

From: Matthew Balfour, Cabinet Member for Planning, Highways, Transport and Waste

Phil Lightowler, Head of Public Transport

To: Environment and Transport Cabinet Committee – 30 November 2017

Subject: Kent County Council Bus Funding Review - Public Consultation

Key decision:

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: Environment and Transport Cabinet Committee, Key Decision by Cabinet Member

Electoral Division: Countywide

Summary:

Within the Medium Term Financial Plan there is a proposed reduction to the budget for Socially Necessary Bus Services (SNBS) of £4m over the coming two year period; 2018-2020. The reduction is split evenly over the two year period. This is a 70% reduction in the current budget and will require significant contract withdrawals.

This paper outlines a proposal that the current criteria for the funding of SNBS is utilised to identify how it is intended to deliver the reduction and the services which will be affected.

Final outcomes will need to be delivered as one package of contract withdrawals, as the need for governance and consultation will not allow implementation until September 2018.

Recommendation:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Planning, Highways, Transport and Waste on the proposals to use the current SNBS funding criteria to assess the future delivery of services and the timetable to go out to public consultation starting on 17 January 2018 on the proposed withdrawal of services.

1. Introduction

- 1.1 Within the Medium Term Financial Plan (MTFP) for the period 2018/19 to 2019/20 is a reduction in the base budget for socially necessary bus services (SNBS) from £5.69m per annum to £1.7m.
- 1.2 This reduction in base budget is spread over the two year period with a £2m reduction in 2018/19 and a further £2m reduction in 2019/20.

1.3 This paper outlines how it is intended to deliver the reduction in the base budget; the criteria to be used, the socially necessary bus services affected and seeks support to go to public consultation.

2. SNBS and the MTFP Initiative

2.1 The supporting of socially necessary bus services (SNBS) is a discretionary activity in that there is a statutory requirement on a local authority to consider the provision of funding for socially necessary bus services, but no statutory requirement to provide the funds.

2.2 KCC has historically and currently provides funding for SNBS. Since 2012 there has been a criterion in force which sets down the framework for supporting such services. The funding covers whole services, School day only services, Evenings, Saturdays, Sundays, route diversions, Kent Karrier services and a ferry service.

2.3 SNBS, as supported by KCC, represent only 3% of the total local bus mileage in Kent, the remaining 97% is commercially operated. In 2016/17 there were 3.8m journeys made on the SNBS.

2.4 Within the KCC MTFP for the period 2018/19-2019/20 there is an allocated saving of £4m against the budget for socially necessary bus services. The saving is allocated on the basis of the saving being split, with £2m to be saved from the base budget in 2018/19 and a further £2m in 2019/20. The current budget for SNBS is £5.69m.

2.5 Of the £5.69m presently allocated to SNBS, £0.4m is allocated to the Kent Karrier services. The Kent Karrier services are pre-booked, with users being members and deliver a dial a ride type service to key destinations. They are focused on those people who through age, disability or location could not access conventional public transport. Therefore, given their function, Kent Karriers are not a conventional SNBS. Whilst not carrying significant numbers of passengers, Kent Karriers serve a valuable need for some of the most vulnerable and socially isolated residents of the County.

2.6 Excluding Kent Karriers from the budget for socially necessary bus services, reduces net spend to £5.29m.

2.7 In addition, for historical reasons, the funding for the Gravesend to Tilbury ferry is included in the SNBS budget. The net cost of Kent's contribution to the ferry is £75k per annum. On the basis that this service has recently been re-awarded, in conjunction with our joint partner Thurrock Council, it is assumed that this will not form part of the MTFP initiative and hence the net budget for SNBS reduces to £5.2m.

2.8 A saving initiative of £4m against this budget would be a 70% reduction in spend.

2.9 The level of MTFP saving in 2018/19 and the governance/consultation process, determines the date of implementation and the number of contracts to be withdrawn. Assuming the necessary governance/consultation process it

is our belief that the earliest the MTFP initiative can be delivered is from September 2018. On this basis to deliver a £2m annual saving will require full implementation of the £4m reduction in one package from September 2018.

- 2.10 To deliver a package of this scale, it is proposed to utilise the current criteria for the funding of SNBS which was agreed in February 2012 and is shown at Appendix A. The criteria sets out the circumstances in which the authority will consider the funding of bus services, the criteria for prioritisation and the mechanism to withdraw funding when the budget has been reduced. This criterion has previously been used to deliver reductions in SNBS and to work with operators on taking subsidised services into commercial operation.
- 2.11 Based on the current criteria, all of the contracts (except Kent Karrier, Gravesend to Tilbury Ferry and those funded by external source) have been prioritised as per the criteria and the pound per passenger subsidy calculated. The contracts to be withdrawn to achieve the necessary MTFP reduction are shown in Appendix B. This contract listing is subject to variation, as the impact of recent tender rounds is incorporated at a future date.
- 2.12 It is proposed that public consultation will be carried out into the use of the current criteria for the achievement of the MTFP saving and its impact on SNBS.
- 2.13 To deliver a £4m reduction in budget will require the withdrawal of 74 SNBS contracts. These contracts currently provide 1.6m journeys per annum. The proposed contracts to be withdrawn comprise of;
 - 28 full services (incl peak/schools)
 - 22 full services (off peak, no schools)
 - 5 evenings only
 - 5 Sunday only
 - 14 School days only (for schools travel)
- 2.14 The withdrawn contracts are spread across the following districts;
 - Ashford 11
 - Canterbury 7
 - Dartford 1
 - Gravesham 1
 - Dover 5
 - Maidstone 5
 - Swale 6
 - Shepway 3
 - Tonbridge & Malling 9
 - Tunbridge Wells 15
 - Sevenoaks 10
 - Thanet 1
- 2.15 If the MTFP saving is delivered in full, then there will be 34 contracts remaining.

