



AGENDA ITEM: 6(d)

CABINET: 16 September 2014

Report of: Assistant Director Planning

Relevant Managing Director: Managing Director (Transformation)

Relevant Portfolio Holder: Councillor M Forshaw

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**SUBJECT: SKELMERSDALE & UP HOLLAND DEMAND RESPONSIVE
TRANSPORT SYSTEM**

Wards affected: Skelmersdale / Up Holland Wards

1.0 PURPOSE OF THE REPORT

1.1 To report on the performance of the pilot demand responsive transport service since the implementation of revised membership criteria in January 2014.

2.0 RECOMMENDATIONS

2.1 That the success of the pilot scheme be noted and approval granted for the scheme to be continued.

2.2 That delegated authority be granted to the Assistant Director Planning, in consultation with the Portfolio Holder for Planning & Development, to review and, if required, amend the terms and conditions of the scheme, including membership criteria and operational management.

2.3 That S106 money from the KRM (Pimbo) development continues to be used to support this service, with any further funding provided by the Walkers S106.

3.0 BACKGROUND

- 3.1 In order to improve links between employment and residential areas within Skelmersdale and Up Holland, the Borough Council has been operating a Demand Responsive Transport Service (DRTS). The DRTS helps local people into employment by providing an affordable means of accessing Pimbo employment area which is not well served by public transport services. Skelmersdale and Up Holland residents can register as members of the scheme, from which point they can advance book taxi journeys to employment on the Pimbo estate. Members pay a reduced fare, with the remaining costs subsidised by the Council using Section 106 commuted sums.
- 3.2 Cabinet gave approval to introduce the DRTS scheme in January 2012, with the scheme commencing in May 2012 for a 9 month pilot period. The timescale for the pilot scheme was extended by Cabinet in January 2013 and again in November 2013 (until August 2014)
- 3.3 Approximately 40 companies based on the Pimbo Industrial Estate have employees who are, or have been, members of the scheme. The number of employees using the scheme varies between companies, with the largest proportion of use deriving from Hotters, Walkers, Scott Safety, Proctor & Gamble and Salads to Go. Since its start, the scheme has seen over 300 people register as members of the DRTS.
- 3.4 The scheme is recognised by both employers and employees as being a valuable commodity. Feedback from the Job Centre Plus states that *“the service is promoted by all staff (at JCP) 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.”*
- 3.5 Since the scheme began in May 2012, use of the scheme has grown significantly. The first period of the scheme (May/Jun 2012) saw 115 passengers use the service, with 115 journeys taken. Within a year (Feb/Mar 2013) this had increased to 1518 passengers, taking 1299 journeys.
- 3.6 Whilst the large increases in the number of users and the number of journeys have demonstrated the success and popularity of the scheme, it has also resulted in much higher costs to the Council than that originally anticipated.
- 3.7 To protect the sustainability and longevity of the scheme, Cabinet have, on two separate occasions, approved changes to the criteria for membership of the scheme. In January 2013, the Council raised the user fare from £2 to £2.50 per journey, or £2 where journeys were shared, to cover the increasing costs of the scheme. Whilst this was successful in increasing revenue and reducing council subsidies to a degree, financial costs to the Council were still high.

Subsequently, in November 2013, Cabinet agreed to introduce further restrictions on users, with the aim of reducing usage and costs. These restrictions were:

- Users must earn less than £17,500 gross income
- Users may only be on the scheme for 6 months, after which their membership will cease

3.8 These changes were implemented in January 2014. At this point, users who had already been on the scheme for 6 months were given 6 weeks' notice that their membership would cease. Users therefore started to come off the scheme from February 2014. As there were a large number of members that were told their 6 months was complete at the point these new restrictions were introduced, it was expected there would be a sharp drop-off in scheme members. However, the remainder of memberships will cease as a 'rolling' process and so should follow a more natural trend.

