

DERBYSHIRE COUNTY COUNCIL

CABINET

5 April 2018

Report of the Strategic Director – Economy, Transport and Environment

**DEVELOPMENT OF CONTRACTED LOCAL BUS SERVICES IN
DERBYSHIRE – PROPOSED AREA REVIEW PROCESS
(HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)**

(1) **Purpose of Report** To seek Cabinet approval for a process to develop a sustainable future for the County Council's contracted local bus network, including changes to be introduced from 27 May 2018, a review of all other local bus contracts by October 2019, and the reallocation of Public Transport Revenue budgets for 2018-19 to facilitate this process.

(2) **Information and Analysis**

Background

Around 83% of local bus journeys in Derbyshire are provided by bus operators on a commercial basis, without any subsidy from the County Council. The previous report on the agenda for this meeting of Cabinet outlined how the proposed Bus Partnership Plan will put more emphasis on the role of the commercial sector. The County Council, however, will continue to have an important role in supplementing this commercial network by subsidising local bus services for less populated areas of the County and at times and days where services are not commercially viable. Of the 26.10m bus journeys made in Derbyshire in 2016-17, 4.40m were made on Derbyshire County Council supported services.

The County Council spends approximately £3.80m on supported local bus services in Derbyshire. This financial support currently requires a commitment from the General Reserve, following previous Cabinet approvals for £4.75m support spread over the period 2016-18. The Five Year Financial Plan restores funding to the base budget for supported local bus from 2018-19, with a budget of £2.80m allocated in 2018-19.

This restoration of funding and the budget now allocated provides a significant opportunity to remove any uncertainty over the future provision of local bus services. This will be achieved through transport solutions that are well used and maintain good levels of accessibility for communities, whilst also being financially sustainable. Following many years of uncertainty, this will help give

stability for both contracted and commercially provided bus services and ensure the long term future of services to benefit passengers, local bus operators and the County Council.

County Council funding for supported local bus services has already reduced by around 44% (£2.99m) since 2009 and the budget allocation from 2018-19 requires further reductions of approximately £1.00m. Despite previous funding reductions, in more recent years uncertainty over future funding has meant that the supported network has not been adjusted to any significant extent to reflect changing patterns of use. As a consequence, the County Council is in the position of supporting some local bus services that are poorly used and some services that have commercial viability. There is also the potential to realise significant efficiency savings in other contracted services through combining and re-specifying provision. Officers consider that addressing these issues will enable the County Council to bring expenditure into alignment with the available budget, whilst maintaining existing levels of accessibility for the vast majority of current service users and providing new opportunities to meet emerging travel demands. This approach was first approved by Cabinet in November 2016, following the rejection of previous proposals to cease all funding for contracted local bus services (Report to Cabinet dated 22 November 2016 minute No. 368/16 refers). It is also consistent with the strategy for contracted local bus services contained in previous report on the agenda for this meeting.

Proposed changes from 27 May 2018

Analysis of the performance of the 117 current local bus service contracts has identified 26 contracts where it is recommended that contracts should not be renewed with effect from 27 May 2018. Details of the 26 contracts are contained in Appendices 1 and 2. Nearly all of these contracts involve enhancements to bus services, such as funding for early morning, evening, or Sunday and Bank Holiday Monday journeys. Consequently, only a small proportion of journeys for the services involved would be affected by these proposals.

It is recommended that 13 contracts should not be renewed as it is anticipated that these journeys will be replaced with commercial alternatives. The contracts identified for commercialisation by bus operators are contained in Appendix 1. For some of the local bus services provided through these contracts, commercialisation will not result in any actual changes to existing timetables, whilst for others the bus operator may need to revise the current timetable to enable commercial viability to be reached (for example, by providing a commercial service running every two hours to replace a contracted service every hour). For all of the contracts identified in Appendix 1, however, it is understood that service users would continue to have journey opportunities available to them on commercially provided journeys, if the existing subsidised journeys are not continued.

