



AGENDA ITEM: 5(a)

CABINET: 12 November 2013

Report of: Assistant Director Planning

Relevant Managing Director: Managing Director (Transformation)

Relevant Portfolio Holder: Councillor M Forshaw

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SUBJECT: USE OF SECTION 106 MONIES FOR THE SKELMERSDALE & UP HOLLAND DEMAND RESPONSIVE TRANSPORT SYSTEM

Wards affected: Skelmersdale/Up Holland Wards

1.0 PURPOSE OF THE REPORT

1.1 To report on how the pilot demand responsive transport system has performed since the service came into operation on the 21 May 2012 and to consider the future of the scheme.

2.0 RECOMMENDATIONS

2.1 That the changes set out in paragraph 6.4 of this report be implemented and the pilot scheme be continued for a further 9 month pilot to assess the impact of those changes.

2.2 That one months notice be given to all individuals currently on the scheme who do not meet the revised membership criteria.

2.3 That the S106 contributions received from the KRM and Walkers (Pimbo) developments be used to support this service.

3.0 BACKGROUND

- 3.1 In order to help link employment and residential areas within Skelmersdale, over the past year, the Borough Council has been operating a Demand Responsive Transport System (DRTS), removing a barrier to local people gaining employment.
- 3.2 In January 2012 Cabinet gave approval to introduce a scheme operating between residential areas in Skelmersdale and Up Holland and the Pimbo Industrial Estate using S106 commuted sums. Following the initial pilot scheme, in January 2013 Cabinet gave further approval to continue for another 9 months (i.e. until Nov 2013) but for the scheme to be reviewed after the initial 6 months. Authorisation was also given to alter the cost and operational aspects of the scheme. In order to allow sufficient time to evaluate the performance of this service a decision was taken to continue the service until the November Cabinet meeting.
- 3.3 The previous Cabinet report (Jan 2013) detailed how the service would be operated including a detailed criteria for who could use the scheme, as well as the cost of the scheme, which increased from £2 to £2.50, with the exception of those who share journeys. Changes were also made to encourage more shared journeys in an attempt to bring the overall cost of the service down.

4.0 CURRENT POSITION

- 4.1 The service started on 21 May 2012 and initially had relatively low numbers. However, as the service became established, passenger numbers steadily grew as further publicity raised awareness.
- 4.2 When Cabinet last considered the DRTS scheme (Jan 2013), due to the high number of users of the scheme (175) and the difficulty in getting shared journeys, the cost of the scheme had increased and the predicted cost of the scheme was higher than initially expected. At that time, the predicted cost of operating the scheme for a further 9 months was running at £30,745 without any further interventions being introduced.
- 4.3 The scheme is currently serving over 13 different companies on Pimbo industrial estate ranging from large multinationals to smaller local firms. Some of the firms the scheme is serving include Walkers, ASCO, Salads to Go, Hotters Shoes and Redwood, amongst others.
- 4.4 Feedback provided by the Job Centre Plus states that *“the service is promoted by all staff (at Job Centre Plus) when dealing with the unemployed, and it has proved a very popular service, ensuring people can get to their place of work on time. Without the service many of our customers would have been unable to get to jobs. We have a number of queries about it or when the service will expand to cover Stanley Industrial Estate. We have had no negative comments about the service.”*

- 4.5 A number of options were presented at the previous meeting to Cabinet to try and reduce the overall running cost of the service to a more sustainable level. These options included:
1. Raising the fare of the proposed service from £2 per journey to £2.50 or £3.
 2. Include new criteria to ensure that only those who need to use the scheme enter it.
 3. Limiting the number of passengers using the scheme and only allowing a new member (employees or unemployed people using the service to get to work/attend a job interview) to enter the scheme once a member has left.
 4. Improving the efficiency of the service further.
- 4.6 A number of financial appraisals were also included. After consideration Cabinet decided to increase the cost of the service from £2 to £2.50 with the exception of those journeys that are shared and to allow the Assistant Director Planning, in consultation with the Portfolio Holder for Planning & Development, to review and amend the Membership criteria of the proposed scheme.
- 4.7 As such, the cost was increased and officers wrote to companies with employees using the scheme, to request details of their employees using the scheme. The results of this information show that:
- The modal wage banding for those using the scheme was £12,500-£14,999
 - There were 14 members using the scheme that are earning above £17,500
- 4.8 Since Cabinet decided to increase the contribution of passengers to £2.50 in January 2013, it can be seen in Table 1 below that the cost of subsidising the scheme has been between approximately £2,700 and £3,200 per four-week period, and an average of £2,989.72 per four-week period. In order to forecast predicted costs and operational performance of the scheme for a further 12 months, the average figures for the scheme from 17 February 2013 to 3 August 2013 have been used in Table 2.

