organic social media, paid Facebook and Kent Messenger adverts, media release with coverage on BBC Politics Southeast and BBC Radio Kent, Kent Online, Kent Live and Kent Messenger newspapers, Member briefing, posters displayed on buses and material in Kent Libraries and Gateways and through Community Wardens. Over 5,700 invitations were sent to Let's talk Kent registered users who had expressed an interest in transport and roads and general interest

3.3 2,562 responses were received along with 55 letters and emails sent to the Public Transport team. In addition, the Council has also received three petitions, focussed surveys conducted by Kent Karrier operators and a Parish Council, four MPs letters and a focussed report by Compaid the operator of west Kent Karrier schemes regarding the impacts of the withdrawal of these services.

3.4 A copy of the full consultation report is provided as Appendix B to this report. Specific comment regarding the equalities' impacts are made in section 7 of this report. The key findings are summarised below:

- 3.5 The majority of those responding to the consultation are Kent residents (93%). Whilst the consultation was open to all Kent residents to participate, the majority of residents responding indicated they are current users of the proposed services for withdrawal (78%).
- 3.6 Services are currently used for a variety of purposes with leisure (58% of service users), essential food shopping (57%), healthcare (54%) and education (52%) the most common. There are significant differences in use by age with a higher proportion of residents aged 65 & over using them for essential food shopping and healthcare.
- 3.7 When asked openly, the main areas of impact are children accessing school / college (30% of consultees) and groups of the population not being able to access transport alternatives (21%) for reasons such as shopping (16%), healthcare (15%) and social contact (14%).
- 3.8 Equality Impact Assessment feedback focuses on how proposals adversely affect specific demographic groups - the elderly, those with disabilities, children, and young people, those who do not drive and low-income households.
- 3.9 Saving suggestions put forward vary. However, the most common are prioritising scale backs instead of full withdrawal of specific services and, using smaller buses as alternatives. These were reviewed, as set out below.
- 3.10 **Use of smaller vehicles.** For supported bus services, operating between school times, it is not cost realistic to provide a large conventional bus, for school times and then a smaller one for non-school times; it is in fact doubling cost. For supported bus services, not linked with school journeys, smaller vehicles have a lower cost, but this is not a substantially lower cost, as many would still be required to be low floor fully DDA compliant and the driver would need to be PCV licensed.
- 3.11 **Reduce frequency of some supported services.** As a significant number of supported services are already on reduced frequency there is limited opportunity for further reductions and maintain a service; also, the cost of the driver/vehicle, cannot be reduced.
- 3.12. Consultees also suggested making savings from elsewhere in the budget, however these savings have not solely or disproportionately focused on the Local Bus Budget or the Public Transport Department but have also included other areas for example reducing spend on the Kent Travel Saver Bus Pass and more widely savings are also being sought from other areas and budgets across the Council as part of this year's financial settlement.
- 3.13 A high proportion of responders indicated that they do not have an alternative option for at least one of the services they use (41%). The proportion of respondents unable to identify an alternative travel is notable and this increases amongst the elderly and disabled. 27% state they have no alternative across any services they use.

- 3.14 20% of consultees consider the service a lifeline but the proportion of responses to this effect increases significantly in the most elderly age group, for those with a disability and for Kent Karrier users 40% of which state to relying entirely on the service and being unable to survive without it. Consideration of services as a lifeline and a route to independence is higher than average for service users aged 75 & over (36%) and residents with a disability (37%).
- 3.15 Fears of isolation and impact on mental wellbeing are key concerns.
- 3.16 Whilst in many instances, the number of residents using these services are quite limited and have fallen during and since the pandemic, it is clear that the KCC supported bus network fulfils a genuine need for users and the impacts of withdrawal are therefore significant.
- 3.17 Significant response from district / borough / parish council representatives, councillors, and MPs; emphasising service users concerns for specific population groups and requests for engagement at a local level to discuss possible solutions / alternatives to the proposed service withdrawals. As part of the on-going commitment to Community Transport, KCC will work with community stakeholders to identify potential for alternative solutions.