It is also proposed that a further 13 contracts shown in Appendix 2 should not be renewed as they represent very poor value for money. These are all contracts that have a high subsidy cost, ranging from £4.00 to £12.71 for each passenger journey made. Given their operating costs and low levels of passenger use, it is not anticipated that any of the current services would be directly replaced with commercial journeys so the proposals would therefore most likely result in the loss of all of the journeys currently provided. All of the areas served by these contracts would, however, continue to receive local bus service provision and the alternatives available to service users in the areas impacted are identified in the notes column of Appendix 2. The alternatives available range from either other local bus services covering similar operating hours as the contract, earlier or later journeys on the same service as the contract, or (for Sunday and Bank Holiday Monday contracts) provision on other days of the week.

Seven of the contracts identified in Appendix 2 operate on Sundays and Bank Holiday Mondays, three contracts operate during evenings, with one early morning journey. For all of the services covered by these contracts, as a minimum, a core Monday to Saturday daytime service would remain unchanged, ensuring other journey opportunities continued to be available, albeit at other times to the journeys provided by these contracts. A further two contracts are for services which offer one return trip every fortnight and whilst both of these services are likely to cease operating entirely if these contracts are not renewed, all of the areas served would continue to have other, more frequent, bus services available to use.

An extensive public consultation exercise has already been undertaken for all of the 26 contracts identified in Appendices 1 and 2, as part of previous proposals to withdraw funding for all subsidised local bus services. The consultation aimed to target those who would be most directly affected if contracts were withdrawn and took place over an 8 week period ending on 24 April 2016. It should be noted that there has been no changes to any of the 26 contracts since this consultation, and that the consultation exercise did not identify any specific issues of concern in relation to these 26 services. Officers are not aware of any other significant developments affecting this position.

Area Review Process

Although 91 of the current local bus service contracts are recommended for continuation, officers consider that there is considerable scope to realise cost savings from these contracts if they were reviewed on an area by area basis.

The contracted bus network in Derbyshire has evolved over many years in response to additional public need, or changes to commercial bus service provision. Whilst contracts have periodically been reviewed, this has largely been done at an individual contract level. By looking at all contracted services provided in each area holistically, opportunities to integrate or rationalise the

resources needed to provide services can be identified. Cost savings may also be identified from reducing journeys at times, or days of the week, where there is very low passenger use. Although 25 local bus service contracts already incorporate mainstream Home to School transport provision on behalf of Children's Services, reviewing all contracts in an area at the same time is also likely to identify further opportunities to integrate mainstream Home to School transport within other local bus service contracts. Opportunities may also be identified to package some local bus service requirements requiring smaller vehicles (typically rural services) with specialist transport requirements, such as provision for those who have special educational needs (SEN transport) on behalf of Children's Services and transport to day centres on behalf of Adult Care.

It is therefore proposed to re-procure the retained 91 local bus contracts on an area by area basis. The primary objective would be to realise required cost savings which would bring ongoing contracted local bus service expenditure into alignment with available budgets, whilst developing a sustainable local bus service network by retaining the vast majority of the existing journey opportunities that currently exist. For some areas and on some routes, opportunities may exist to enhance existing provision within the available funding, through reconfiguring services to make more efficient use of the available resources. Due to the volume of contracts involved, it is proposed that the area reviews are phased over three rounds, with revised contracts commencing October 2018, March 2019 and October 2019.

Considerable expertise exists within bus operators to find innovative and cost effective solutions to meet transport needs. Moreover, bus operators are also able to design integrated solutions with their own commercial services. An existing local bus service contract, operating as standalone transport solution could, for example, be replaced by either a contracted extension to an operator's commercial bus service, or by a bookable flexible "feeder bus", connecting with an operator's commercial bus services at agreed interchange points for travel to onward destinations. By reducing the amount of resource required to provide solutions, savings can be generated from contract costs whilst maintaining, or improving, provision to services users.

