

Report To: **Cabinet**

Date of Meeting: **September 27th, 2016**

Lead Member / Officer: **Cllr David Smith, Lead Member for Public Realm  
Tony Ward, Head of Highways & Environment**

Report Author: **Peter Daniels**

Title: **Local Bus & Education Transport Services**

---

## **1. What is the report about?**

The collapse in July 2016 of the largest passenger transport bus & coach supplier in south Denbighshire (GHA Coaches Ltd) has resulted in a fragmented service for passengers. This report considers the actions taken immediately afterwards and in the light of future costs considers the Council's strategy for passenger transport services.

## **2. What is the reason for making this report?**

The budget for local bus services will be overspent for 2016/17 as a result of the services reinstated following the collapse of GHA Coaches. A decision is therefore required to endorse the actions taken by officers in conjunction with the Lead Member in replacing those services. Agreement is also required on the future strategy for local bus services.

## **3. What are the Recommendations?**

That Cabinet:

- (a) Endorse the actions taken by officers to fill service gaps following the collapse of GHA, i.e. support the criteria (highlighted in paragraph 4.5) used to re-instate services till the end of this financial year
- (b) Agree that the council will use reserves to contribute to some of the additional costs incurred during 2016/17 (on the assumption that Welsh Government will also make an additional financial contribution).
- (c) Agree that discussions about the future budget for local bus services should form part of the forthcoming budget workshops.

## **4. Report details**

- 4.1 GHA Coaches Ltd ceased trading after last operation on July 13th, 2016. GHA had operated a significant number of education bus contracts. It also operated all local bus services south of Denbigh, most of which were supported financially by the Council.
- 4.2 In April, concerns regarding GHA resulted in officers raising a risk and developing a contingency plan. In July, officers immediately reinstated school transport as their

top priority. During August, officers tendered all GHA's school contracts that were closed to the general public.

- 4.3 Local bus services were restored, at least in part, progressively from July 14th, 2016 in accordance with the contingency plan. Former GHA supported services currently running are either on emergency quotations or de minimis agreements (i.e. arrangements not requiring a quotation) pending a decision as to the forward strategy, whereupon officers will tender them.
- 4.4 For local bus services, the basis of the contingency plan was to ensure that all communities served by a bus continued to benefit from some form of service. Few services were restored fully and officers have thus far taken a pragmatic approach in replacing them. Where, for example, there is a high proportion of education movements it was possible to offer a fuller service. By contrast, some journeys over weaker elements of the network were reduced or suspended pending further decisions and an understanding of the forward budget. These included some evening/Sunday journeys and some deeper rural routes which now see fewer journeys.
- 4.5 The contingency plan was specific about which journeys should be covered. In broad terms, this translated to reinstating in whole or in part:
- (i) Strategic services to a reasonable level (on Mondays to Saturdays, daytimes).
  - (ii) Secondary routes to a reasonable level, especially those with learners.
  - (iii) Tertiary routes such as local routes and those to deeper rural areas, to as appropriate a justifiable level of service within the likely resources available, so that residents could undertake their personal business.
  - (iv) Evening/Sunday services with significant known work-related movements.
- 4.6 Initially passengers seemed content and even relieved that at least some form of service had continued. With time, there was a growing concern that reduced reinstatements placed passengers in detriment.

### **Financial Implications**

- 4.7 The situation remains somewhat fluid and particularly for local bus services there were a number of changes of contractors as time progressed. Figures are currently under scrutiny by accountancy colleagues before a full figure can be reported. The additional costs at the time of submitting this report are as follows:

(a) Education Transport

<b><u>Additional</u></b> costs post-GHA		2016/17 (part year)	2017/18 (full year)
DCC education transport	Directly funded by DCC's education transport budget	£118,000	£186,000
Ysgol Dinas Brân additions	Funded by education	£41,000	£64,000
Dyffryn Clwyd	Funded by the consortium	£16,000	£25,000
<b>Total</b>		<b>£175,000</b>	<b>£275,000</b>

(b) Local Bus Services

- 4.8 This additional costs for this are harder to predict because of the fragility of the network and such factors as the yet unknown additional costs of cross-boundary

services from neighbouring authorities. The emerging position, in terms of bus services, is that the Council is likely to spend an additional £43,000 during 2016/17, without covering all former GHA journeys and without providing suitably accessible vehicles on all journeys (i.e. not all journeys enjoy access for wheelchairs). The previously anticipated underspend of £10,000 in 2016/17 therefore now results in a projected net budget overspend of £33,000.

- 4.9 Had officers replaced services like-for-like, the additional cost for 2016/17 would be some £247,000. Note that any future tenders would need to include accessibility and this element is unavoidable. It may therefore be necessary to trim services in order to fund accessibility improvements if the budget remains static for 2017/18.

Estimated <b>additional</b> costs post-GHA		2016/17 (part year)	2017/18 (full year)
Bus services as reinstated	Directly funded by DCC's local bus budget and WG grant	£43,000	£60,000
<u>Less</u> projected underspend to LBS budget prior to GHA Collapse		£10,000	£14,000
Subtotal net impact on budget		£33,000	£46,000
<u>Add</u> full costs of unreplaced services/vehicle accessibility		£247,000	£348,000
Total		£280,000	£394,000

- 4.10 The Cabinet Secretary has stated he is willing to assist financially with the additional costs incurred during 2016/17 as a result of the collapse of GHA Coaches. However, there is an expectation that the council will also contribute to the additional costs.