(Note for following table: As with costs in the previous report one passenger pays an additional fee as she drops her child off on the way to school. This additional fee is paid by the employee and not the scheme)

Table 1: Cost of the service from the start of operation to August 2013

Period	Dates	Mileage	Journeys	Passenger journeys	Gross Revenue (£)	Gross Cost (£)	Council Subsidy (£)	% of journeys shared
9	13/05/12 - 09/06/12	407.5	115	115	230.00	591.30	361.30	0%
10	10/06/12 - 07/07/12	1,774.0	538	538	1,076.00	2,821.50	1,745.50	0%
11	08/07/12 - 04/08/12	2,816.4	895	895	1,790.00	4,530.00	2,740.00	0%
12	05/08/12 - 01/09/12	3,442.9	1076	1150	2,300.00	5,494.90	3,194.90	6.9%
13	02/09/12 - 29/09/12	3,432.7	1033	1133	2,266.00	5,430.40	3,164.40	9.7%
1	30/09/12 - 27/10/12	3,615.9	1214	1353	2,774.40	6,122.20	3,347.80	11.4%
2	28/10/12- 24/11/12	3,318.9	1034	1129	2,311.20	5,071.90	2,760.70	9.2%
3	25/11/12- 22/12/12	4,187.3	1190	1424	2,918.20	6,511.60	3,593.40	19.7%
4	23/12/12- 19/01/13	2,920.2	848	1023	2,093.50	4,568.00	2,474.60	20.6%
5	20/01/13- 16/02/13	4,163.5	1241	1500	3,152.50	6,742.00	3,594.50	20.9%
6	17/02/13- 16/03/13	4,232.6	1299	1518	3,623.60	6,847.30	3,223.70	16.9%
7	17/03/13- 13/04/13	3,725.7	1135	1322	3,153.10	6,100.30	2,947.20	16.5%
8	14/04/13- 11/05/13	3,753.3	1118	1341	3,176.80	6,074.70	2,895.40	19.9%
9	12/05/13- 08/06/13	4,014.5	1203	1403	3,372.00	6,549.40	3,177.40	16.9%
10	09/06/13- 07/07/13	3,977.6	1185	1386	3,326.40	6,355.90	3,029.50	17%
11	08/07/13- 03/08/13	3,402.1	1074	1217	2,960.00	5,625.10	2,665.10	13.3%
Total		53,185.0	16198	18447	40,523.70	85,436.50	44,912.80	13.9%

Table 2: predicted costs of operating the service for a further 12 months

	Mileage	Journeys	Passenger journeys	Gross Revenue (£)	Gross Cost (£)	Council Subsidy (£)
Average per four-week period	3,850.97	1169	1364.5	3,268.65	6,258.78	2,989.72
Total for a further 13 four-week periods	50,062.57	15197	17,738.5	42,492.45	81,364.18	38,866.32

4.9 Table 2 shows that, without any additional interventions, the predicted cost of continuing the service for an additional 13 four-week periods (12 months) would be £38,866.

4.10 Therefore, although this scheme is providing some real benefits, it is clear that at current costs the scheme is unsustainable in the long term. In order to continue the service, costs must be significantly reduced.

5.0 EVALUATION OF HOW THE SERVICE HAS PERFORMED

5.1 From looking at the number of users of the service it is clear that this service is proving popular with employees and has helped a number of employees enter and maintain employment. Previous comments from Pepsico Walker Ltd and comments from the Job Centre Plus have helped support the case for continuing the service. However, given the cost of the service, it is clear that to continue this service a decision needs to be made to further reduce the cost.

5.2 Table 1 reveals that the number of journeys being shared has increased from originally no shared journeys, to between 16% and 21% of journeys being shared since November 2012 (with the exception of the most recent 4-week period). Although this is below the 30% expected in the last Cabinet report, this is realistic given the number of different locations and shift patterns involved. Officers at LCC are continuing to monitor this aspect of the scheme and ensure that all journeys that realistically can be shared are being shared.