Rather than the existing method of a prescriptive timetable specification that bus operators are invited to submit tender prices for the cost to supply, it is proposed that the area review process will instead invite bus operators through the tender process to design and submit solutions that best meet the identified transport needs. Operators will be advised of a maximum budget available, but would be able to submit a lower cost solution if they wished to do so. Operators would also be able to identify opportunities to further integrate local bus service transport requirements with other Council bought-in transport services, if this realised further financial savings through efficiencies.

It is considered that this approach would be the most expedient and effective method of bringing expenditure on contracted local bus services into alignment with the available budget, whilst maintaining comparable standards of service provision. Once preferred solutions have been identified, local consultation would take place prior to any decisions on implementation, if the preferred solution involved a significantly different level of service provision compared with existing services.

(3) **Financial Considerations** The proposed actions would bring future expenditure on supported local bus services into alignment with available budgets through not renewing 26 local bus contracts from 27 May 2018 (saving £435,327 per annum) and through subsequently reviewing all other supported local bus services (currently 91 contracts), saving a further £565,000 per annum.

As the proposed timetable for implementation of the area reviews is slightly later than that originally envisaged, when the Public Transport Revenue budgets for 2018-19 were approved, permission is sought to reassign £0.40m allocated to the Public Transport Growth and Improvement Fund in 2018-19 to Local Bus Revenue Support, to offset the additional cost of maintaining existing local bus contracts over a longer period. Whilst the Growth and Improvement Fund remains vital if the County Council is to facilitate an increase in, and growth of, commercially provided local bus services, reducing the ongoing requirement for County Council subsidised services, there are no existing commitments for this fund for 2018-19. The development of projects under this fund can therefore be deferred for implementation from 2019-20 onwards.

(4) **Legal Considerations** Section 63(1) of the Transport Act 1985 places a duty on the Authority 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 its view, be met apart from any action taken by it for that purpose.

Under Section 63(8) of the Act, the Council also has a duty to have regard to the transport needs of members of the public who are elderly or disabled when exercising the Section 63(1) duty referred to above.

(5) **Social Value Considerations** County Council funding for local bus services helps to support local businesses and provide employment opportunities for Derbyshire residents.

The provision of contracted local bus services are important to maintaining access to many essential services, including employment, education, health, leisure and shopping, as well as supporting the local economy.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health and property and transport considerations.

(6) **Key Decision** No.

(7) **Call-in** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Held on file in the Public Transport Unit of the Economy, Transport and Environment Department. Officer contact details - Anthony Crompton, extension 36733.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet approves:

- 9.1 The proposed steps towards the development of a more sustainable and stable network of supported bus services, including proposals not to renew 26 local bus contracts listed in Appendices 1 and 2 of this report from 27 May 2018.
- 9.2 The proposed area review process for all other local bus contracts implemented in three stages, with revised contracts commencing October 2018, March 2019 and October 2019.
- 9.3 The reassignment of £0.40m of allocated public transport budget in 2018-19 from the Public Transport Growth and Improvement Fund to Local Bus Revenue Support, to meet the additional cost of maintaining existing local bus contracts, whilst the above measures are implemented.

Mike Ashworth
Strategic Director – Economy, Transport and Environment

Appendix 1

Proposed Local Bus Service Contract Withdrawals From 27 May 2018 – Commercialisation of Provision

Service Number and Operator	Route Description and Frequency	Extent of Existing Commercial Provision	Contract Number and Contract Detail	Passengers Per Annum on Contract	Contract Cost Per Annum	Contract Subsidy cost per passenger journey made	Notes
“rainbow one” Trent Barton	Alfreton – Somercotes – Eastwood – Nottingham Every 30 minutes Monday to Saturday daytimes, every hour evenings and Sunday and Bank Holiday Mondays	“rainbow one” is a commercially provided bus service Monday to Saturday daytime, with only part of the route (between Alfreton and Eastwood) contracted during evenings, Sundays and Bank Holiday Mondays	00301/001 Monday to Saturday evening journeys between Alfreton and Eastwood from 2015 hrs (Alfreton) and from 1945 hrs (Eastwood) onwards	16,086	£28,894 50% contribution from Nottinghamshire County Council	£1.79	Full Commercialisation of Service
“rainbow one” Trent Barton	As above	As above	00302/001 All Sunday and Bank Holiday Monday journeys between Alfreton and Eastwood	72,478	£16,843 50% contribution from Nottinghamshire County Council	£0.23	Full Commercialisation of Service

