

Report to: West Yorkshire Combined Authority / Transport Committee

Date: 6 July 2018

Subject: **Support For Mobility**

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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input 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:	

1 Purpose of this report

- 1.1 To consider how the Combined Authority uses its powers to procure bus services, to recommend revised Policy Guidelines and a programme for district by district a review to ensure funds deployed to support mobility are effective in meeting the Combined Authority's objectives for inclusive growth.

Policy context

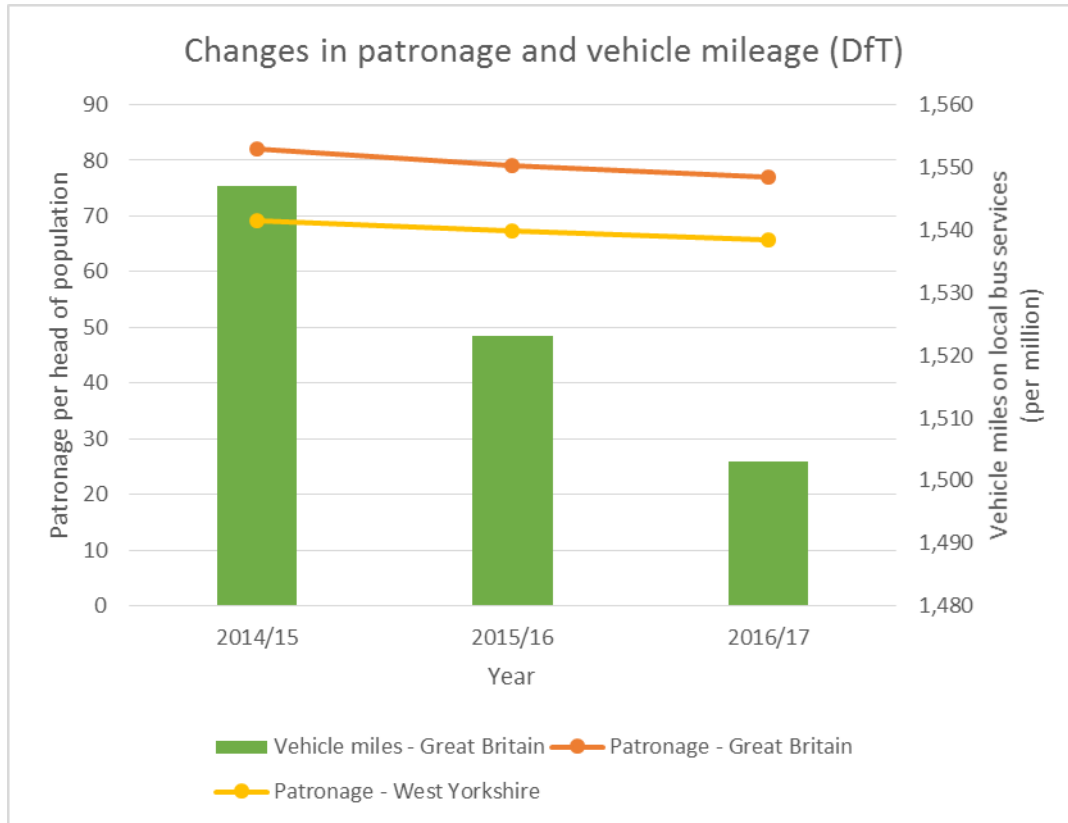
- 2.1 The emerging Local Inclusive Industrial Strategy (LIS) sets out four grand challenges for West Yorkshire, including tackling stubborn deprivation and tackling the City Region's productivity gap (with national and international peers) which is too large and continues to grow. The supported bus network currently plays a crucial role in providing access to jobs, healthcare and other key services for some of the most deprived areas of West Yorkshire, ensuring that people living in these areas do not suffer from transport poverty caused by lack of access to transport services.
- 2.2 A golden thread within the LIS is delivering inclusive growth. The bus network is a key element in being able to improve connectivity and reduce deprivation, both of which are seen as key components of delivering inclusive growth. The

application of new technologies such as MaaS style apps can also help to improve access to employment, particularly in rural or disadvantaged communities and can assist in delivering transport services in new or innovative ways that will help to contribute towards achieving inclusive growth.

