

Report to: Transport Committee

Date: 7 July 2023

Subject: **East Leeds Flexibus Trial Review**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this Report

- 1.1 To update the Transport Committee following a recent internal review of the trial Demand Responsive Transport Service (DRT) in East Leeds.
- 1.2 To advise the Transport Committee of the proposed early termination of the trial East Leeds Flexibus service in accordance with the terms of the trial.

2. Information

- 2.1 DRT offers flexible and agile bus services based on demand rather than traditional fixed routes and scheduled bus services. They provide an easy-to-use service that is adaptable and flexible to customer needs.
- 2.2 The FlexiBus East Leeds scheme is a trial of a digitally enabled DRT service in East Leeds aiming to introduce an agile and dynamic public transport service accessed through a smart phone app.
- 2.3 The aim of the pilot was to provide a new bus service model that would improve people's access to jobs and opportunities, provide connection to rail and Park and Ride services and contribute to reducing air pollution and carbon emissions through reducing car use across the zone.
- 2.4 In May 2020, a contract to operate the scheme was awarded to First West Yorkshire at a total cost of £1,499,265.00 over three years. Revenue funding for the service came from various sources including Better Bus Fund and

developer funding. Seven electric Orion E accessible minibuses were purchased by the CA at a cost of £1,543,432, using Leeds Public Transport Investment Programme (LPTIP) and Local Transport Fund capital funding, and loaned to First WY for the operation of the service as part of the contract.

- 2.5 The trial of this scheme is for an initial period of three years subject to a break clause after 18 months at the discretion of the CA. The trial commenced on the 26 September 2021 with six 12-seat plus one wheelchair space capacity minibuses. They are available for booking between 07:00 & 19:00 Monday to Saturday (planned 432 hours of operation weekly) to and from any of the 249 pick-up/drop-off points within the operational zone. The fare is £2.00 per passenger trip and one of the seven vehicles is maintained as a spare.
- 2.6 Six months into the trial, an independent review was conducted by Go Travel Solutions, the full findings of which can be found in Appendix 1. The recommendations from the report, along with the actions taken in response to the recommendations, can be found in Appendix 2. Fortnightly review meetings are held with First in order to monitor passenger numbers, review journey data and passenger trends and ultimately to inform whether objectives are being met and to identify potential service improvements.
- 2.7 The FlexiBus service is currently used by around 242 passengers per week, taking an average of 627 trips. The most trips taken in one week was 793 during October 2022. At the current monthly cost of the service this works out at £16.03 per passenger trip on average and £12.89 at its peak. An average recovery rate from fares revenue was calculated as 12% - this being the average number of trips taken each month multiplied by the maximum fare per passenger and then divided by the monthly service cost. As the service is recovering only 12% of operating costs from fares revenue, it is not meeting the target of 15% that was set in the Full Business Case.
- 2.8 The following summarises whether the service has been meeting the connectivity objectives of FlexiBus:
 - **Access to employment** –the largest number of journeys made were to employment, with St James’s Hospital being the most popular destination (~22% of trips). Whilst the service did not link to the city centre, some passengers utilised the service to travel to a point within a short walking distance. Changes were made to the service to discourage this as these trips resulted in delays for other bookings due to city centre congestion; the vehicles being unavailable for other bookings to be made due to the time taken to travel to/from the city centre/pick up points within the zone; and a reduction in vehicle power due to the length of the journeys into the city centre. Only a small number of journeys were made to Leeds Enterprise Zone which was a target location for employment in the OBC.
 - **Interchange**- Despite through ticketing arrangements with bus services, very little use was made of the service for this purpose. Only 2% of booked trips connected to Cross Gates Rail station and there have been zero trips to connect with Park & Ride sites. Although Seacroft Bus Station is one of the top ten destinations for the service, these trips were more likely to be related to access to the Tesco Extra store and other amenities, rather than linking trips for onward bus travel. Linking new housing in east Leeds to the network has been slower than envisaged due to a slower build out.

- **Modal shift-** the GTS survey conducted in March 2022 revealed that 59% of services users had previously walked or used public transport to take the trips that they have subsequently booked using FlexiBus, with only 9% having previously used cars for these trips.
- **Affordability** - The introduction of the Mayor's Fares in September 2022 negated any impact the FlexiBus scheme may have had on improving affordable transport in the area with the reduced fare for FlexiBus users now being matched throughout the region on all network services.

2.9 In relation to the BSIP criteria for investing in network transformation, there is some crossover with objectives set out for the FlexiBus service in terms of serving areas of deprivation, increasing access to employment, connecting to health care and education and investing in an enhanced service. However, as demonstrated above, while the service does achieve some of these objectives in principle, it has done so in small measure, at a cost per passenger trip of £16 on average; and has often competed with rather than complimented existing network services.

In general, the FlexiBus scheme does not meet the BSIP criteria for supporting network services owing to the operational zone already being well served by public transport; limited availability for passenger trips to be booked, and the inability of FlexiBus to provide a reliable service during core times of the day, largely due to the operational challenges set out in point 2.10.

A mapping exercise was undertaken by the CA's Research and Intelligence team demonstrating that almost all the trips that had been booked on the FlexiBus could have been undertaken using the existing network of bus services, albeit with some requiring two-leg journeys (notably to St James's).