- 2.16 There is a risk that the scale of contract terminations may see a number of Kent SME bus operators close down. The potential number of closures is low but could affect the competitive landscape in parts of Kent, particularly West Kent.
- 2.17 It is not anticipated that a significant number of contracts withdrawn will be replaced by community transport services. The Public Transport team is working on developing community transport services in the county but this is expected to be a medium to long term effort, as the current level of services is low and such services require significant community support. The Public Transport Team held information days on the 2nd and 9th of November for parishes and community groups, to inform them on how such services are set up, to outline potential funding streams and to launch the community transport toolkit. They are hoping to establish further schemes in Kent in 2018, some of which may cover rural links lost, however there is not the capacity to provide total mitigation for the withdrawals planned and licensing laws prevent this sort of operation from providing the “big bus” services needed if truly mitigating the impact of these proposals.
- 2.18 The Public Transport team continue to work on the Total Transport project. This was an initiative initially started by the Department for Transport (DfT), which looks at combining a number of existing paid services such as education transport with non-emergency NHS transport, to deliver improved transport for communities and to deliver savings. A report on the potential for Kent was submitted to DfT and a pilot area has been identified in West Kent. The Total Transport Project Officer continues to work with partners to identify the funding to drive the pilot forward and we are awaiting the outcome of our bid to the DfT.
- 2.19 There is the potential that the commercial bus network may see revisions in routings/frequency to align it with the reduction of SNBS network. This would particularly occur where funding has been used to redirect services off a main road to serve a particular community. It is anticipated that during the consultation process and into the serving of contract termination that some operators will come forward with service proposals. These proposals are anticipated to pick up those elements of journeys/services which see the maximum use and which could be potentially commercial. We do not expect that the contracts, as they are tendered in their current form will be taken up commercially on any major scale, any mitigation is expected to be journeys/part journeys. Operators may also put forward proposals which would see a KCC contract not affected by this proposal taken commercial, in return for a contract to be withdrawn to be retained by KCC. From experience in the UK, where local authorities have been forced to reduce support to SNBS counties such as Lancashire and Oxfordshire, have seen operators come forward with proposals to offset some of the lost links. This was often specific journeys, serving communities a different way or combining services.
- 2.20 However even accounting for any operator proposals/community transport it is still anticipated that there will be a significant impact for those presently using those SNBS that could be withdrawn.

3. Financial Implications

- 3.1 From April 2018, the budget for socially necessary bus budget will reduce by £2m. And will further reduce by £2m from April 2019.

4. Legal implications

- 4.1 The Transport Act 1985 requires that Local Transport Authorities are required to consider the support of socially necessary bus services. However, expenditure in this area is a discretionary activity with LTA's being under no obligation to provide subsidy for this purpose.
- 4.2 A failure to manage the process of change robustly in terms of demonstrating a consideration of the implications carries a possible risk of decisions being subject to judicial review.
- 4.3 Public Transport Team, based on previous consultation experience is satisfied that the proposed consultation and related EqIA processes, developed with KCC Equalities Team ensure that the authority is not exposed in this respect.

5. Equalities implications

- 5.1 An EqIA has been developed for the overall package, based on guidance provided by the Equalities Team.
- 5.2 The EqIA process has identified that there is a greater impact on the elderly, disabled persons and disabled carers who are all identified groups within EqIA legislation.

6. Other corporate implications

None.

7. Timetable

- 7.1 The proposed timetable for the consultation process is;
- Agree contracts proposed for withdrawal to be included in the consultation – 1 December 2017
 - Consultation Go Live – 17 January 2018
 - Budget approval – February 2018
 - Consultation Ends – 27 March 2018
 - Consultation review and proposal amendments as appropriate - April 2018
 - Recommendation to Environment & Transport Cabinet Committee – 25 May 2018
 - Contract notice to bus operators – 1 June 2018
 - Contract Withdrawals – September 2018
- 7.2 The consultation response will be included in the report to this Cabinet Committee in May.

8. Conclusions

- 8.1 There is a proposed MTFP saving to reduce the budget for SNBS by £4m over the period 2018/19 and 2019/20. The delivery is split evenly over a two year period. However to enable the 2018/19 element to be delivered and accounting for the necessary consultation and decision-making processes, it requires the package to be delivered as one £4m budget reduction from September 2018.
- 8.2 To deliver this budget reduction, it is proposed that the contracts to be withdrawn are identified using the current criteria for funding SNBS.
- 8.3 It is proposed that public consultation be undertaken on both the criteria to be used for the delivery of the MTFP saving and the impact in respect of the contracts to be withdrawn.

9. Recommendation(s):

9.1 Recommendation: The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Planning, Highways, Transport and Waste on the proposals to use the current SNBS funding criteria to assess the future delivery of services and the timetable to go out to public consultation starting on 17 January 2018 on the proposed withdrawal of services.

10. Background Documents

- Appendix A – Criteria for funding socially necessary bus services
- Appendix B - Table of affected services

11. Contact details

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