- 2.3 The West Yorkshire Strategic Economic Plan (SEP) sets out several key priorities for the Region that will help to deliver good growth, including:
- Good jobs, incomes and less inequality; and
 - Quality places, environment and [transport] connections.
- 2.4 The bus network across West Yorkshire provides essential links to employment opportunities for many residents and also ensures that job seekers are able to access new work opportunities. In addition, the provision of reliable and accessible bus services will help to ensure that economic growth in the region continues and that inequality can be tackled. A bus network that provides connections to key employment sites, education and training opportunities will also reduce social exclusion so that everyone can benefit from economic growth and the objectives set out in the SEP can therefore be achieved.
- 2.5 The Combined Authority's Bus Strategy was adopted in 2017 setting out objectives for the bus network across West Yorkshire – including a target of 25% growth in bus passenger journeys by 2027. The Interim Leeds Transport Strategy sets a more ambitious growth of 50% increase in bus journeys within Leeds by 2026. In order to achieve these objectives, the commercial and supported bus networks need to provide journey options to the key destinations that people are travelling to and where these services are not being provided by the commercial network, the case for supporting these services needs to be considered, particularly where alternative transport options are not available.
- 2.6 Young people under 25 are the customer group targeted to achieve the growth in bus patronage set out in the strategies. In Merseyside, the introduction of discounted tickets for young people stimulated an increase in passenger trips of over 10% in the first 12 months. The Combined Authority and bus operators are working together through the Bus 18 initiative are focused on developing ticket products which encourage young people to travel. A new My Day ticket will be launched in July and a more flexible approach will be taken to young people proving their eligibility for cheaper travel products. Fitting buses with connectivity technology including audio visual next stop announcements, wi fi and USB charging is also key to making the bus an attractive environment for under 25s.

3 Current trends

3.1 Bus patronage continues to fall nationally and in West Yorkshire. The following graph is based on the data published by the Department for Transport and illustrates this trend.



3.2 There is evidence that across all modes we are travelling less. The ‘baby boomers’ who are just entering retirement now have higher car ownership than previous generations and tend to drive more; this is evidenced by a slight reduction in the use of ENCTS free bus passes. Younger people (particularly males) in urban areas are far less likely to have a driving licence and subsequently drive less than previous generations. The increase in the amount of goods and services that are now available for delivery to people’s homes (including Deliveroo, Netflix and Amazon Prime) have also contributed to a decline in the amounts of leisure journeys being made¹.

3.3 Recent years have also seen a growth in the use of taxis/ private hire vehicles driven by the convenience of smartphone app based booking systems such as Uber. Many of these customers were formerly bus users.

3.4 This would suggest that, whilst bus remains a key mode of travel to/ from employment in urban centres, its role in providing secondary journeys is reducing. Analysis of patronage on bus services funded by the Combined

¹ The First Report on the Commission on Travel Demand, 2018

Authority would support this with a noticeable decline in the use of bus services after 8pm in the evening over the last 10 years.

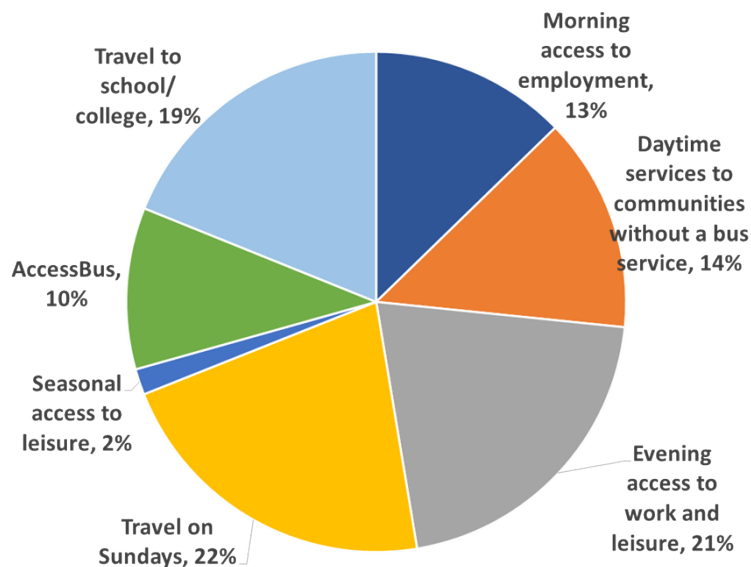
3.5 Bus companies are therefore adapting to the new environment within which they operate. The Combined Authority is reducing its funding for bus services by 20% which may also impact on the overall economics of the bus service. There has been a modest reduction in the overall miles operated by the industry in West Yorkshire over the last 5 years with no major loss of network however further patronage reductions may lead to a shrinkage of the network. Withdrawal of commercial bus services may bring pressure on elected members to support their reinstatement at public expense.

