

## Policy and Scrutiny

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

Report to:	<b>Highways and Transport Scrutiny Committee</b>
Date:	<b>14 September 2020</b>
Subject:	<b>Passenger Transport Update</b>

#### **Summary:**

This report provides an annual update on Passenger Transport Matters since the previous report considered by this Committee on 10 June 2019. The annual update on TCL Limited, the Council's Teckal company and the Cycling and Walking Strategy will be considered at the October meeting.

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

- The impact of Covid 19 including the state of the local transport market
- Bus Services Act 2017
- Public Bus Service changes
- Total Transport including Non-Emergency Transport Services
- Community Transport
- Local Government Association's Special Interest Group on Public Transport Consortium
- National and Local 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.

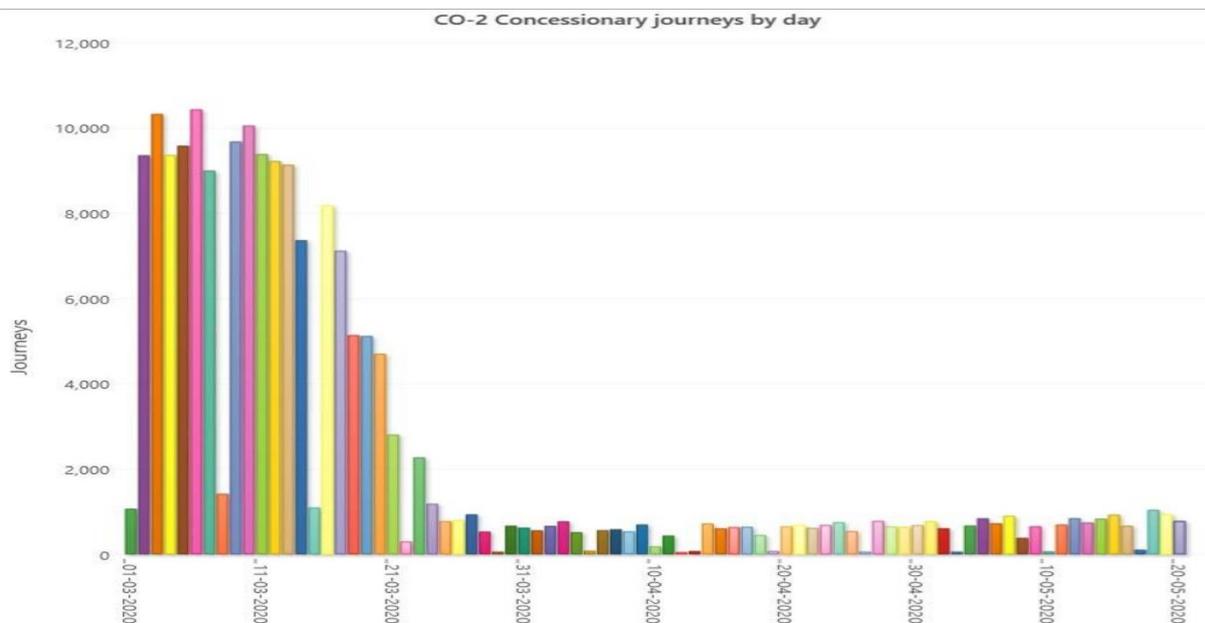
## 1. BACKGROUND

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

1.1 As previously advised to the Committee, Lincolnshire has a relatively small failing passenger transport market. It has only one of the large national operators providing partial coverage of the county plus a number of medium and smaller independent operators located around the county. In the period April 2019 to early March 2020, there had been little change to the market. Lincolnshire's bus operators broadly operate based on one of two models, those that provide just traditional bus operations (8 Operators) and those that deliver a mixture of transport services such as closed contracts, coaching services and/or private hire activities (16 Operators). Of the 16 operators in the latter cohort there are a number that would generate their main source of income from non-LCC work eg from coaching holidays/day trips or regular airport shuttles. The concern is for all bus operators but the smaller family run businesses and those that are reliant on coaching/airport runs as the main part of their business are considered particularly vulnerable. We are monitoring the situation closely now that we are in a recovery stage with the pandemic.

