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**Meeting:** Executive  
**Date:** 15 September, 2009  
**Subject:** Supported Local Bus Services – Budget Pressure 2009/10  
**Report of:** Cllr David McVicar, Portfolio Holder for Safer and Stronger Communities  
**Summary:** The report explains why various local bus services are supported by the Council and outlines a strategy to avoid over spending in the current financial year.

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Advising Officer Gary Alderson, Director of Sustainable Communities  
Contact Officer: Basil Jackson, Assistant Director Highways and Transport  
Public/Exempt: Public  
Wards Affected: All  
Function of: Council  
Key Decision: Yes  
Reason for urgency (if appropriate) N/A

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#### **RECOMMENDATIONS:**

**It is recommended that Executive agree to:**

- 1. withdraw support from a selected number of poorer performing services in order to bring spending in line with budget, and carry forward any remaining overspend into 2010/11 up to a maximum of £60,000; and**
- 2 cut the above services with effect from 1<sup>st</sup> December 2009.**

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#### **Background**

1. The key public transport policy document for Central Bedfordshire Council is the Bedfordshire Local Transport Plan 2006/7 – 2010/11 (LTP2) and its daughter document, the Bedfordshire Bus Strategy. LTP2 states that the Council supplements the commercially provided public transport network by:
  - subsidising services on evenings and at weekends on existing routes;
  - subsidising services on special routes, in particular school transport;

- supporting other community bus schemes; and
- establishing completely new service networks, such as the *DART* demand-responsive services.

LTP2 also states that the public and local stakeholders identified local bus services (and public transport in general) as one of the key issues for Bedfordshire.

2. The vision statement of the Bedfordshire Bus Strategy is:

**By 2011 to have in place a first-class public transport service, as outlined in the Strategy, which offers a realistic and attractive alternative to private transport and enables people to access the main facilities and services that they require on a day-to-day basis.**

The Strategy sets key priorities, which are to:

- establish a network hierarchy, providing a framework within which services can be developed and resources channelled to those services which give greatest benefit;
- take a consistent and realistic approach to the development and support of the network;
- maintain the highest proportion of commercial provision as possible, recognising operators' aspirations and objectives;
- take an integrated approach to the network as a whole, co-ordinating service development to maximise its potential and achieve efficiency and effectiveness; and
- take a comprehensive approach to service development, taking account of all measures that contribute to high quality and attractive provision.

3. A number of service types typically require financial support because they are generally not self-supporting. These are:

- Evening services;
- Sunday services;
- Town services in smaller market towns;
- Certain types of interurban service;
- Weekday links between rural settlements and nearby market towns or regional centres for the purposes of getting to work or to the shops; and
- Less frequent rural services catering mainly for shoppers.

Although it is Government policy to promote public passenger transport, and "Kickstart" funding is available for certain high-profile schemes, the responsibility for maintaining a viable public transport network at a time when commercial bus revenues continue to fall remains with the Local Transport Authority.

## Local Context

4. Central Bedfordshire Council has a portfolio of some 81 contracts for the provision of local bus services. The supported services are very diverse and range from rural shopper buses which operate once a week and cost less than £3,000 per annum to area-wide networks costing in excess of £¼ million. There are relatively few supported evening services (most of these were cut several years ago).
5. The supported public transport network shows signs of having been hastily assembled (albeit for very good reasons) rather than the integrated approach to network planning that the Bus Strategy envisions.
6. Bedfordshire County Council practice was, broadly, to mitigate the effects of commercial service withdrawals by catering for unmet travel demand, thereby minimising the impact upon existing bus users. Because recent years have seen de-registration of commercial services on a large scale, Bedfordshire's budget for supported services was continually under pressure. The most recent round of cuts in the supported local bus network took place in June 2008.
7. In preparation for Local Government Reorganisation (LGR), supported bus services that cross the boundary between Central Bedfordshire and Bedford Borough were split according to route mileage operated, and each shadow authority agreed to pay a proportionate share of the costs. These mutual contributions are factored into the total predicted expenditure.