4. Other Considerations

- 4.1 It is important to consider these savings in the context of the wider (commercially provided) bus network which faces its own challenges. Use of buses across the County is struggling to recover from the impacts of the pandemic and when coupled with rising costs, this is already leading to the withdrawal of services by bus operators. This will make the likelihood of providing alternative solutions more limited and there is a concern that the withdrawal of significant funding from the network could prompt further commercial service cancellations and may jeopardise the viability of some smaller transport businesses.
- 4.2 17 contracts included for consideration are identified as meeting a school transport need. 50 children using these services have a legal entitlement to free transport to school and will need to be provided with an alternative solution. This alternative transport will be funded from the CYPE budget, as are season tickets now on supported bus services, therefore the additional cost to the CYPE budget is anticipated in the £150k range. However, for those children, not entitled to free home to school transport, there will be no alternative public transport.
- 4.3 It is important to note that children currently travelling will have predicated their choice of school on the presence of a bus service and whilst no service is “guaranteed” it is clear from the consultation responses that users and their parents will have organised domestic arrangements around the current network and alternative travel options are identified as limited amongst this group.
- 4.4 Related to the above, the impacts on traffic congestion at peak times and air quality should also be considered. Contracts with a school journey element are not concentrated in one area of the county but do include services in Tonbridge, Tunbridge Wells and Sittingbourne all of which have existing issues with

congestion on certain corridors. Although it is not possible to reliably quantify the air quality implications, assessment of the carbon impact relating to one of the school-day only services has estimated that 21 tonnes of carbon per annum would be generated should all bus journeys be made by car compared to 2.7 tonnes on the current bus service.

- 4.5 Although many of the bus services operating at off peak times will cater for the same group of users and carry many of the same impacts, because of it being more focussed on elderly and disabled members and those living in the most rural areas, the impacts on Kent Karrier members should be given particular consideration.
- 4.6 Kent Karrier is a demand responsive transport scheme with eligibility for membership orientated towards those who cannot use or do not have access to conventional public transport. It is therefore important to consider the presence of Kent Karrier as a form of “safety net” offering limited access to essential services for anyone meeting the criteria. Therefore, whilst the nature of these services means that these contracts perform poorly in value for money terms, they offer a different value to the user as is identified in the consultation outputs.
- 4.7 Through the conducting of their own survey and the submission of a more focussed report, the operators of the Kent Karrier service have highlighted their concern about the impacts on services users whilst also raising the risk of knock-on impacts on other Council services in respect of SEN Transport costs and on Adult Social Care.

5. Revised service proposal – post consultation

- 5.1 The results of the consultation have been carefully considered and the EqlA (as shown in Appendix D) has been updated.
- 5.2 It is clear from the consultation that in proposing to withdraw 48 supported bus services, including the Kent Karriers, that the impact on the most vulnerable users is significant and, in some areas, there would be no provision of any form of public transport.
- 5.3 Taking account of need to achieve the Council’s budget for supported buses, but at the same time having regard to the consultation responses and the identified equalities impacts and therefore ensuring that there is still some form of public transport provision in selected areas, it is proposed that the 8 Kent Karrier services will be retained. They will continue to provide a bookable bus service for those most in need and particularly in areas where conventional bus services are not available. In retaining the Kent Karriers, they will be removed from the supported bus budget and sit as a defined line within the Public Transport budget. These will be funded, in future years, from a number of external sources including BSOG surplus, DfT funding already held, DfT LTF, and increased passenger revenue.
- 5.4 In the consultation document we identified that the 208 service would be withdrawn but it would be replaced by a parallel commercial service. Since the consultation was undertaken, it has become clear that the parallel commercial service would not replace the 208, in fact it is to be withdrawn. Had the

information been known at the time, the consultation response in respect to service 208 may have been different and as such it would not be appropriate to move forward with this withdrawal. Funding for service 208 will be provided through other public transport efficiencies, so that there is no impact to the saving.