#### **The Bus Market during Covid 19**

1.2 There was a steady reduction in people using public transport at the start of the Covid-19 outbreak, followed by a dramatic drop following the national lockdown. The graph below shows the numbers travelling with Lincolnshire English National Concessionary Travel (ENCT) Passes. It confirms that numbers dropped massively at the first week of lock down.



Coaching holidays, day trips and private hire usage broadly ceased because of the requirement to stay at home. The result saw Operators either close down their depots completely or significantly scale back operations along with some or all staff being furloughed

1.3 The Government and Local Transport Authorities have provided support to bus operators and taxi operators during the crisis by providing the following:

<b>National Support</b>	<b>National Support administered by Local Transport Authorities</b>	<b>LCC support</b>
Government Job Retention Scheme	Covid-19 Bus Services Support Grant (CBSSG) – Support to contracted bus services to bridge the revenue shortfalls if they were running at 50% or higher service levels. LCC was allocated £598,992.	Continued payment of contracts: <ul style="list-style-type: none"> <li>• in full for March</li> <li>• Services being operated at service levels of 50% or more, receive 100%.</li> <li>• For services that are suspended or operating below 50% then 85% of the contract rate is paid. This represents the normal payment minus profit and fuel costs.</li> </ul>
DfT continued to pay Bus Service Operators' Grant (BSOG) which is a fuel duty rebate for commercial bus services at pre-covid levels.	Local Bus Supported Services 2020/21 Grant of £834,731. One off payment for bus service improvements (may now be used to support the bus operators during Covid if nec).	English National Concessionary Travel Scheme reimbursement for all local bus services based on the same parameters as per tendered contracts above.
Covid-19 Bus Services Support Grant (CBSSG) for commercial services since start of lockdown. This has now turned into a CBSSG Restart scheme. Set conditions for eligibility but the Restart Funding has widened the scope of what commercial operators can claim for.	Further CBSSG grant of £130k awarded for the period 9 June to 3 August (8 week period) for supported bus services. This will be used to offset lost fares revenue.	

1.4 The DfT urged local authorities to continue to support operators by paying for tendered services at the levels before any downturn in service provision or

patronage, for at least the period of the outbreak. As a result of this support, operators have continued in business during the outbreak.

### **Medium and longer term risks for the bus market**

- 1.5 Bus services are returning to near pre-covid levels but unfortunately passenger numbers are currently circa 20-30% of former levels because of the Government's previous messages about travelling on public transport as a last resort and the on-going requirement for social distancing. This means that the income streams are reduced whilst the operating costs are not.
- 1.6 Those bus operators that rely heavily on other transport activities such as coaching holidays are at significant risk with no imminent return to that side of their business. Coach Tourism is seasonal with a peak between April and July. Coach Operators have seen a total loss of business during the initial containment and delay phases. There has been a mass cancellation of bookings for the 2020 season and the Confederation of Passenger Transport (CPT) has indicated that coaching business is unlikely to recover during 2020 and 2021. Whilst the Government's Job Retention Scheme has provided some support, the CPT has estimated that Coach Operators still face standing costs of £1,900 per day even with all staff furloughed and the operation shut down. It is lobbying for national support to the coaching industry.
- 1.7 The cost of protective measures that are required to be put in place by operators to protect passengers and drivers cannot be underestimated. These include enhanced cleaning, driver screens, contactless and online promotion (where available), exact fare schemes, social distancing and limits on bus capacities. Children's Services have agreed to provide a grant payment towards the cost of PPE for Home to School transport.
- 1.8 The perfect storm of additional operating costs, significantly reduced capacity, reduced income and lower numbers of passengers means that the current and future survival of the commercial bus network in Lincolnshire is under serious threat. The threat for commercial bus operations will be most acute when Government financial support reduces and passenger numbers remain restricted
- 1.9 Historically, the integration of home to school journeys within existing bus routes has helped to underpin the viability of the local bus network and the peak time operations often cross subsidise the off-peak period. A further risk to the viability of the current bus market is the national steer towards moving scholars away from registered bus services whilst social distancing is in place.
- 1.10 The Council has a statutory obligation as set out in the Transport Act 1985 to