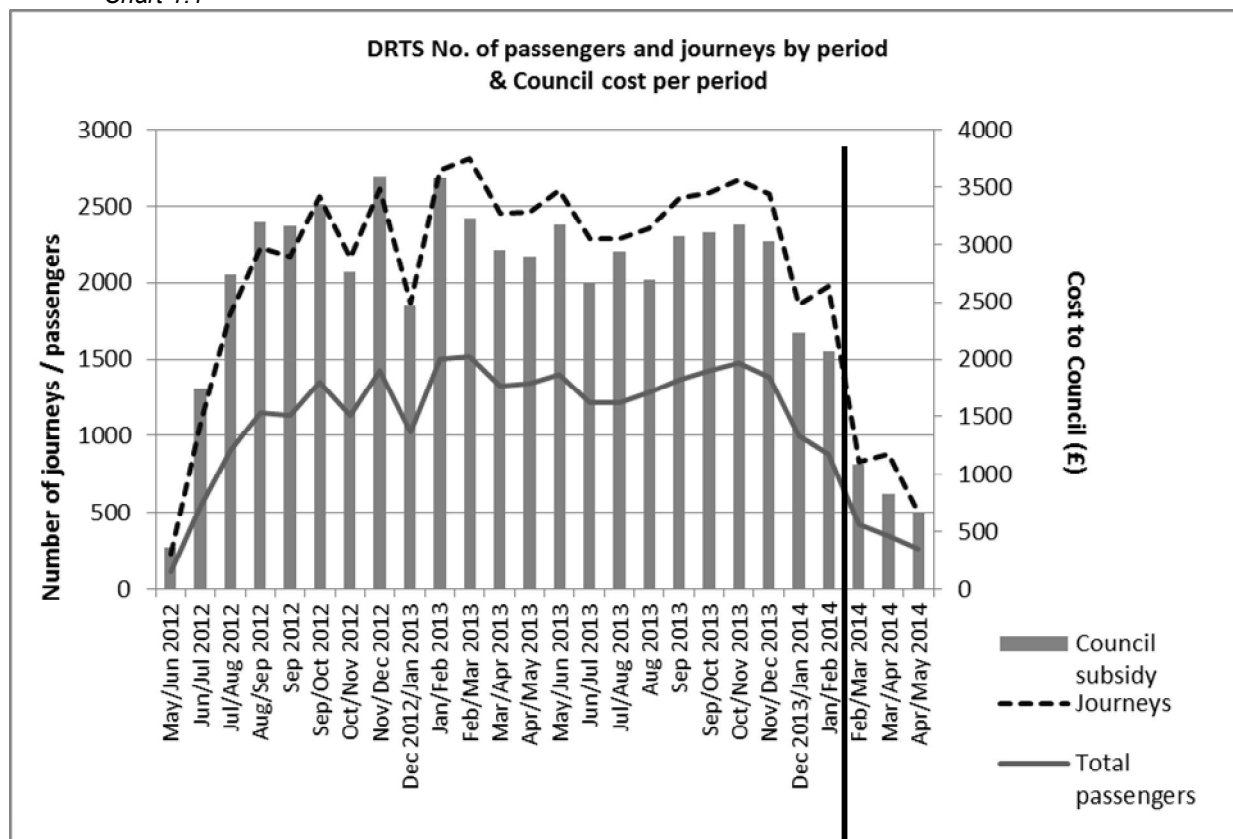
4.0 CURRENT POSITION

Cost & Usage

4.1 Chart 1.1 below shows the number of passengers / journeys taken by each period, and combines them with data showing the cost of the Council subsidy each month.

- The solid grey line shows the number of passengers using the service each period. It clearly shows that the numbers of passengers rose quickly since the introduction of the scheme, and then remained broadly consistent until January 2014.
- The broken grey line shows the number of journeys taken by members each period. It broadly follows the passengers line, showing a high rise in use following the introduction of the scheme, and a general consistency of high use across the year.
- The grey bars show the cost to the Council from subsidising the service, by each period. Again, the bars are broadly in line with patterns of journey and use. Usage costs not only depend on the number of journeys taken, but also on the distance travelled. Therefore, someone travelling to work in Pimbo from Skelmersdale North, will account for more miles than someone travelling to work from Digmaor and so costs will vary independently of the number of actual journeys.