Service 6.1 Trent Barton	Bakewell – Matlock – Derby Every hour, Monday to Sunday	The 0630 hrs Monday to Friday journey between Bakewell and Matlock is the only contracted part of an otherwise fully commercially provided bus service	20190/6.1 0630 hrs journey from Bakewell (between Bakewell and Matlock only) Monday to Friday	8,067	£6,700	£0.83	Full Commercialisation of Service
Service 6.3 Trent Barton	Derby – Belper – Heage – Ripley Every hour, Monday to Sunday	The route between Heage and Ripley is contracted during Sundays and Bank Holiday Mondays The remainder of Service 6.3 is a commercially provided bus service	20116/6.3 All Sunday journeys between Heage and Ripley only	27,500	£3,514	£0.13	Full Commercialisation of Service
Service 7.1 Trent Barton	Belper – Holbrook – Derby	Service 7.1 is a commercially provided bus service except	20141/7.1 1830 hrs journey from Belper and 1910	12,295	£7,933	£0.64	Full Commercialisation of Service

	Every hour, Monday to Saturday	for the last journey in both directions	hrs journey from Derby Monday to Saturday				
“my 15” Trent Barton	Ilkeston – Sawley Every 15 minutes Monday to Saturday daytimes, every hour evenings and Sunday and Bank Holiday Mondays	“my 15” is a fully commercially provided bus service Monday to Saturday, with Sunday and Bank Holiday Monday journeys contracted	20026/015 All Sunday and Bank Holiday Monday journeys	37,373	£5,376	£0.14	Full Commercialisation of Service
Service 39 Stagecoach in Chesterfield	Grangewood - Chesterfield - Holme Hall Every 12 minutes Monday to Friday daytime, every 15 minutes Saturday daytime, every 30 minutes Monday to Saturday evenings and Sunday and	Service 39 is a commercially provided bus service with the exception of alternate journeys on Monday to Saturday evenings and all day on Sundays and Bank Holiday Mondays	20203/039 Alternate journeys from 1915 hrs onwards Monday to Saturday and all day Sundays and Bank Holiday Mondays	56,969	£24,098	£0.42	Full Commercialisation of Service

	Bank Holiday Monday daytime, every hour Sunday and Bank Holiday Monday evenings						
Service 61 High Peak Buses	Glossop - New Mills – Buxton Every hour, Monday to Sunday	Service 61 is a contracted service on two journeys Monday to Friday, five journeys on Saturdays and all journeys on Sundays and Bank Holiday Mondays All other journeys are commercially provided	20162/061 Monday to Friday – 1300 hrs journey from Buxton and 1400 hrs journey from Glossop Saturdays - 1300 hrs, 1500 hrs, 1720 hrs journeys from Buxton and 1400 hrs, 1600 hrs journeys from Glossop on Saturdays	16,286	£17,376	£1.06	Full Commercialisation of Service
Service 61 High Peak Buses	As above	As above	00376/061 All Sunday and Bank Holiday Monday journeys	14,536	£26,701	£1.83	Full Commercialisation of Service