*“... secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose.”*

The County Council currently supports 142 (70 Tendered and 72 De Minimis) local bus services. If Operators' consolidate their commercial services this is likely to increase the call for even more supported bus services. Reduced vehicle capacities and lower passenger numbers as a consequence of Covid19 may also mean the existing supported services become more costly as operators will have assumed a certain amount of fare revenue when pricing for the contracts. In 2019/20 our gross spend on local bus services was £5.573M (£3.394M net). Going forward, the Council may need to consider the nature of the support it continues to offer to the local bus market. For example if journeys become more disparate then demand responsive transport solutions may become preferable to traditional fixed route services.

- 1.11 Other impacts on the bus market include the requirement from 1 January 2020 for all coaches of 22 seats or more being used on local bus services and/or any school service carrying fare paying passengers, to become fully wheelchair accessible. The Public Service Vehicle Accessibility Regulations (PSVAR) introduced changes in vehicle standards over a number of years and the purpose was to improve accessibility on buses and coaches for people with disabilities. Nationally a large number of operators wrongly assumed that all home to school transport services were exempt from the regulations. Lincolnshire operators were included in this and indeed the majority of coaches in use were found to be non-compliant. Exemption for school services can only be claimed if no scholars pay a fare or make any form of financial contribution, eg in the case of Post 16 students. Given the high volume of operators nationally that had failed to correctly comply with the regulations, the Department for Transport (DfT) was compelled to establish a temporary arrangement for the continued use of non-compliant vehicles. The exemption is operator/vehicle specific, lasts for 2 years and allows up to 20% of passengers on a local authority commissioned school service to be financial contributors. In addition, schools and colleges that provide their own transport could apply for an exemption until September 2020 if not all the passengers were entitled to free transport. Government have recently confirmed that this exemption can be extended for a further academic year.

Despite PSVAR being about improving accessibility for all passengers, the regulations have had a number of unintended consequences:

- There aren't sufficient vehicles to meet demand from the local education authority, schools and colleges in areas where there is a high reliance on coach transport ie rural areas;
- New PSVAR compliant coaches are very expensive. There is a lack of vehicles in the second hand market as only newer models meet the current accessibility regulations. This is further driving up the cost of compliant coaches and putting them beyond the reach of many operators;
- Given the need to invest in new(er) vehicles, a number of operators are considering withdrawing from the school transport market; and
- Tender prices are increasing as operators are looking to recoup their vehicle investment costs. The last batch of like for like home to school

tenders requiring accessible vehicles saw an average price increase of 11%.

1.12 There continue to be concerns about forthcoming changes on the Open Data requirements (explained in the next topic). Coupled with the impact of Covid19 and PSVAR there is a real risk that operators may consider there to be too many challenges and opt to leave the market. We continue to look for ways to support and encourage the current marketplace whilst remaining within the allocated budget and within the restrictions of State Aid.

1.13 One of the projects introduced this year is the Electronic Ticket Machines (ETM) Lease Scheme. Operators may lease ETMs for a period of up to five years, thus removing the need for any upfront capital outlay. This serves to not only support the Operators but also helps the Council through more robust data and auditing capacity in relation to ENCTS passenger journeys. A number of operators have also shown interest in moving to contactless payments to reduce the risks of cash handling during Covid and to reduce the burden of cashing up and banking at the end of the day. A grant offer of up to £15k for contactless configuration has been made to operators, funded out of CBSSG.

1.14 The Council continues to receive Bus Service Operators' Grant (BSOG) for supported bus services. In 2019/20, the Council used its targeted £545K funding on the following:

- Fuel Duty Rebate payments to eligible services;
- Financial support for some local bus services;
- Purchase of several replacement CallConnect vehicles;
- Software to aid production of roadside publicity;
- On-street and on-line timetable publicity;
- Parish Shelter Grants; and
- Bus stop installations and repair

All BSOG spend is subject to a DFT annual survey and LCC audit.