Chart 1.1



Point at which users membership began to cease after 6 months on the scheme

- 4.2 Following the approval of Cabinet in November 2013, members who had been on the scheme longer than 6 months were informed that their membership would cease in January 2014. From January 2014, the chart clearly shows that there was a sharp decrease in the number of passengers using the service and the number of journeys made, which resulted in a reduction in the Council’s costs of subsidising the service.
- 4.3 Table 1.1 shows three 3-month periods to enable comparisons across different periods of the scheme. It can clearly be seen that the two 2013 periods had similar levels of average passengers, journeys and costs. Following the introduction of the restrictions in January 2014, average levels of passengers, journeys and costs for February-May 2014 were significantly reduced. The average cost of the Council subsidy each month reduced by 72% from £3099 per period (Sep-Dec 2013 average) to £859 per period (Feb-May 2014 average).
- 4.4 Estimated projections of costs can be calculated by multiplying the average Council cost of each period by 13 (total number of periods in a year). Table 1.1 shows that the introduction of the restrictions will reduce the annual council

subsidy costs significantly – from approximately £40,000 to £11,000 as a result. This assumes that demand and cost remain the same.

Table 1.1: 4-week Period averages based on the 3 month periods stipulated

	3-month period Feb- May 2013	3-month period Sep – Dec 2013	3-month period Feb – May 2014
Average no. of passengers per period	1393	1428	344
Average no. of journeys per period	1184	1184	396
Average cost to Council from subsidy per period	£3022	£3099	£859
Estimated cost for 13 periods (1 year)	£39,286	£40,287	£11,167