2.10 The FlexiBus service has experienced a number of operational challenges;

- **Vehicles-** the operating range of the EV vehicles is significantly less than the 100mile range quoted in the vehicle specification and has necessitated vehicles returning to the depot for charging during the middle of the day to ensure their availability for the afternoon peak. This, together with some mechanical and technical issues, has impacted on service delivery. Whilst some of these issues have been addressed under warranty, vehicle availability has had a significant impact on service provision.
- **Customer app / scheduling software-** it was decided to adapt the existing software used to manage bookings on AccessBus and school transport to manage the bookings for FlexiBus and to develop a customer app to enable self-service bookings. Whilst the system enabled the operation of the service, there are limitations when compared with bespoke DRT software systems in use elsewhere. In particular the scheduling algorithm had limited success in combining customer journey requests (trip aggregation) together to maximise vehicle utilisation. An average peak utilisation of 1.8 passengers was achieved.
- **Customer Service Staffing** – shortcomings in the software and app have necessitated a higher level of manual intervention than was anticipated. The AccessBus team have had to monitor and adjust bookings in the software, make regular contact with the bus drivers and to deal with a

higher number of customer enquiry calls from people unsure of how to use the app and the service offer. This has necessitated additional staff resource to be deployed to the team to support.

- **Driver availability** – the service commenced during a period of well reported bus driver shortages the service commenced with 373 hours per week achieving the revised 408 operating hours per week during 2022 (due to factoring in driver breaks and reduced Saturday service).

2.11 To date, the revenue cost of the service has been funded by external sources (Better Bus Fund and developer funding) with 12% of the costs met by fares. The external revenue funding sources have now been spent and an anticipated £225k section 106 funding from a housing development in the area has been delayed due to a later start on site. Continuation of the service would therefore need to be funded from the CA revenue budget for tendered bus services.

2.12 The operating contractor First has also indicated that the fixed price submitted for the service underestimated the supervision resource element of their original bid together with higher vehicle parts and maintenance costs due to the vehicle issues identified earlier in the report. They have also identified significant inflationary increases in the cost of labour, energy and vehicle parts on a contract with no provision for year-on-year inflation adjustment. The company are seeking a significant increase in the base annual cost of the service which, if the current level of patronage was to be maintained, would result in an average cost per passenger trip of approximately £40.00.

2.13 In summary the FlexiBus service is not meeting its cost recovery target and has had limited success in generating journeys which cannot be undertaken on established bus services. New housing has not developed as quickly as envisaged giving both funding and demand issues. Operational challenges have impacted on service delivery and cost escalation is an issue influencing options from this point. Subsequently, early termination of the trial was agreed by the CA's Internal Leadership Board on 6 June 2023.

2.14 In arriving at this recommendation, the following options were considered.

- **Reduce the size and scale of the service for the final year-** whilst reducing the number of buses in operation and/or the hours of operation would match supply and demand more effectively, this would necessitate agreement of new costs with the operator which, given the cost issues summarised in this report, would result in a higher cost per passenger journey than the current operation.
- **Continue the service in its current form** – at £16 per passenger trip, the service is significantly higher than the average cost per trip for tendered bus services of around £3/trip. The net monthly cost after fares revenue of the current service is £38k (£456k pa). This could further increase if the operator's claim for a cost review is met. To date the pilot has been funded from external sources however the CA revenue budget would need to fund this going forward.

2.15 Consideration will need to be given to the following next steps following termination of the trial.

- **Future DRT services** – a full lessons learned from this service will be developed in association with Leeds City Council. This will inform a further report to Transport Committee on the strategy for future DRT operations.
- **East Leeds** – a slower than anticipated build out of new housing and the release of developer funding has been a factor in the decision to terminate. It may be appropriate to re-establish a much more limited DRT service to serve these locations.
- **Vehicles** – as detailed in this report, operational challenges have been experienced with the vehicles. They may be suited to a more localised DRT service with a reduced operating area should this be developed. In the meantime, arrangements would be made to utilise them as spare vehicles within the AccessBus service. A report on the redeployment of CA owned buses is to be submitted to ILB and is on the agenda for 1 August 2023.

3. Tackling the Climate Emergency Implications

3.1 The service has been a trial of the use of zero emission buses for demand responsive transport services and the learnings taken from this will inform future actions in this regard.

4. Inclusive Growth Implications

4.1 The objective to improve access from areas of deprivation to nearby employment opportunities has not been realised as intended and a more detailed analysis of the issues affecting this is needed.

5. Equality and Diversity Implications

5.1 An Equality Impact Assessment has been carried out to understand the impact of service withdrawal on passengers with protected characteristics. Whilst service withdrawal is undesirable from a customer perspective, analysis indicates that most of the journeys made using Flexibus could be made on the established bus network in the area.

6. Financial Implications

6.1 The net annual cost of the current operation after fares revenue is £450k. Costs to date have been met by DfT Better Bus Fund and developer funding. This has now been utilised and continued operation of the service would need to be funded directly by the CA revenue budget.

6.2 As detailed elsewhere in the report, continued operation would be subject to a claim for a higher contract payment by the contracting operator which could give rise to a significant further increase in costs.

7. Legal Implications

7.1 The operating contract provided for early termination after expiry of 18 months and is therefore permissible under the Combined Authority terms and conditions.

7.2 An Equality Impact Assessment has been carried out in respect of the service withdrawal in accordance with the requirements of the Equalities Act.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 The recommendations have been developed in consultation with Leeds City Council.

10. Recommendations

10.1 That the Transport Committee notes the proposed early termination of the trial East Leeds Flexibus service in accordance with the terms of the trial.

11. Background Documents

Equality Impact Assessment

12. Appendices

Appendix 1 – Go Travel Solutions report into the East Leeds Flexibus 2022

Appendix 2 – Action plan following the 2022 review