3.6 These changes in travel patterns, the changing role of the bus and the reduced funding position places greater emphasis on the Combined Authority to ensure the money it spends achieves objectives.

4 The Combined Authority's current role in funding bus services

4.1 The Combined Authority has a duty under the Transport Acts to have regard to the availability of bus services in the region and has the powers to procure socially necessary bus services to supplement those services provided by operators commercially. Contracts are awarded to bus operators for the provision of these services in accordance with specific procurement regulations applicable to bus service support.

4.2 The Combined Authority currently spends £18.6 million per annum on bus services. The following graph illustrates how this funding is currently spent.



- 4.3 To date this provision has sought to supplement the existing bus network with scheduled services mostly operating on an hourly basis. Whilst appropriate for some communities, there may be more effective and efficient ways of linking the community to its local facilities and interchange.
- 4.4 In 2011, the former Integrated Transport Authority adopted policy guidelines for its support for local bus services. These sought to ensure the provision remained aligned to the Local Transport Plan and established metrics which ensured that value for money and an efficient use of expenditure. These guidelines were reviewed, updated and adopted by the Combined Authority in 2014 and have been effective in ensuring value for money. The costs of this activity have reduced by 25% since 2011 with no significant impact on service levels.
- 4.5 Given the trends set out in section 3, there is now a need to review how the Combined Authority procures transport services in order to;
- Ensure that it is supporting the Combined Authority's policies for inclusive growth;
 - Reflect the Combined Authority's three year budget strategy which seeks to reduce spend on procuring bus services from £19.1m in 2017/18 to c£15.8m by 2020/21;
 - Ensure the provision more closely matches the needs of the communities it serves and the priorities of the local authority;
 - Support the delivery of the Combined Authority's Bus Strategy; and
 - Reflect changes in customer travel patterns and expectations.
- 4.6 Expenditure on supported bus services is the largest discretionary element of the Combined Authority's revenue budget. In order to ensure it is contributing to inclusive growth it is necessary to ensure it is supporting mobility in the key communities it serves. For some communities this may mean continuation of existing bus services, for others a more innovative or cost effective solution may be needed. Close involvement with elected members and officers in the respective local authorities is needed to ensure the funding is targeted at local need. It is therefore proposed to revise the Combined Authority's approach to supporting mobility.
- 4.7 Recent analysis by local authority Heads of Finance indicates that the Combined Authority currently spends £11 per head of population on bus service/ mobility support. This is average for the northern city regions which range from £6 in South Yorkshire, £11.5 in Greater Manchester, £14 in Merseyside and £16 in the North East. The cost per capita in shire counties and unitary authorities with a lesser population density tends to be lower. As spend reduces in line with budget, the spend per capita in West Yorkshire (c £9.5) will become significantly less than average for northern city regions. More detailed benchmarking is under way with comparable regions to ensure the Combined Authority's provision is providing best value.

5 Evolving the Combined Authority's support for mobility

- 5.1 Since January 2018, the process of renewing contracts for the current provision has proceeded with close engagement with lead members and officers of the respective local authority. Current contracts in Bradford and Wakefield have been reviewed and a procurement process has been implemented using the current policy guidelines with the aim of reducing costs in line with the reduced budget. A similar process in North Kirklees services is currently underway.
- 5.2 The policy guidelines have been reviewed in order to align the provision to the objectives of inclusive growth and to provide the mechanism to ensure value for money in the environment of reducing costs. Appendix A provides for revised Policy Guidelines to reflect the review process identified in this report. The key elements of this are:
- Service Commitment – to provide a link between the community and the nearest local centre/ transport hub;
 - Service Objectives – to align the provision against the principles of inclusive growth;
 - Appraisal – the tools used to assess the effectiveness and value for money of current services; and
 - Passenger Subsidy Benchmarks – the key measure of value for money shall be the subsidy cost of each passenger trip. If it costs more than £3 when each passenger uses the service then a cheaper solution must be found. The service may be withdrawn if the subsidy is more than £4 per passenger trip and no cheaper alternative can be identified.
- 5.3 Approximately 25% of the current spend provides access to public transport for communities who would not otherwise be provided with a bus service. These communities will remain the priority for service provision, it may be appropriate to adopt more innovative and cost effective service delivery models for such communities. Options for innovative solutions are identified in the next section of the report.
- 5.4 The provision of evening and Sunday services for communities which have a commercial bus service between 7am and 7pm on weekdays currently costs circa £5 million per annum. Whilst many of these services offer links into the evening and weekend economy, it may be more beneficial to redirect this funding to better support inclusive growth. It is therefore proposed that from 2019/20 the presumption will be that contracts for these services will not be renewed.
- 5.5 If members are minded to adopt the revised guidelines, a plan will be developed for each District with close engagement with local authority members and officers. This will identify the priority services needed to maintain access to public transport for those communities who would not otherwise have access. A plan for deploying the remaining funding (in line with the reduced budget) will be agreed for each District and reported to this

Committee. The timescale for implementation of these plans will be determined by the expiry of current contracts.

