

## Policy and Scrutiny

### Open Report on behalf of Andy Gutherson, Executive Director - Place

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| Report to: | <b>Highways and Transport Scrutiny Committee</b> |
| Date:      | <b>10 June 2019</b>                              |
| Subject:   | <b>Passenger Transport Update</b>                |

#### Summary:

This report provides an update on Passenger Transport Matters since the previous report considered by this Committee on 11 June 2018. At that Committee, Members requested reports on the Council's Teckal Company and Total Transport initiative. An update on Total Transport is included within this report and the Committee considered a report on the Teckal Co. Transport Connect Ltd. at its meeting on 29 April 2019.

This report provides an update on a number of passenger transport aspects including:

- Bus Services Act 2017
- The state of the local transport market
- Public Bus changes
- Total Transport including Non-Emergency Transport Services
- Community Transport
- Local Government Association's Special Interest Group on Public Transport Consortium
- Review of Lincolnshire Bus Strategy
- Sustainable Transport
- Transport Services Group's performance

#### Actions Required:

Members of the Highways and Transport Scrutiny Committee are invited to consider and comment on any aspects of the report and to highlight any recommendations or further actions for consideration.

## **1. BACKGROUND**

This report seeks to give Members an update on activities and issues that relate to or impact upon road based passenger transport services and associated activities within Lincolnshire

### **TOPIC – Bus Services Act 2017**

1.1 This Act came into effect from April 2017 although some aspects of the legislation are still to be defined in more detail. It comprises four key strands:

- Franchising
- Strengthening the powers of Partnerships between the local authority and operators.
- Modernising previous ticketing arrangements
- Introduction of open data with an obligation to participate in Real Time Passenger Information schemes and provision of on-board audio/ visual information

1.2 In 2018 the Department for Transport (DfT) issued two consultation documents relating to this last strand, specifically in relation to:

- Bus Open Data; and
- Accessible Information Proposals

1.3 Lincolnshire County Council (LCC) responded on both consultations pointing out the difficulties operators face in a rural area. Of concern are the financial and technical difficulties that some of the small and medium sized bus operators will face complying with the open data requirements in particular. Furthermore, we urged more consideration of the different types of local bus services and sought exemption from some of the proposed mandatory requirements for those operating in rural areas. For example, we referenced the use of small minibuses on local bus services (like CallConnect), registered school/college time only services and infrequent market day services. Each of these, under the DfT's proposals, would need to have audio visual displays within the vehicle despite little evidence of need or sufficient fare box income to finance the cost of such provision.

1.4 LCC also engaged with the DfT's consultant, KPMG, who was appointed to build the Bus Open Data digital service. This involved lengthy discussions highlighting the need to differentiate between urban and rural markets and to stress the issues faced by independent and smaller bus operators if they are requested to meet these proposed standards.

1.5 The DfT subsequently published its consultation response to the Bus Open Data on 26 March 2019. The DfT still intends to deliver a bus open data digital service supporting data creation, publishing, indexing and quality assuring data about local bus services that will be sent by bus operators. This digital service is currently in prototype and has been tested with local authorities, bus operators and application developers across England.

- 1.6 This means that from 7 January 2020 bus operators of registered local bus services will be required to provide route and timetable information to the above mentioned digital service electronically. During a transitional period in relation to the digital service between July and December 2019, local authorities will be encouraged to continue with the Traveline process in a business-as-usual manner to allow sufficient time for the bus open data digital service to be embedded.
- 1.7 The DfT believes that local transport authorities will have a vital role to play during the key transitional period, either acting as an agent and submitting data on behalf of bus operators or offering an assisted digital type service to bus operators and supporting them to independently publish their data. We will be expected to undertake this support with no additional central government resource.