1.15 Some initial work has been done on establishing whether there is a business case to support driver and passenger assistant training within Lincolnshire. There was evidence in large parts of the County that recruitment and retention of drivers and passenger assistance is becoming more difficult. This is especially so for medically trained passenger assistants. Unfortunately this work has stalled during Covid and it will be necessary to understand the impact of the pandemic on the job market before any further work is undertaken on this project.

1.16 Some Voluntary Car Schemes may be finding it difficult to access volunteers as many of their drivers are in the older category that has been self-isolating during the outbreak. We are now engaging with relevant service areas to establish whether such schemes could recruit new members from the many public spirited volunteers that supported their community during lockdown.

## **TOPIC – Bus Services Act 2017**

1.17 This Committee has been kept updated with actions arising out of the Bus Services Act since it was enacted in April 2017. The Committee is reminded that the Act covers four key strands:

- Franchising
- Strengthening the powers of Quality Bus Partnerships between operators and the Council.
- Modernising previous ticketing legislation
- Introduction of open data and on board audio and visual information.

1.18 In October 2019, the DfT published its Bus Open Data: Implementation Guide. The Bus Open Data Regulations came into effect on 7 January 2020. The purpose of Open Data is for bus operators to make details of their services available. This includes timetables, routes, fares data vehicle location in real time and historic performance data. The requirements for operators are being phased in.

1.19 Despite the requirement to publish route and timetable data coming into effect on 7 January 2020, operators have been allowed a transitional period of 12 months to comply. LCC has written to operators reminding them of these obligations. The Guidance provides the ability for local authorities to act as agents or a bureau. We are evaluating the option of offering a bureau service for those operators who will struggle with the requirements. In the interim, the DfT has indicated that it will provide data hosting for bus operators with ten routes or fewer for a period of time.

1.20 Bus operators will be required to publish their data (initially just route and timetable) through a portal. The portal, known as the Bus Open Data Digital Service (BODDS) should go live in the Autumn and operators will need to comply with its use by 31 December 2020. We will continue to provide Traveline with timetable data during the transitional period, with a view to this service being disestablished by March 2021 at the latest.

1.21 The next phase is to provide standard fare and real time information and this comes into effect on 7 January 2021, although it is expected that there may again be a transition period. LCC's leased ETMs should allow operators to provide the real time information required. The final phase is to produce complex fare information by 7 January 2023.

1.22 There has been no update issued on the requirements for on-bus audio and visual features as set out in the Act since the previous report.

## **TOPIC – Public Bus Changes**

1.23 Government statistics show that in 2018/19 Lincolnshire bus operators provided 12.9 million passenger journeys compared to 13.5M in the previous year. The national picture saw a drop from 4,344M passengers to 4,318M over the same period. Despite the reduction, it is worth noting that public bus

services still account for 58% of all public transport journeys (inc Bus, Rail, Underground and Light Rail/Tram).