Arrows mark the introduction of restrictions

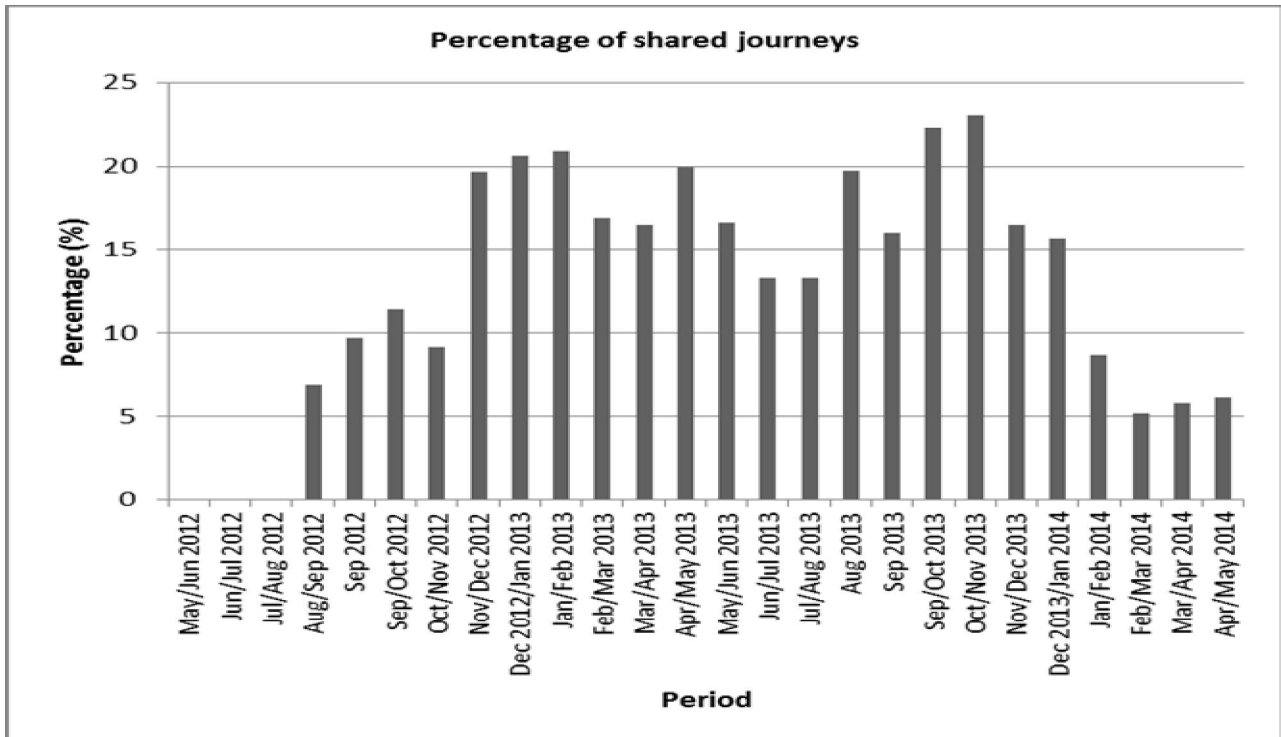
Sharing journeys

- 4.5 In order to keep costs as low as possible, the DRTS incentivises users to share journeys wherever possible by offering lower fares for shared journeys. Where there are higher numbers of users taking journeys, it is easier for journeys to be shared. Conversely, where there are fewer numbers of users taking journeys, it is harder for journeys to be shared. Subsequently, the introduction of the restrictions has had an impact on the proportion of journeys which can be shared. Prior to the restrictions being introduced approximately 20% of journeys were shared, falling to approximately 6% after the caps were in place.
- 4.6 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. However, given the nature of the scheme means that residents will live in different areas and may have differing start and finish employment times, sharing journeys may not always be achievable.
- 4.7 Whilst fewer shared journeys will result in a slight increase to Council subsidies, the effect of a much lower number of journeys being taken as a result of lower passenger numbers will deliver a much larger decrease to Council subsidies. Therefore, the impact of fewer shared journeys should be noted but will not significantly contribute to a rise in increased costs. However, officers will continue to monitor this and seek to address any issues.

Table 1.2

	3-month period Feb- May 2013	3-month period Sep – Dec 2013	3-month period Feb – May 2014
Average no. of journeys per period	1184	1184	396
Average % of journeys shared	17.8%	20.6%	5.7%

Chart 1.2



Overall costs

- 4.8 To date, the total cost of the scheme has been £130,055. Of this, the Council subsidies have totalled £66,764; the remainder having been paid by passengers of the service through journey fares.

May/June 2012 to April/May 2013

Total cost = £66,906.10

Council subsidy = £36,040.80

May/June 2013 to April/May 2014

Total cost = £63,149.30
Council subsidy = £30,722.90

However, as discussed already, the introduction of the restrictions in January 2014 has resulted in a decrease in costs. Based on the average Feb/May 2014 council subsidy costs (£859), and current levels of demand and use, projected costs for 2014/15 would be around **£11,200**. This is approximately a third of previous annual costs.

- 4.9 Clearly, the restrictions which have been introduced to the scheme have been successful in reducing Council costs and thereby improving the financial sustainability of the scheme.
- 4.10 Although it is extremely difficult to predict future demand, it is believed that the interventions will continue to be successful in reducing the overall cost of the service. Although transport services such as this will always require a subsidy it is believed that these changes bring the cost of the service down to a more realistic and sustainable amount. However, this report recommends that the service be monitored and subject to regular review, with delegated authority provided to the Assistant Director Planning and the Portfolio Holder for Planning & Development, to make any necessary changes to the operation of the scheme.

5.0 FURTHER RECOMMENDED CHANGES TO THE SERVICE

- 5.1 Officers believe that the introduced restrictions will continue to be successful in protecting the financial sustainability of the DRTS, should demand and use stay at similar levels to that now.
- 5.2 However, it is recognised that the scheme provides a valuable service to link residential areas with employment areas. The withdrawal of membership after 6 months will therefore inevitably have an impact on both employees and employers. Indeed, feedback from Hotters was that, following notification of the membership expiring after 6 months, employees ran a petition to try to keep the scheme going. In addition, the Council received a small number of letters complaining about the cessation.
- 5.3 Officers have explored options for extending the 6-month period for users of the scheme through the payment of financial contributions from employers. Officers have raised this proposition with companies located on the Pimbo Industrial Estate, however, at present, there appears to be little appetite for such an initiative.
- 5.4 Nevertheless, it is believed that after a 6 month period, users of the scheme should have been given sufficient support and time to be in a position where they are able to provide their own transport. If this is not the case they can apply to join a new cycle scheme recently launched by the Council to enable Skelmersdale and Up Holland residents to access employment on the Pimbo Industrial Estate.