### **TOPIC – The state of the local transport market**

- 1.8 As previously advised to the Committee, Lincolnshire has a relatively small failing passenger transport market. It has one of the large national operators providing only partial coverage of the county plus a number of medium and smaller independent operators located around the county. In the past 12 months there has been little change to this position with the gain of one small bus operator to our market but the loss of another and a second advising that they will be exiting the market within the coming months.
- 1.9 The final implementation of the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) to make all local bus services accessible will come into effect on 1 January 2020. This will prevent the use of non-accessible coaches, long used by some operators for school services and may cause operators to further withdraw from the market
- 1.10 Contract prices for local bus services are continuing to increase and in some areas the Council continues to see little or no competition for local bus service tenders. This is one area of activity where the Council has looked to its Teckal Company to plug the gaps and/or provide an affordable solution particularly for CallConnect services.
- 1.11 The Council continues to receive bus service operators' grant (BSOG) for supported bus services. In 2018/19, the Council used its £545k ring-fenced funding on direct financial support for some local bus services, purchase of some replacement CallConnect vehicles and to pay towards physical measures that support/improve the public transport network, such as Bus Lanes in Skegness and Junction Priority for late running services in Lincoln.
- 1.12 The Building Communities of Specialist Provision Strategy will bring major improvements to special schools over the next five years, creating an integrated system where pupils attend their nearest school, confident that their educational, health and care needs will be fully met. However this will also mean significant changes will be required to the existing SEND transport arrangements. The phased implementation period and the transition

arrangements for pupils will see increased cost and is likely to require reviews and multiple recasts of SEND transport provision over the coming years. This is likely to be an uncertain time for operators with contracts being let for shorter time periods until the final network of provision is established.

- 1.13 There are concerns that the forthcoming changes reported under the Bus Services Act update, will also be a catalyst for more small operators to leave the marketplace. As a result we are looking at ways to support and encourage the current marketplace whilst still remaining within the budgetary envelope for this service area and within the regulations relating to State Aid.
- 1.14 To this end, LCC is offering the opportunity for bus operators that provide subsidised bus services in Lincolnshire (including CallConnect) to lease electronic ticket machines via the Council for a period of up to five years. Take up of the scheme will mean operators do not have to meet the capital outlay of purchasing equipment and back office systems and it will also allow the Council to fulfil its auditing role in relation to the English National Concessionary Travel Schemes (ENCTS) with a more robust method of checking operator claims for reimbursement.
- 1.15 The Transport Services Group is also currently researching the provision of driver and passenger assistants training within Lincolnshire. There is a perceived risk that in many areas of the County, recruitment and retention of drivers and passenger assistants particularly those able to provide medical assistance, is becoming more difficult. The Group will report back on the issues, investigations and potential solutions in due course.

### **TOPIC – Public Bus Service Changes**

- 1.16 Government statistics show that in 2017/18 Lincolnshire bus operators provided 13.5 million passenger journeys compared to 13.7M in the previous year, with the East Midlands Statistics for the same periods reading 191M and 196M respectively. These declines mirror the national picture (outside of London) which saw a drop of 90 million passenger journeys down from 4,934M to 4,844M over the period.
- 1.17 Despite the slight reduction, it is worth noting that public bus services still account for 59% of all public transport journeys (Rail 21%, Underground 17% and Light Rail/Tram 3%).
- 1.18 Locally, over the past year the level of intervention required by this Authority has increased dramatically. From a reasonably stable situation over the past few years we have seen operators across the county recently reviewing the commerciality of their network.
- 1.19 In late 2018 we were notified of some timetable changes in the Boston and Spalding area by the local operator (Brylaine), this particularly affected the Into Town services. The majority of users on these services are concessionary card holders with the number of fare payers dwindling as per the national trend. Two of the IntoTown services in Boston were withdrawn

completely and replaced by two supported journeys offering a service for shoppers with a return journey to town. In Spalding the numbers travelling after 1530 did not even make a case to reinstate the withdrawn journeys.

- 1.20 Just after Christmas another significant number of cancellations were proposed in Grantham (by Centrebus). Service reductions were proposed both on IntoTown and rural services. The Council again stepped in to reinstate some of these services but not necessarily at the same frequency, and in some cases by combining routes on to one service.
- 1.21 The next batch of changes was proposed for late April 2019 by Stagecoach on their InterConnect services. Again some intervention was required, this time to provide certain villages between Boston and Skegness with peak journeys to aid access for workers.
- 1.22 It should be noted that the work done by the Council to mitigate the impacts of all the commercial changes has resulted in there being relatively few complaints from bus users and an acceptance that the County Council has stepped in to key maintain services.
- 1.23 Outline details of all bus service changes is circulated to all Councillors on a monthly basis. Members are advised to contact the relevant officer listed for more detailed descriptions and background if required.
- 1.24 Finally on a more positive note, the county's rural safety net, CallConnect, continues to go from strength to strength. During the last 12 months a new service has been introduced into the Wragby area and it celebrated its 18<sup>th</sup> Anniversary on 19 March 2019 with more positive media coverage.