5.3 Although the number of shared journeys has increased and revenue has been increased by raising the cost of the service, costs have gone up more than expected due to the fact that membership of the scheme has continued to grow. At the time of Cabinet's last decision in January 2013 the scheme had 175 members; however, since the last report membership has grown to 264 members, although not all of the members use the scheme regularly.

Costs of the project to date

- 5.4 In order to make the scheme more sustainable in the long term a further range of options needs to be considered to either reduce running costs and/or increase revenue.
- 5.5 The Council has already increased the cost of the service and could consider increasing the cost further. However, given the overall aim of the service is to help get those in most need into employment, a further cost increase could make the service less accessible to those in greatest need and as such has been ruled out. Similarly, to avoid restricting those in greatest need of the service Cabinet has previously ruled out limiting the number of passengers able to use the scheme.
- 5.6 LCC officers have already reminded the taxi operator that journeys must be booked at least 24 hours in advance, allowing sufficient time to arrange for shared journeys and have set realistic targets for the taxi operator in regards to ensuring that journeys are shared. This has reduced the number of single journeys and has helped reduce running costs. However, given that residents live in different areas and may have differing start and finish times it has proven more difficult than anticipated for journey to be shared.

6.0 FURTHER RECOMMENDED CHANGES TO THE SERVICE

- 6.1 The purpose of the DRTS scheme is to help those entering employment who would otherwise struggle to access their place of employment by other means of transport. Given that quite a number of members of the scheme are earning more than £17,500 (gross) a year, it could be considered that those members are in a position (because of their higher salary) to find alternative means of transport to work, and so do not entirely fit with the original purpose of the scheme. As such, a further change to the service could be to limit membership to those with an annual gross income of less than £17,500. This would reduce the membership somewhat and so reduce the overall cost of the service.
- 6.2 A further change to the service to make the scheme more sustainable is to limit the duration of membership. Officers believe that the first 6 months of any employment is the most critical when new employee and therefore propose that membership of the Scheme be limited to this time period. This would allow the scheme to still serve those in greatest need for a 6 month period i.e. when they start their new job, thus providing sufficient assistance to allow someone to be in a position to get to work using the scheme in the short-term while they find a longer-term solution to getting to work e.g. car or taxi sharing with a colleague, or purchase of own bike or car.
- 6.3 Officers have also approached companies whose employees are using the scheme, to ask if they would consider paying the membership for their employees. This would reduce the level of subsidy that the Council would have to contribute to the scheme. However, there appears to be little appetite for this. As such, this option has been ruled out.
- 6.4 Therefore, after careful consideration, officers believe that the only further changes to the service that would be appropriate are:

- The annual gross income of users of the scheme must be less than £17,500. It is believed that someone earning £17,500 and above should be in a position to afford their own transport. Those people already on the scheme who are earning £17,500 or more will be allowed to stay on the scheme for one further month after the date the letter is sent out to all members advising them of the change.
- People may be members of the scheme for 6 months only, from the date the original acceptance letter for the scheme was sent out to them. Those people who have already been on the scheme for 5 months or more will be allowed to stay on the scheme for one further month after the date the letter is sent out to all members advising them of the change.

6.5 Although it is extremely difficult to predict future costs and demand, it is believed that the proposed interventions will likely result in a reduction in the membership of the scheme and therefore make a noticeable reduction in the overall cost of the service. While the new membership criteria may reduce the number of users of the scheme, this should ensure that the scheme only targets those in greatest need. Ultimately, transport services such as this will always require a subsidy, but it is believed that the proposed changes will significantly reduce the overall running costs of the service and bring the cost of the service down to a more realistic and sustainable amount.

7.0 FUNDING THE SERVICE

7.1 The future subsidy for operating the service over the next 12 months, at current costs, has been predicted to cost the Council £38,866. However, with the proposed changes this figure should be significantly reduced. By introducing the above recommendations officers consider that the scheme would be tailored to specifically target those in greatest need (i.e. members of the public who are entering employment and need transportation help getting to work), whilst removing those individuals who are in a position to afford alternative transport. It is hoped the proposed changes to the service will allow the scheme to be operated in a far more sustainable manner. While the above recommendations for alterations to the service would, if taken forward, likely reduce the cost to the Council, there would still be a need to identify funding to continue to subsidise the service.