5.5 The (re)Cycle to Work scheme provides eligible applicants with recycled bicycles and new safety equipment using S106 funds. Like the DRTS, eligibility for the scheme is based on set criteria and includes a salary cap. DRTS users exiting the scheme are eligible to apply for cycles. Officers hope that the (re)Cycle to Work scheme and the DRTS will be able to work simultaneously in offering alternative, sustainable methods of accessing work on the Pimbo Estate.

6.0 FUNDING THE SERVICE

6.1 Future costs for operating the service over 12 months, at current costs, have been predicted to cost circa £11,200 based on current levels of use.

6.2 The DRTS is subsidised through S106 payments which seek to provide alternative transport methods for the Pimbo employment area. There remains £25,000 available from KRM, and £83,625 from Walkers. It should be noted that the Walkers S106 money is also being used to fund the (re)Cycle to Work pilot scheme, which has recently commenced following Cabinet approval.

7.0 VIEWS OF THE ASSISTANT DIRECTOR PLANNING

7.1 Clearly, this scheme provides real benefits to the local community by delivering an affordable alternative transport solution; allowing local residents who are most in need to access the local jobs market. There were concerns about the financial costs of the scheme which, due to the demand for the service, were running much higher than initially estimated. However, as a result of the restrictions introduced, scheme costs have decreased significantly and so should help protect the financial sustainability of the scheme. The restrictions may also discourage those members who now may be in a position to afford other transport solutions from using the service.

7.2 The effects of the introduced restrictions suggest that the service can be controlled and the scheme can be targeted at those in need. Therefore, it is considered that the scheme can operate on a sustainable long term footing.

7.3 It is recommended that Members authorise the use of S106 commuted sums to continue to fund this pilot scheme until such time that no further funding is available. Delegated authority is also sought in consultation with the Portfolio Holder to approve changes to the terms and conditions of the scheme including membership criteria and operational management deemed relevant for the on-going continuation of this service.

8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

8.1 Subject to its on-going success, the DRTS will meet many of the aims of the Sustainable Community Strategy. It will assist in getting people to work and

encourages journey sharing, thereby reducing the amount of carbon emitted. Therefore, it will have economic, environmental and social benefits.

9.0 FINANCIAL AND RESOURCE IMPLICATIONS

9.1 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.

10.0 RISK ASSESSMENT

10.1 The Section 106 funding can only be spent in accordance with the terms of the related agreements for the provision of alternative transport within Skelmersdale and will have to be spent within the specified timescales to avoid having to repay the monies 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

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

Appendix 1

1.	<p>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: <i>People living in areas of deprivation or who are financially disadvantaged.</i></p>	<p>This service is designed to support people who are financially disadvantaged and unemployed, by enabling them to access employment in areas not accessible by public transport. Any changes to this service need to be considered in relation to this, and the content of this report reflects such issues.</p>
2.	<p>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 data provided by Lancashire County Council showing the operational performance of the service.</p> <p>Information also received from Lancashire County Council public transport officers, the Job Centre Plus and local companies.</p>
3.	<p><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>Initial consultation has been undertaken with a number of organisations involved in the scheme including LCC and some of the organisations benefitting from the service</p>
4.	<p><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> Eliminate discrimination, harassment and victimisation; Advance equality of opportunity (removing or minimising disadvantage, meeting the needs of people); Foster good relations between people who share a protected characteristic and those who do not share it.</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>
5.	<p><i>What actions will you take to address any issues raised in your answers above</i></p>	<p>Not applicable</p>