### **TOPIC – Community Transport**

- 1.25 Sections 19 and 22 of the Transport Act 1985 allow organisations that operate in Great Britain without a view to profit, to have a permit which exempts them from the need to hold a Public Service Vehicle (PSV) operator's licence when providing transport for a charge. Under specified conditions, the drivers of certain vehicles are also exempt from the need to have Passenger Carrying Vehicle (PCV) entitlement on their driving licence.
- 1.26 Last year, we reported on the issue of legal challenge being brought by the bus and coach industry against the UK Government in relation to S19 and S22 permits issued to some Community Transport (CT) Operators. Unlike PSV Operators who have to adhere to tightly controlled licensing criteria, community transport has very few restrictions or maintenance requirements. In addition to this, Community Transport providers often receive grants/sponsorship from private and public sector bodies.
- 1.27 The challenge arose as a result of some of the larger community transport providers having used this advantageous position to bid against bus operators to win local authority bus service contracts. It is fair to say that

when the British Community Transport regulatory framework was written it was expected that work undertaken would be relatively small-scale, of a non-commercial nature and on a not for profit basis, so it was never really envisaged that CT schemes would operate in this way within a competitive market.

1.28 The High Court has accepted the application from the Bus and Coach Association (BCA) for Judicial Review and this was due to be heard sometime in Spring/Summer 2019. The BCA want the Courts:

- To quash the decision not to prosecute community transport providers for not having PSV operators' licences;
- For the Court to make a declaration on the meaning of non-commercial; and
- To compel the Court to issue an order to force the DVSA to set out a new enforcement policy and proceed with prosecutions.

1.29 In the meantime, the DfT has published new guidance entitled "Section 19 and 22 permits and obligations: not for profit passenger transport". The Guidance rehearses the scenarios for correct use of each permit and spells out that under EU regulations all operators must operate local bus services under PSV regulations unless they meet one or more of the following exemptions:

- "...be engaged in road passenger transport services exclusively for non-commercial purposes" (article 1(4)(b) – the "*non-commercial exemption*"); or
- "...which have a main occupation other than that of road passenger transport operator" (article 1(4)(b) – the "*main occupation exemption*")

Additionally, article 1(5) of the regulation states that:

- "member states may exempt from the application of all or some of the provisions in this regulation those road transport operators engaged exclusively in national transport operations having only a minor impact on the transport market because of ...the short distances involved. (the "*short distance exemption*")

1.30 The DfT has advised that the government is now giving effect to the short distance exemption and the DfT has defined this as an operational range of ten miles or less.

1.31 As a result of the Judicial Review mentioned above the contentious 'Non-Commercial exemption' is not covered in any detail within the new guidance.

1.32 The Council continues to support the voluntary car schemes in Lincolnshire. This includes paying for administration costs and hosting six monthly forums to share good practice and seek clarification of any issues. The forum last met in November 2018 and was well attended. The next one is scheduled for June 2019 and it is anticipated that a topic of conversation might be parking at Hospitals for both Hospital and Voluntary Car Schemes. Problems have

been faced particularly at the Lincoln and Boston sites with the introduction of new car parking arrangements, although issues are now starting to settle.

### **TOPIC – Local Government Association (LGA) Special Interest Group Public Transport Consortium**

1.33 An Officer and Councillors C J T H Brewis, M Brookes and R G Davies represent the Council on this LGA special interest group including Member representation on the Executive. The Consortium aims to:

- act as a forum for discussion and promotion of public transport issues affecting local authorities outside metropolitan areas;
- promote the exchange of experience and good practice between member authorities and in liaising with other bodies;
- advise appropriate committees or other executive bodies of the LGA on public transport issues;
- represent interests of member authorities to Government, the LGA, operators and other organisations involved in public transport; and
- provide advice and guidance to member authorities concerning passenger transport policy and operation.

1.34 During the previous 12 months the group has considered 26 different topics but the most relevant ones to Lincolnshire relate to:

- Follow up work on using the bus including: what young people think, app-based on demand services, KPMG report on Trends in patronage, Transport Committee Inquiry on the bus network outside London.
- Monitoring of the pilot to integrate the rail network and interurban bus network in Devon – continuing to follow Total Transport principles.
- Transport Focus – regular update on user satisfaction across the transport spectrum
- Bus Services Act 2017 – responding to the DfT on the various consultations.
- Rural Bus services: suggestions about raising funds for public transport and to lobby the Government on a strategy for public transport.
- Rail franchise information

1.35 LCC representatives on the Group will continue to attend and contribute to LGA lobbying and discussion on public transport where it is in our interest to do so.