### **Forward Plan**

#### (a) Education Services

- 4.11 In the medium term, replacement of existing services by contract is the only option. Longer term, the Council could, for example, consider again operating its own fleet.

#### (b) Local Bus Services

- 4.12 The local bus budget in 2014/15 was £419,000. Members cut this to £235,000 in 2015/16 with no further cut in 2016/17. The government grant of c.£435,000 has remained broadly the same since 2013/14. The amount of funding available in 2016/17 is therefore £670,000, which is 20 per cent lower than 2014/15.
- 4.13 There has been no decision about the council budget for local bus services for 2017/18. However, we do know that costs, post-GHA, are increasing sharply, and that any *additional* government mitigation for 2016/17 will cease. It is also unclear whether the *standard* government grant will continue as is. It is therefore prudent to consider exactly what the Council can afford in future.
- 4.14 It is proposed that members debate the future level of budget for local bus services as part of the forthcoming budget workshops. To assist members, officers have developed a suggested list of criteria for prioritising services. This is outlined in the Appendix to this report, together with approximate costs.

**5. How does the decision contribute to the Corporate Priorities?**

Vulnerable people are protected & able to live as independently as possible: a significant proportion of bus users tend to be vulnerable people including older and disabled people (up to 100% of users in deeper rural areas).

Developing the local economy: it ensures residents who do not have their own transport can be economically active by providing work-related journeys and also in accessing education.

**6. What will it cost and how will it affect other services?**

There is a strong inter-relation between the public and education transport budgets. Both are currently managed by the Head of Highways & Environmental Services.

**7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?**

Previous EQIAs for the 2015/16 cuts and the (aborted) proposed 2016/17 cuts indicate that there would be a disproportionate effect on older, younger, disabled and vulnerable people. All such people tend to be the major users of bus services. This therefore formed part of the thinking around ensuring that all communities served by a bus continued to benefit from some form of service. This will need to be considered further as part of any discussions about the future budget for public transport.

**8. What consultations have been carried out with Scrutiny and others?**

There was no opportunity for consultation within the timescale of the collapse. Officers had to react to what was an emergency situation.

**9. Chief Finance Officer Statement**

The Council is expecting additional support from the Welsh Government to part cover the additional expenditure in 2016/17. Any resultant gaps will be an allowable overspend and dealt with as part of the overall service and Council position which is reported to Cabinet through the monthly Finance Report. The ongoing funding position beyond this financial year will be considered as part of the budget round for 2017/18.

**10. What risks are there and is there anything we can do to reduce them?**

- Reputational risk in terms of a reduction in public transport (mitigated by ensuring that all communities have some form of service).
- Economic impact on town centres and a further reduction in footfall (unlike out-of-town locations, the bus is good at reaching town centres) (no mitigation).

**11. Power to make the Decision**

School transport services are statutory where they meet the Learner Travel Measure 2008. Local bus services are discretionary (note, however, some local bus services carry statutorily entitled learners). Powers to tender local bus services are within the Transport Act 1985.

## APPENDIX Suggested Future Provision for Passenger Transport Services

### Forward Plan for a New Landscape

#### (a) Education Services

In the medium term, replacement of existing services by contract is the only option. Longer term, the Council could consider again operating its own fleet.

#### (b) Local Bus Services

A suggested priority would be as follows, in broad order of importance. Funding all of these would require funding certainty. Such a plan is broadly consistent with the former Taith Network Strategy:

		Estimated net indicative cost p.a. to the bus service budget	Cumulative effect
1	Ensure strategic services not operated commercially are covered on Mondays to Saturdays, daytimes	£314,000	£314,000
2	Ensure secondary routes are also covered, especially those carrying significant numbers of learners (these reduce the off-peak cost to the Council). The level of service will be determined by demand and the amount of funding from the education transport budget	£215,000	£529,000
3	Consider other ways of funding "third tier" more community-based bus services (see below)	£224,000	£753,000
4	Cover strategic routes evenings/Sundays not provided commercially where there are identified work-related movements	£22,000	£775,000
5	Cover other strategic evening/Sunday services	£200,000	£975,000
6	Cover remaining evenings/Sundays	£15,000	£990,000
		£990,000	£990,000

Actual figures will depend on tenders received and the recharges between local bus services and the education transport budget. Estimates assume accessible vehicles.

**The budget for 2016/17 is £669,000. The additional estimated figure upon tender to replace like-for-like would therefore be £321,000.**

There is scope across the board and especially within the "third tier" services to make economies. Officers to date have been adept at matching services with available budgets.

Allied to these and given the post-GHA fragmentation where services are spread across a number of operators is the formal introduction of a network ticket to allow full ticket inter-availability to that passengers may move easily between services irrespective of operator. This was a lower priority when there was a unified network in south Denbighshire.

### **Third Tier Services**

Rather than simply expect WG to pick up all the additional costs in the long term, it might be more beneficial to explore alternatives and seek nursery funding from WG to establish them with the view to their being at least partly self-sustainable in the future.

An alternative model for deeper rural area between strategic bus routes may therefore be appropriate. Such areas include those south and west of Ruthin; the area around Corwen; and north east and north west of Denbigh. These are now difficult to cover appropriately and at reasonable cost.

The solutions available all have strengths and weaknesses but might include:

- The Council operating services directly
- The Council leasing vehicles to community groups or operators
- The community car scheme
- A hybrid of some of the above where a small accessible vehicle might undertake school routes morning and afternoon and be available for a fixed/semi-demand service between the school peaks.