- 1.24 In the previous report, it was stated that a number of significant changes were made by local operators to their commercial networks in Spring 2019. These changes have now been in effect for over a year. Before the Covid-19 lockdown, very few complaints had been received following the County Council's intervention and the network was relatively settled.
- 1.25 The Bardney Bridge closure resulted in a temporary timetable being provided which operated well and no complaints were received.
- 1.26 Stagecoach reviewed services in the Lincoln area in July 2019 resulting in extra services in the morning to Lincoln County Hospital. There was also an increase in frequency to a 30 minute frequency on the Lincoln to Gainsborough service.
- 1.27 In November, National Express removed one of their services through the county, this resulted in a number of towns and villages losing their services, notably Horncastle, Woodhall Spa, Coningsby, Sleaford and Bourne. Passenger figures were provided by National Express and it showed very low county usage. All of the locations had an alternative they could use by making a connection on a local service.
- 1.28 In December 2019, Delaines withdrew the service 205 between Stamford and Peterborough; they had taken over the service from Centrebus but poor loadings made the service not viable for them to maintain. CallConnect stepped in to provide a peak journey to Peterborough via Wittering.
- 1.29 In January 2020, the Sleaford IntoTown service was re-tendered after the operator reported that the service was not viable with the support being provided. The timetable was revised with no adverse feedback from users.
- 1.30 A number of CallConnect services were re-tendered in spring 2020 and new services were introduced around Lincoln and Louth. This provided a new service between Skellingthorpe and Saxilby following the closure of the medical practice in Skellingthorpe. These services were introduced during lockdown so it has not been possible to fully assess how well these new services are supported. During lockdown all CallConnect services operated free of charge to avoid cash handling. Numbers were very low due to restricted capacity and social distancing measures. Post lockdown, numbers and bookings have been increasing week on week.
- 1.31 Online details of all bus service changes continue to be 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.

## **TOPIC – Community Transport**

- 1.32 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.
- 1.33 The bus and coach industry brought a Judicial Review against the UK Government in relation to section 19 and 22 permits issued to some Community Transport (CT) operators. PSV operators have to adhere to tightly controlled licensing criteria whereas CT operators have very few restrictions. This was deemed by the bus and coach industry to be unfair when both types of organisations were tendering for the same contracts particularly as the bus operators incur higher costs as a direct result of the licensing criteria.
- 1.34 On 6 December 2019, the High Court gave a judgement that the DfT was not acting an unlawful non-prosecution policy. The Court also refused to grant a legal declaration on setting out circumstances when a CT operator would be required to obtain an Operators' licence. As a result of this judgement, we are expecting further Guidance from the DfT.
- 1.35 The Council continues to support the voluntary car schemes in Lincolnshire. This includes hosting six monthly forums to share good practice and address any issues. The March 2020 meeting was postponed as a result of Covid 19. The previous report referenced problems with parking at Hospitals for the Voluntary Car Schemes. The County Council helped facilitate discussions with United Lincolnshire Hospital Trust to reach agreement that volunteers could continue to receive free car parking.
- 1.36 As a result of Covid 19, almost all schemes stopped totally due to the majority of their drivers being in the at risk category. A few schemes adapted to help local projects deliver food packages etc. Some of the drivers who weren't self-isolating volunteered themselves to the national effort for volunteers. Most schemes are now returning to some operational journeys with appropriate social distancing and infection control measures.

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

- 1.37 Councillors C J T H Brewis, B Adams and R G Davies represent the Council on this LGA special interest group including representation on the Executive. The Head of Transport Services provides support and attends the meetings. 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.

1.38 During 2019/20 the group considered a number of different topics and issues relating to bus and rail but the most relevant ones to Lincolnshire are:

- Updates on the implementation of the Bus Services Act 2017 especially open data.
- Public Service Vehicle Accessibility Regulations for Coaches and the impacts on home to school transport networks especially in rural areas.
- Monitoring of the negotiations with a number of local authorities to establish Enhanced Partnerships with bus operators.
- Carbon offsetting in transport.
- Responding to the Transport Select Committee.
- Development of the bus sector.
- The impacts of the Judicial Review on Section 19 and 22 regulations.
- Future Regulatory Reform.

1.39 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. A virtual meeting was last held on 10 July 2020.

### **TOPIC – Total Transport**

1.40 We continue to work towards the Total Transport principles and continue to believe that 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
- Joint contracting and delivery of activity

1.41 We continue to investigate opportunities for working collaboratively with health on passenger transport matters. The Non-Emergency Passenger Transport services (NEPTs) contract is due for renewal next year and we are working with health colleagues to look at potential integration between CallConnect and NEPTs. This would also allow seamless contact with passengers and the ability to signpost members of the community to the most appropriate transport. We meet regularly with health colleagues to understand the outcomes of the Health Service's transformational changes and to consider the transport implications as part of an integrated impact assessment.