### **TOPIC – Total Transport**

1.36 Whilst the LCC pilot scheme on Total Transport finished in 2017, we still subscribe to the principles of Total Transport and strongly believe it is a

solution for improved travel in Lincolnshire. The principles of Total Transport are:

- an integrated transport unit combining transport expertise in one team
- integrated provision of transport through a variety of ways from planning, procuring, scheduling and delivering; and
- joint contracting of activity

This approach can be adopted more widely to embrace other public sector organisations.

- 1.37 LCC already integrates the various work streams that provide transport into what is now called the Transport Services Group. Integration has been a key theme in transport policy since the late 1990s and this grew in prominence nationally with the Total Transport pilots. The benefits of integrating the Council's transport functions into one team are that it allows for joint planning and delivery of transport and it provides opportunity to share resources and procurement procedures to provide a more efficient and effective service. Additionally it avoids duplication and enhances the delivery of transport to the relevant users.
- 1.38 As a key step to achieving the principles of efficiency and effective shared resources the Council continues to investigate ways of integrating with health services including transport. With regards transport services we have agreement in principle from our health colleagues to continue to explore and scope the future integration of local authority and health transport provision.
- 1.39 Members will be aware that we have been at this juncture once before during the initial Total Transport Feasibility Pilot Project until the Clinical Commissioning Groups (CCG) disengaged following exit from the market of NSL its Non-Emergency Passenger Transport Service (NEPTS) provider and their subsequent decision not to consider an option of joint working at that opportune time. The CCG elected instead to put the contract out to retender on a like for like basis ie. for a single supplier covering all aspects:- eligibility; scheduling; planned/renal operational delivery and adhoc/discharge services.
- 1.40 Members are likely to be aware that since that time the operation of the subsequent NEPTS contract has been problematic, with the new operator Thames Ambulance Services Ltd (TASL) failing to meet operational and performance targets. This poses a challenge for the Lincolnshire CCGs so too might the outcome of the Sustainability and Transformation Plan (STP) for Lincolnshire which will aim to make the most of resources and increase operational efficiency, resulting in changes to the way that services are delivered.
- 1.41 To help inform their decision making, the Transport Services Group have been supporting the Sustainability Transformation Partnership with statistical data and mapping on possible scenarios and placements of services. Whatever the final solutions proposed, it is likely to change the passenger flows and demands for transport services as people seek to access appropriate health services if they are in alternative locations. It is therefore considered appropriate to be engaged as early in the process as possible so



that transport provision is not considered as an afterthought to any health service changes.

- 1.42 Transport is now a topic within the Lincolnshire Joint Strategic Needs Assessment and the most recent discussions with the CCGs highlight a renewed willingness and shared vision of maximising the benefits of joint service working and shared resources. These discussions are at an early stage but it is anticipated that appropriate board and governance structures will be established in order to progress the proposals for and development of any future partnership working arrangements.
- 1.43 As well as integration of Health Transport, three other strands of activity were considered as part of the Total Transport Feasibility Project. The other strands were:
- Voluntary Sector Transport
  - ICT Development
  - Market Development/Moderation
- 1.44 The voluntary sector strand sought to integrate community transport providers into a 'one stop shop approach' as an adjunct to the solutions derived for Health/Public Transport integration. Consequently, this aspect was not taken forward but CT schemes were offered grant funding for a 3 years licence for a standalone booking software solution. This served to give an IT solution to many schemes that still manually booked and scheduled journeys, offer resilience for single scheduler arrangements, improve audit trails and increase the opportunity for obtaining consistent and comparable CT statistical data. 11 schemes took up the option.
- 1.45 A functional specification for integrated transport solutions was developed with which to test the market for an existing IT solution and/or development opportunity. Talks were had with possible Local Authority partners and potential funders however the option was not progressed further given the loss of impetus from the health sector. Given that IT solutions continue to emerge and develop, due diligence would need to be undertaken again and the specification revisited if this was considered a feasible option at some point in the future.
- 1.46 As part of the work on the above specification, it was identified that many of the existing products in use by the Transport Services Group were time expired, no longer supportable and/or no longer considered fit for purpose. As a solution, products are being sourced or upgraded to continue to meet the operational demands of the service but with a requirement that these must be capable of being interfaced into a wider solution as and when required.
- 1.47 Supported by consultants, a significant piece of work was undertaken to try and develop the passenger transport market within Lincolnshire. This included workshop sessions with existing operators, explaining processes, highlighting opportunities to move into new markets etc as well as casting the net more widely to try and attract new entrants to the Lincolnshire market. This work also coincided with the introduction of the One School One