## Current Issue

8. Table 1 shows the budget for tendered local bus services in Central Bedfordshire for 2009/10 and the estimated outturn expenditure.

Route Support Budget 2009/10	£1,292,010
Rural Bus Grant 2009/10	£547,600
<b>TOTAL FUNDING AVAILABLE</b>	<b>£1,839,610</b>
2009/10 Full Year Cost at April 2009 prices	£1,903,000
Est. Contract Price Increases during 2009/10 (based on notional 2% increase)	£44,000
<b>EST. TOTAL EXPENDITURE</b>	<b>£1,947,000</b>
<b>ESTIMATED OVERSPEND</b>	<b>£107,390</b>

9. The severity of the overspend will depend on the size of the inflationary increases that have to be awarded. Cost inflation in the bus industry is currently running at about 1% (using Office of National Statistics data, including the Retail Price Index), so it is possible that the Council may not be liable for as much as the estimated £44k in practice. Nevertheless, an end of year overspend in the order of £100k is probable.

10. This situation has arisen partly from the different ways in which local bus contracts, and the corresponding budgets, were divided up at LGR. In addition to this, the former County Council stopped short of making a full set of cuts required to bring spend within budget. The last estimated split of contract commitments calculated before LGR showed a 35.6% / 64.4% split of contract costs between Bedford Borough and Central Bedfordshire respectively. The County Council entered into a higher level of contract commitments in the Central Bedfordshire area, reflecting the geographical makeup of the area. Central Bedfordshire is comprised of several small towns requiring financial support for most of their local bus network, whereas the urban bus service network in Bedford town is wholly commercial.
11. Despite some savings which fed into the total contract commitment at the end of 2008/9 (through the re-tendering of the Dunstable Town Services), there is still a variance between the latest estimated full year contract commitment for the Central Bedfordshire area (£1,903,000) and the budget allocated to Central Bedfordshire (£1,839,610), a shortfall of some 3.3% or £63,390 before inflation.
12. If Central Bedfordshire's foreseeable ongoing contract commitments had more accurately been reflected when the budget was divided at LGR, then it is possible that an overspend situation would not have arisen in 2009/10.

## **The Challenges**

13. Central Bedfordshire will in due course establish a rural transport policy and an urban transport policy, recognising that the two are not the same and may, in fact, have different objectives. Rural public transport users demand services to a wide range of destinations that mirror the seemingly unlimited choice of venue available to car owners. Urban public transport users demand frequent and cheap local services that cater for journeys to and from work or college (including evenings), as well as links to local shops and connections with the wider bus and rail network. No doubt rural residents have the same sort of aspirations for their own bus services, but smaller passenger numbers (and a different age profile), coupled with much higher car ownership, militate against rural bus provision on the same scale as urban bus provision.
14. Rural transport policy might envisage a greater role for community transport, especially now that the Transport Act 2008 allows the paying of drivers and permits the use of larger vehicles by community bus operators. Urban transport policy might see the Council use its powers to establish Quality Bus Partnerships, whereby improvements in transport infrastructure (bus lanes, bus priority measures, improved stops, shelters and real time information) are rewarded by giving the Council a greater say in determining service frequencies, times of operation and management of fares on urban bus corridors.
15. LTP2 identifies combating traffic congestion and achieving a shift to more sustainable transport modes as a key priority. It also prioritises improving accessibility and the integration of transport and land use planning. Central Bedfordshire needs to determine the level of its support for these prime objectives, which will then feed through into the process of formulating urban and rural transport policies.

16. Recognising that transport policy formulation is necessarily a lengthy process, involving many stages of public and stakeholder consultation, Central Bedfordshire needs to address (as a separate exercise) the challenge of tailoring local bus service commitments to available budget in the short-term. Table 2 shows some of the available options.

Option	Proposal	Full Year Saving	Impact/Risks
<b>A</b>	Status Quo	Nil	Overspend of £100K-£140K
<b>B</b>	Withdrawal of all supported Sunday services	£109,000	Inhibits access to places of worship, Sunday trading. May affect ability to get to work in some cases.
<b>C</b>	Withdrawal of all supported evening services	£124,000	Impacts on ability of workers/students to get home after late finish. Affects commuters arriving on later trains. May affect demand for corresponding AM bus journeys.
<b>D</b>	Withdrawal of poor performing services, based on objective weighted criteria	Up to £200,000 depending on criteria used	May result in disproportionate amount of cuts in certain areas.