- 5.6 The AccessBus service is provided for those with limited mobility and supports the inclusive growth and independent living objectives. It is proposed to continue to provide this service however, in some districts, it may be appropriate to integrate the service more closely with other provision for this customer group. These options will be explored in the discussions with local authorities with regard to the provision of services in each respective area.
- 5.7 Once the process of developing plans for each area is complete, the collective plan will be considered by the Committee together with an implementation plan.

6 Evolving Mobility Services

- 6.1 The Transport Committee in March 2018 considered a paper setting out new technology and Mobility as a Service (MaaS) can respond to changing customer expectations and offer a more cost effective way of deploying public funds to support mobility. Whilst the customer interface for MaaS requires technology and new approach to paying for travel, it also presents opportunities to deliver pre booked on demand transport services using more economic vehicles than a full sized bus.
- 6.2 The emerging Retail and Information Strategies which will be presented to Transport Committee later this year also establish the future role of ticketing and information in delivering a higher quality experience for bus passengers. In time this will include the provision of a Mobility as a Service style app that will encourage people to travel by bus by making the process of planning, booking and ticket purchase more seamless.
- 6.3 In addition, investment into infrastructure that will reduce congestion and help to improve bus journey times will be delivered through the Corridor Improvement Plans (part of the West Yorkshire Transport Fund) and the West Yorkshire Transport Strategy Implementation Plan. High quality low emission bus vehicles will also be delivered through the Clean Bus Technology Funding and the Zero Emission Bus Roadmap which will help to encourage an increase in bus patronage.
- 6.4 The £173.5 million Connecting Leeds programme has identified capital funding to support the start-up costs of innovative solutions. Opportunities to provide similar investment elsewhere in the city region may arise through the Transforming Cities fund. Initial work has commenced on the following projects;
- A co-ordination service offering an enhanced service for older people utilising spare capacity in the social services, AccessBus and community transport fleets. The project will fund a pilot scheme in south Leeds building the capability to expand the service citywide.

- A demand responsive service in East Leeds aimed at supporting the housing growth in the area. Expressions of interest have been invited from prospective operators for this service.

6.6 Ongoing costs for such services may require funding from the Combined Authority by diversion of funds currently deployed on bus service support. It is expected that the funds agreed at district level set out in paragraph 5.5 could be available for this purpose.

6.7 In more remote rural communities it may be appropriate to adopt a devolved approach where funding is provided to community groups to operate services such as volunteer car and minibus schemes offering a more effective and cheaper alternative to a full sized bus service.

6.8 Structural change may be needed as the bus service adapts to changing customer demand, payment methods and funding sources, The Bus Services Act 2017 provides partnership and franchising governance models to ensure the service is meeting the needs of the local economy. Currently, the Combined Authority is adopting a partnership approach with bus operators to deliver its Bus Strategy. However if this approach is not delivering the service the region requires, it may become necessary to specify and procure the service through franchise contracts.

7 Financial Implications

7.1 The implementation of these proposals is seeking to support a reduction in the budget for supporting mobility to £15.8 million from 2020/ 21.

7.2 The review of contracts in Bradford and Wakefield have reduced costs by 15% realising annual savings of £550,000 in line with the reduced budget.

8 Legal Implications

8.1 The adopted Bus Strategy and the Policy Guidelines proposed in this report form the basis upon which the Combined Authority exercises its obligations under the Transport Acts.

9 Staffing Implications

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

10 External Consultees

10.1 Bus operators have been consulted in the preparation of this report through the Bus 18 Steering Group.

11 Recommendations

- 11.1 That the Committee adopts the revised Policy Guidelines and programme for review in respect of its activities to support mobility as set out in this report.
- 11.2 That a plan for supporting mobility be developed in respect of each local authority area in close co-operation with elected members and officers of the respective Councils.
- 11.3 That a further report be presented to the Committee setting out the plans and programmes for supporting mobility in each local authority area together with an implementation plan.

12 Background Documents

None.

13 Appendices

Appendix 1 Guidelines in the provision of Local Bus Services