7.2 The Council has S106 funding from Walkers (£84,407) and KRM (£45,000) which would be used to fund this service.

8.0 CONCLUSIONS

8.1 Clearly, this scheme is providing real benefits to the local community by providing an affordable alternative transport solution; allowing local residents who are most in need to access the local jobs market. However, the scheme in its present form is not sustainable for more than 2-3 years. In order to extend its longevity, there is a need to make the significant changes to its operation as set out above.

8.2 I believe the proposed changes will make the scheme far more cost effective and propose that the pilot scheme be extended for a further 9 months, with a review after the initial 6 months of the success or otherwise of the revisions to the scheme. This information will then inform a subsequent report to Cabinet to decide the future of the scheme.

9.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

9.1 If successful, the Demand Responsive Transport System will meet many of the aims of the Sustainable Community Strategy. It will assist in getting people to work and will reduce the use of private cars and therefore reduce the amount of carbon emitted. Thus it will have economic, environmental and social benefits.

10.0 FINANCIAL AND RESOURCE IMPLICATIONS

10.1 The continuation of the scheme will require public subsidy to function. However, this can be funded through existing S106 monies specifically acquired for such a scheme.

11.0 RISK ASSESSMENT

11.1 There is a risk that the operating costs of the scheme will not be able to be lowered to a sustainable amount.

11.2 Some of the Section 106 funding is ring-fenced specifically for improvements to public transport within Skelmersdale and must be spent within a set timescale for schemes such as the DRTS to avoid having to be repaid to the developers.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Article.

Equality Impact Assessment

There is a significant direct impact on members of the public, employees, elected members and / or stakeholders. Therefore an Equality Impact Assessment is required. A formal equality impact assessment is attached as an Appendix to this report, the results of which have been taken into account when undertaking the actions detailed within this article.

Appendices

Appendix 1- Equality Impact Assessment

Appendix 1

Equality Impact Assessment - process for services, policies, projects and strategies

<p>1. Using information that you have gathered from service monitoring, surveys, consultation, and other sources such as anecdotal information fed back by members of staff, in your opinion, could your service/policy/strategy/decision (including decisions to cut or change a service or policy) disadvantage, or have a potentially disproportionately negative effect on, any of the following groups of people:</p> <p><i>People of different ages – including young and older people</i> <i>People with a disability;</i> <i>People of different races/ethnicities/ nationalities;</i> <i>Men; Women;</i> <i>People of different religions/beliefs;</i> <i>People of different sexual orientations;</i> <i>People who are or have identified as transgender;</i> <i>People who are married or in a civil partnership;</i> <i>Women who are pregnant or on maternity leave or men whose partners are pregnant or on maternity leave;</i> <i>People living in areas of deprivation or who are financially disadvantaged.</i></p>	<p>No</p>
<p>2. What sources of information have you used to come to this decision?</p>	<p>A detailed analysis of the performance of the pilot scheme has taken place. This includes detailed spreadsheets provided by Lancashire County Council showing the operational performance of the service.</p> <p>Lancashire County Council public transport officers, the Job Centre Plus and local companies have also been consulted.</p>
<p>3. <i>How have you tried to involve people/groups in developing your service/policy/strategy or in making your decision (including decisions to cut or change a service or policy)?</i></p>	<p>As part of the evaluation of the service I have consulted with a number of organisations involved in the scheme including LCC and some of the organisations benefitting from the service.</p>
<p>4. <i>Could your service/policy/strategy or decision (including decisions to cut or change a service or policy) help or hamper our ability to meet our duties under the Equality Act 2010? Duties are to:-</i></p> <p>Eliminate discrimination, harassment and victimisation; Advance equality of opportunity (removing or minimising disadvantage, meeting the needs of</p>	<p>The proposed scheme is designed to increase accessibility within Skelmersdale in order to help people access employment and in doing so should help meet the Council's duties under the Equality Act 2010.</p>

people); Foster good relations between people who share a protected characteristic and those who do not share it.	
5. <i>What actions will you take to address any issues raised in your answers above?</i>	Not applicable