Provider (OSOP) model adopted for the carriage of SEND pupils. Lincolnshire saw 2 new providers enter its market and the creation of some sub-contracting arrangements where smaller operators worked together to deliver an OSOP contract.

1.48 Notwithstanding the above market development work, Lincolnshire's market still failed to satisfy all of the transport demands placed upon it at. The Council was still regularly seeing scenarios of no-bids; single no-competition bids and/or none value for money prices. Consequently in April 2016, the Council's Executive Committee considered and approved the establishment of a Teckal Company to be wholly owned by the Council for the purposes of delivering passenger transport services.

1.49 Members of this committee were presented at its meeting of 29 April 2019 with an update on the activities of the Teckal Company since its formation in July 2016.

### **TOPIC – Review of Lincolnshire's Bus Strategy**

1.50 Last year it was reported that there was a need to refresh the Council's Passenger Transport Strategy and that work would be done to look at this and the dated mechanism for determining which service receive financial support. Some work was done but proposals by the former Chief Executive superseded this with alternative plans. These plans are now unlikely to be fulfilled so it is proposed that the previous work be resurrected and progressed. It is the intention that the Lincolnshire Passenger Transport Strategy will dovetail with any future visioning and Locality based Transport Strategies currently being developed.

### **TOPIC – Sustainable Transport**

1.51 This Committee has requested a report on Cycling Strategy and this has now been scheduled for later in the year. However as a general update the Team continues to deliver sustainable transport activity as follows:

- Access Lincoln: this includes a Cycle and Network Plan which is work in progress and complements the Lincoln Transport Strategy;
- Lincoln Hire Bike scheme: investigating a refreshed scheme with improved technology and cycles to increase usage;
- Go Skegness: A number of infrastructure improvements to improve punctuality for bus travel and cycling and walking movements in the area;
- Sustainable Modes of Travel (SMOTS) project: working on behalf of school services to provide travel plan assistance to schools as part of their statutory duty to provide sustainable travel strategies.
- Car Share Scheme: The team administers a car share scheme for Lincolnshire County Council employees providing ten free car parking spaces at the County Offices car park for fifteen groups.

- Bus Shelter Grant Scheme: A grant scheme open to lower tier Councils which offers a contribution of up to £3,000 towards the costs of a new or refurbishment of an existing bus shelter.

## **TOPIC – Transport Services Group's Performance**

- 1.52 Attached as Appendix A to the report is a summary of performance within the Transport Services Group. This encompasses many of the strands of work that the group undertake, which we hope will be informative for Members as well as highlighting the breadth of activity undertaken.
- 1.53 It is intended to include a performance report on a *yearly* basis as part of this update to provide the Committee with more contextual information.

## **2. Conclusion**

Members of the Highways and Transport Scrutiny Committee are invited to consider and comment on any aspects of the report and to highlight any recommendations or further actions for consideration.

## **3. Appendices**

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| These are listed below and attached at the back of the report. |  |
| Appendix A   | Transport Services Group: Performance Report June 2019<br><br><i>This document is included in the electronic agenda pack only. Paper copies are available from Democratic Services</i> |

## **4. Background Papers**

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

| Document title  | Where the document can be viewed.   |
|---|---|
| Guidance: Section 19 and 22 permits and obligations: not for profit passenger transport | <a href="https://www.gov.uk/government/publications/section-19-and-22-permits-not-for-profit-passenger-transport/section-19-and-22-permits-not-for-profit-passenger-transport">https://www.gov.uk/government/publications/section-19-and-22-permits-not-for-profit-passenger-transport/section-19-and-22-permits-not-for-profit-passenger-transport</a> |
| Bus Services Act 2017: Bus Open Data Consultation Response                              | <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792313/bus-open-data-consultation-response.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792313/bus-open-data-consultation-response.pdf</a>   |

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