Service 170 Hulleys	Bakewell - Chatsworth House – Chesterfield Every hour, Monday to Sunday	Service 170 is a commercially provided service except for the Sunday and Bank Holiday Monday service	00298/170 All Sunday and Bank Holiday Monday journeys	10,360	£17,484	£1.68	Full Commercialisation of Service
Service 199 High Peak Buses	Buxton - Stockport - Manchester Airport Every 30 minutes Monday to Sunday daytimes, every hour evenings and Sunday and Bank Holiday Mondays	Service 199 is a commercially provided service except for the Sunday and Bank Holiday Monday service between Buxton and New Mills/Newtown	20187/199 All Sunday and Bank Holiday Monday journeys between Buxton and New Mills/Newtown	47,169	£7,353	£0.15	Full Commercialisation of Service
“swift” Trent Barton	Derby - Brailsford - Ashbourne – Mayfield Every hour, Monday to Saturday, every two hours Sunday	“swift” is a commercially provided bus service Monday to Sunday daytime (except for 0608 hrs journey) and	00295/SWI All journeys from 1930 hrs (Derby) and 1822 hrs (Mayfield) onwards Monday to Wednesday	7,613	£15,429	£2.02	Full Commercialisation of Service

	and Bank Holiday Monday evenings	Thursday to Saturday evenings, with the evening service contracted Monday to Wednesdays					
"Transpeak" High Peak Buses	Manchester - Buxton - Bakewell - Matlock – Derby Every hour, Monday to Sunday	"Transpeak" is a commercially provided bus service with the exception of the Sunday and Bank Holiday Monday service and the last journey in each direction	20002/OTP All Sunday and Bank Holiday Monday journeys except 2015 hrs journey from Buxton and 2150 hrs journey from Derby	36,257	£16,709	£0.46	Full Commercialisation of Service

Appendix 2
Proposed Local Bus Service Contract Withdrawals From 27 May 2018 – High Subsidy Cost Per Passenger Journey

Service Number and Operator	Route Description and Frequency	Extent of Existing Commercial Provision	Contract Number and Contract Detail	Passengers Per Annum on Contract	Contract Cost Per Annum	Contract Subsidy cost per passenger journey made	Notes
Service 15A/16A Stagecoach in Chesterfield	Chesterfield – Barlow – Apperknowle – Marsh Lane – Crystal Peaks Four return journeys (15A), two return journeys (16A) on Sundays and Bank Holiday Mondays only	Fully contracted service	00300/15A All Sunday and Bank Holiday Monday journeys	3,314	£13,267	£4.00	Loss of Sunday and Bank Holiday Monday service Subsidy maintained for alternative Monday to Saturday bus services (Services 15,16,16A and 252), which are provided through other contracts
Service 55A TM Travel	Chesterfield – Wingerworth – Alferton Every hour, Monday to Saturday evenings and Sunday and Bank Holiday Monday	Fully contracted service	00352/55A All evening journeys from 1830 hrs (Alfreton) and 1835 hrs (Chesterfield) onwards Monday to Saturday	17,327	£76,946	£4.44	Loss of evening bus service. Subsidy maintained for Sunday and Bank Holiday Monday daytime service, which is provided through a separate contract

	daytime						Commercially provided Service 55 operating every hour Monday to Saturday daytime also maintained
Service 63A G&J Holmes	Matlock – Kelstedge - Clay Cross Every hour between Chesterfield, Clay Cross and Kelstedge and every two hours between Kelstedge and Matlock Monday to Saturday	Fully contracted service	20208/63A One journey - 1750 hrs journey from Matlock Monday to Saturday	959	£7,444	£7.76	Loss of one journey (1750 hrs); last departure from Matlock becomes 1545 hrs Subsidy maintained for all other 63/63A journeys which are provided through a separate contract
Service 66/66A Hulleys	Chesterfield – Baslow - Tideswell – Buxton Five return journeys Monday to Saturday and four return journeys Sundays and Bank Holiday	Service 66/66A is a commercially provided service except for the Sunday and Bank Holiday Monday service	00371/066 All Sunday and Bank Holiday Monday journeys	2,720	£18,920	£6.95	Loss of Sunday and Bank Holiday Monday service Commercially provided Monday to Saturday service maintained Alternative Sunday and Bank Holiday Monday