- 5.5 The revised proposal identifies 38 supported bus services, as shown in Appendix C where funding will be withdrawn as of the end of October 2022. The Kent Karriers and service 208 will be retained. The reduction in the supported bus budget would remain as is-£2.2m, with funding for the Kent Karriers and the service 208, found from elsewhere as identified in paragraph 5.3.
- 5.6 Students entitled to free home to school transport, will be provided with alternative transport.
- 5.7 Any person / family who has purchased a Kent Travel Saver, for any service that is withdrawn, will be provided with a pro-rata refund, based on the date of withdrawal.
- 5.8 KCC Public Transport will continue to provide grants for Community Transport groups, focusing on those areas where conventional bus services have been withdrawn. Grants will be for the establishment of new schemes or expansion to current schemes. This could potentially be funded from the BSIP or Local Transport Fund.

6. Financial implications

- 6.1 From April 2022, the budget for socially necessary bus services has been reduced from £6m to £3.8m. Not withdrawing service/and funding from other sources, to the value of £3m, would see the budget overspent.
- 6.2 As noted, in retaining the Kent Karriers, these will be funded from external sources.
- 6.3 KCC has been provisionally awarded £35m funding from the Government to support delivery of Kent's Bus Service Improvement Plan (BSIP). The BSIP funding conditions preclude us from using the revenue funding element to support existing commercial / supported services, its focus is on future developments. However, we will review the potential to use BSIP funding to provide areas, which have seen service withdrawals, with new services, tailored to the changed travel market and which would be sustainable.
- 6.4 A condition of the BSIP funding is to "lock in" spend on bus services at 2022/23 levels for three years and so the decision in this instance will inform funding levels over this period.

7. Legal implications

- 7.1 The proposal, consultation process and EqIA have been reviewed by an external legal firm.

- 7.2 KCC's Public Transport and the Cabinet Member for Highways and Transport have paid close consideration to consultation feedback and the equalities implications of the proposals, including how the adverse impacts might be mitigated. As a result, the proposals have been revised to lessen the impact.
- 7.3 In considering the consultation, updating the EqIA and revising the proposal, the advice of the legal representative has been followed.
- 7.4 In particular, section of 63 of the Transport Act 1985 that requires that Local Transport Authorities are required "*to secure the provision of such public passenger transport services as the council considers it appropriate to secure to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose*". To ensure KCC complies with this requirement, the proposals have been revised to retain the Kent Karrier services and service 208, where it was shown a commercial alternative was not appropriate.
- 7.5 As set out in 5.8, KCC Public Transport will continue to work with the Community Transport sector in Kent, to provide additional / alternative services supporting conventional bus services.
- 7.6 Services carrying children with a statutory entitlement to free transport to school under the Education Act are unaffected by these proposals, as where required alternative provision will be provided through dedicated contracted provision not open to the public.

8. Equalities implications

- 8.1 An Equalities Impact Assessment (EqIA) was completed prior to the consultation which identified more significant and adverse impacts for users with the protected characteristics of; Age (the elderly), Sex (females), Disability and those with carer responsibilities.
- 8.2 The outcomes of the consultation re-enforced this understanding in identifying that these groups are more likely to be reliant on these services for their journey purpose and less likely to have access to alternative transport solutions. In addition, Age in respect of Younger Persons has also been identified as being more adversely impacted for the same reason and notably that these users are unable to legally drive as an alternative.
- 8.3 The retention of the Kent Karrier dial-a-ride services seek to mitigate the most acute impacts of service withdrawals and ensure some level of provision for all residents including those from protected groups.
- 8.4 As set out in 5.8, KCC Public Transport will continue to work with the Community Transport sector in Kent, to provide additional/alternative services supporting conventional bus service.

9. Other corporate implications

- 9.1 None.

10. Timetable

10.1 The proposed timetable for this proposal is;

- End July 2022 Contractual notice to be given to bus operators
- End Oct 2022 Services stop

11. Recommendation(s):

11.1 The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Highways and Transport on the proposed decision to withdraw funding support from 38 supported bus services as shown at Appendix A.

12. Background documents

- Appendix A – Proposed Record of Decision
- Appendix B - Bus Funding Consultation Report:
<https://democracy.kent.gov.uk/documents/s112583/AppendixBBusFundingConsultationReport.pdf>
- Appendix C – Full list of services consulted on for withdrawal
- Appendix D – Updated Equality Impact Assessment

13. Contact details

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