1.42 Although the number of patients requiring transport to and from hospital appointments and discharge reduced as a result of Covid 19, the number of

journeys hasn't because of the requirements for social distancing. Changes in outpatient appointments will change the demand for transport in the longer term.

- 1.43 The County Council submitted a number of bids for European Funding under the Hi-Reach Project in October 2019. Hi-Reach is a three year funded Horizon 2020 project that focuses on the development of new tools and business models to improve accessibility for areas and communities in need. Our bids related to transport accessibility and two bids were shortlisted. One bid reached the final stages where we were matched with a technology company keen to help develop solutions for enhancing CallConnect's digital accessibility. This could include development of an app based booking tool, vehicle location and customer messaging service all designed to improve the customer experience and to make the service attractive to a wider customer base, including the youth. Unfortunately the European programme was suspended due to Covid and it is unclear whether this will be resumed.
- 1.44 We are working with Children's services on a review of the One School, One Provider Contract (OSOP) in particular the payment mechanism to ensure it reflects changes in Special Educational Needs provision and able to adapt during times of disruption such as the impact of Covid 19.

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

- 1.45 The Government announced earlier in the year the development of a National Bus Strategy. We were expecting this to be produced by the end of the year which would give a platform on which to develop a Lincolnshire Bus Strategy. The impact of Covid 19 has meant huge changes to public transport provision and whilst we are focused on recovery, it is considered prudent to consider the direction from a national strategy and to establish the emerging positions and priorities for transport operators before the development of a local Strategy.

#### **TOPIC – Sustainable Transport**

- 1.46 There has been a lot of development regarding sustainable transport and this Committee will consider a Cycling and Walking Strategy at its next meeting. Cycling and Walking is a key strand of the Government's Sustainable Transport ambitions and due to Covid 19, people are being encouraged to cycle and walk where possible. Service areas are working closely together to deliver new measures and a summary of recent activity is set out below:

- Access Lincoln: the DfT extended funding for 2020/21 this will support Lincoln BIG to work with more businesses to develop their own travel plans. The Cycling and Walking Strategy which will be considered at the next meeting of the Scrutiny Committee is also an output of this project;
- Go Skegness: this project was completed in November with the completion of a cycle/walkway to Gibraltar Point. The project has now been signed off by the LEP;

- Cycling and Walking Infrastructure Plans (CWIPs): development and completion of Plans in Lincoln, Gainsborough, Spalding and Holbeach and Grantham. Further plans are being commissioned for Boston, Skegness and Mablethorpe, Sleaford, Stamford and a plan to cover other market towns such as Horncastle. These plans involve engaging with local communities and will help to provide detail of schemes within any funding bids;
- Funding of a new cycle path in South Hykeham will support scholars accessing local schools and completing an existing cycle route to Saxilby from Lincoln will remove the need to cycle on the A57.
- Grants given to Parish Councils and businesses to provide sustainable transport facilities such as cycle racks, showers and other ideas to encourage cycling and walking.
- Lincoln Hire Bike scheme: investing in a refreshed scheme with improved technology and cycles to increase usage commencing 1 April 2021;
- Sustainable Modes of Travel project: working on behalf of school commissioning 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 of up to £3,000 open to Town and Parish Councils towards the costs of a new or refurbishment of an existing bus shelter.
- Improvement to bus stops in localities such as Market Deeping and Deeping St. Nicholas working with the Parish Councils and the local bus operator.

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

1.47 Attached as Appendix A to the report is a summary of performance within the Transport Services Group. The section is divided into the four teams within the group, namely:

- Public Transport and Matrix
- Projects Team
- Client Services
- Fleet and Compliance

This updates the summary provided to this Committee last year.

## **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

These are listed below and attached at the back of the report.	
Appendix A	Transport Services Group: Performance Report 2019/20

### 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.
Bus Services Act 2017: Bus Open Data Implementation Guide	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/860574/bus-open-data-implementation-guide.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/860574/bus-open-data-implementation-guide.pdf</a>

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