	Mondays						bus services available for some journeys through Services 65 and 170
Service 110 Yourbus	Matlock - Kniveton – Ashbourne Every two hours Monday to Sunday	Fully contracted service	00306/110 All Sunday and Bank Holiday Monday journeys	3,340	£14,121	£4.22	Loss of Sunday and Bank Holiday Monday service Subsidy maintained for Monday to Saturday service, which is provided through a separate contract Alternative Sunday and Bank Holiday Monday bus services available for some journeys through Service 6.1
Service 140 TM Travel	Matlock - Crich – Alfreton Every two hours Monday to Sunday	Fully contracted service	00364/140 All Sunday and Bank Holiday Monday journeys	2,812	£13,944	£4.95	Loss of Sunday and Bank Holiday Monday service Subsidy maintained for Monday to Saturday service, which is provided through a

							separate contract Alternative Sunday and Bank Holiday Monday bus services available for some journeys through Service 6.1
Service 173 Hulleys	Castleton – Bakewell Every two hours Monday to Sunday	Fully contracted service	00332/173 All Sunday and Bank Holiday Monday journeys	3,371	£16,581	£4.91	Loss of Sunday and Bank Holiday Monday service Subsidy maintained for Monday to Saturday service, which is provided through a separate contract
Service 212 G&J Holmes	Bonsall - Crich – Derby One return journey alternate Thursdays	Fully contracted service	97027/212 0905 hrs from Bonsall and 1345 hrs from Derby on alternate Thursdays	710	£5,638	£7.94	Alternative bus services available for all areas through Services 110, 111, 140, 141, 142, 144 and 216
Service 217 TM Travel	Matlock – Rowsley – Chatsworth Every two hours Monday	Fully contracted service	00363/217 All Sunday and Bank Holiday Monday journeys	2,223	£12,186	£5.48	Loss of Sunday and Bank Holiday Monday service Subsidy maintained for

	to Sunday						<p>Monday to Saturday service, which is provided through a separate contract</p> <p>Alternative Sunday and Bank Holiday Monday bus services available for some journeys through Service 6.1 and "Transpeak"</p>
Service 442 High Peak Buses	<p>Ashbourne - Hartington - Buxton - Fairfield Estate</p> <p>Every two hours Monday to Sunday (Fairfield Estate Sundays and Bank Holiday Mondays only)</p>	Fully contracted service	<p>00379/442</p> <p>All Sunday and Bank Holiday Monday journeys</p>	7,165	£30,106	£4.20	<p>Loss of Sunday and Bank Holiday Monday service</p> <p>Subsidy maintained for Monday to Saturday service, which is provided through a separate contract</p> <p>Commercially provided Monday to Saturday service maintained for Fairfield Estate and Harpur Hill through services</p>

							185 and 186
Service 449 Warringtons Coaches	Ilam – Bakewell One return journey on alternate Mondays	Fully contracted service	20059/449 0915 hrs from Ilam and 1335 hrs from Bakewell on alternate Mondays	241	£3,064	£12.71	Alternative bus services available for all areas through the Derbyshire Connect Ashbourne DRT Service and Services 177, 178, 441 and 442
“swift” Yourbus	Derby - Brailsford - Ashbourne – Mayfield Every hour, Monday to Saturday, every two hours Sunday and Bank Holiday Monday evenings	“swift” is a commercially provided bus service Monday to Sunday daytime (except for 0608 hrs journey from Derby) and Thursday to Saturday evenings, with the evening service contracted on Mondays to Wednesdays	00294/SWI 0608 hrs journey from Derby Monday to Saturday	500	£4,766	£9.53	First journey from Derby becomes 0745 hrs. Commercially provided “swift” journeys maintained
“Transpeak” High Peak Buses	Manchester - Buxton - Bakewell - Matlock –	“Transpeak” is a commercially provided bus service with	00380/OTP 1905 hrs journey from	10,307	£46,802	£4.54	Loss of last journey in both directions; last departure from

	Derby Every hour, Monday to Sunday	the exception of the Sunday and Bank Holiday Monday service and the last journey in each direction on all days	Manchester and 2150 hrs journey from Derby Monday to Sunday				Manchester becomes 1610 hrs and from Derby 1750 hrs (1950 hrs as far as Matlock) Commercially provided "Transpeak" journeys maintained
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