17. Service cuts of this nature will inevitably be contentious, so it is important that the methodology adopted by Executive is consistent and transparent. Appendix A gives details of the criteria used for ranking bus service contracts and Appendix B lists all Central Bedfordshire supported local bus services, containing information that will inform Members' decisions in this process.
18. Executive should be aware that the Sustainable Communities Overview and Scrutiny Committee (SCOSC) considered the above proposals on 1 September 2009 and commented as follows:
- a) The only feasible option detailed in the report was option D, "withdrawal of poor performing services, based on objective weighted criteria". It was considered that officers could not withdraw all supported Sunday services or all supported evening services as some may provide greater value for money than others. The implementation of option D would however require the further development of more detailed and objective criteria on which the assessment of poor performance could be based.
  - b) that the Executive be recommended to request a review of all supported bus services to ascertain any alternative, more cost-effective, means of delivering the services already provided by Central Bedfordshire Council prior to cutting any supported bus services.

19. In relation to the second point raised by SCOSC, Executive should be aware that the time required to conduct a full scale review of the network, ahead of making cuts, would make it impossible to achieve savings during this financial year. Notwithstanding, officers have already embarked on a thorough analysis of existing service provision with a view to identifying further efficiencies and opportunities for meeting local transport needs. The results of this work are not expected until Summer 2010. The indicative full year savings shown in Table 2 are only partially achievable in 2009/10, since the potential to make savings reduces by one twelfth every month. Given that there is a contractual notice period of two months notice would have to be given to operators on or before 31<sup>st</sup> September to cancel services from 1<sup>st</sup> December, which would achieve a maximum saving of only 33% of the potential full year savings.
20. To attempt to stem the overspend in its entirety within the current financial year would involve cutting far more services than is strictly necessary and risks damaging Central Bedfordshire's public transport network beyond repair. The recommended strategy is to make initial cuts on 1<sup>st</sup> December and to carry forward a reduced overspend (up to a maximum of £60,000) to 2010/11, when spending would be reviewed again and necessary measures taken to reduce commitments to budget levels.
21. Central Bedfordshire Council will need to examine the impact of the resulting service cuts in order to determine what, if any, mitigating measures may be possible. This might involve the use of the voluntary sector and innovative local solutions (e.g. sponsorship and/or partnerships with commercial organisations). In order to implement any such solutions, the Authority might need to commit low level funding. Members might wish to consider allowing the portfolio holder (in consultation with the Director of Sustainable Communities) to use his judgement to ensure that any such measures are appropriate and remain within overall budget levels.

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The recommendations contribute to maintaining a balanced budget, as the Council is legally required to do.

### **Financial:**

The financial implications are as described in the body of the report. Failure to act to cut services will lead to an overspend of at least £100,000 by the end of 2009/10.

### **Legal:**

Any decision to withdraw financial support from local bus services may be challenged on the grounds that the Council is acting contrary to its published policies. However, alternative means of meeting people's needs will be sought in affected areas.

**Risk Management:**

There is a risk that cutting supported services may cause hardship for existing users who are no longer able to get to/from work, shops, places of worship or to access essential services. This risk can be reduced by publicising alternative transport services effectively and seeking innovative transport solutions.

**Staffing (including Trades Unions):**

There are no staffing implications for Central Bedfordshire Council, although some bus operators may have to reduce staff in the event of service cuts.

**Equalities/Human Rights:**

Withdrawal of local bus services is likely to impact disproportionately on women, the elderly and ethnic minorities.

**Community Development/Safety:****Sustainability:**

Withdrawal of some local bus services may increase car use and congestion

**Appendices:**

Appendix A – Criteria for identifying poor performing services

Appendix B – Table of all supported local bus services

**Background Papers (open to public inspection):**

None