



**AGENDA ITEM: 6(n)**

**CABINET: 15 January 2013**

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**Report of: Borough Planner**

**Relevant Managing Director: Managing Director (Transformation)**

**Relevant Portfolio Holder: Councillor M Forshaw**

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

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Wards affected: Skelmersdale/Up Holland Wards/Lathom South

**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 an extension of the pilot scheme.

**2.0 RECOMMENDATIONS**

2.1 That the existing pilot scheme be extended to operate for a further 9 months, subject to a review after an initial 6 month period by Cabinet to determine whether to continue the scheme, extend the scheme across Skelmersdale or cease the use of the scheme.

2.2 That the cost of the service be increased from £2.00 per journey to £2.50.

2.3 That delegated authority be given to the Borough Planner in consultation with the Planning Portfolio Holder to review and amend if required the membership criteria and operational management of the scheme, as set out in paragraphs 5.16-5.22 of this report

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### **3.0 BACKGROUND**

- 3.1 In order to help link employment and residential areas within Skelmersdale over recent years the Borough Council has been exploring options to introduce a demand responsive transport system removing a barrier to local people gaining employment.
- 3.2 After careful consideration and discussions with Lancashire County Council, the Borough Council decided that a demand responsive transport system utilising the existing taxi network was the most cost effective way of providing this much needed transport link. By utilising the taxi network we would only be paying for 'in service' miles and would not have to pay for vehicles, infrastructure or maintenance. LCC agreed to manage the service free of charge and a criteria for who could use the service was agreed by Cabinet.
- 3.3 In January 2012 Cabinet gave approval to introduce a scheme operating between residential areas in Skelmersdale & Up Holland and the Pimbo Industrial Estate using S106 commuted sums. The scheme has been operating for over 6 months.
- 3.4 It was agreed at the previous Cabinet that the initial pilot would run for a 9 month period but start reviewing results after an initial 6 month period. By doing this it was hoped that the service could continue whilst a decision was made to, either continue the existing service, expand the service or cease operation of the service. This would also give sufficient operating time to establish what aspects of the scheme were working well and what aspects would need changing.
- 3.5 The previous Cabinet report detailed how the scheme would be operated including a detailed criteria for who could use the scheme as well as the cost of the scheme.
- 3.6 The Borough Council and Lancashire County Council entered into a Service Level Agreement which outlined the roles and responsibilities of both organisations in relation to the proposed service.
- 3.7 Before appointing an operator the proposed contract was placed on the Official Journal of the European Union (OJEU) in order to comply with contract law. This meant that any taxi company operating within the European Union could apply to be appointed as the contractor.
- 3.8 Following this process the County Council received three bids from local taxi companies. After carefully evaluating the bids submitted, the County Council appointed Skem Express Cars as the company submitted a tender offering the best value for money and delivery of service. However, the County Council reserved the right to terminate this contract.

## **4.0 CURRENT POSITION**

- 4.1 The service started on the 21 May 2012 and initially had relatively low numbers. However, as the service became established, and with some further publicity, passenger numbers steadily grew.
- 4.2 The service now has 195 members with approximately 80 members using the scheme in an average week. Feedback from the Jobcentre Plus and Pepsico Ltd indicates the scheme has been extremely successful in helping a number of people back into work whilst also allowing people to be able to remain in work when other forms of transport have ceased. The service has received good feedback with many users saying that they could not afford to get to work without the scheme.
- 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 When the service first started 115 journeys were recorded between May and June 2012 equating to 58 return trips to work. Passenger numbers have steadily grown and we now have 1353 journeys recorded between September to October equating to approximately 677 return journeys. These results are extremely positive and show there is a real demand for this service.
- 4.5 The cost of operating the service for the initial 6 months has been £14,533. In the previous Cabinet report it was estimated that the total cost for operating the service for 9 months would be £10,233. Given how the cost of the service (due to additional passenger numbers) grew during the 6 month period it can be seen that the total cost of operating the 9 month pilot will exceed the predicted cost.
- 4.6 In the previous Cabinet report we anticipated that the annual number of journeys would be 5,604 single passenger journeys or 2,802 journeys over a 6 month period. In reality we have achieved 5,184 journeys over the initial 6 month period which is nearly double the predicted level of demand. If passenger numbers stay at existing levels this increase will be even higher. Although this demonstrates that there is a real need for this service this increase in passengers has increased the overall cost to the Council using S106 commuted funds.

**Table 1: Summary of the performance of the scheme for the first 6 months of operation**

Period	Dates	Total Passenger journeys	Total Rev (£)	Gross Cost (£)	Mileage	Journeys	Payment from s106 (£)
9	13/05/12 - 09/06/12	115	230.00	591.30	407.5	115	361.30
10	10/06/12 - 07/07/12	538	1,076.00	2,821.50	1,774.0	538	1,745.50
11	08/07/12 - 04/08/12	895	1,790.00	4,530.00	2,816.4	895	2,740.00
12	05/08/12 - 01/09/12	1,150	2,300.00	5,494.90	3,442.9	1,076	3,194.90
13	02/09/12 - 29/09/12	1,133	2,266.00	5,430.40	3,432.7	1,033	3,164.40
1	30/09/12 - 27/10/12	1,353	2,774.40	6,122.20	3,615.9	1,214	3,347.80
<b>Total</b>		<b>5,184</b>	<b>10,436.40</b>	<b>24,990.30</b>	<b>15,489.3</b>	<b>4,871</b>	<b>14,553.90</b>

*(Note: During the last month of operation one passenger paid an additional fee as she drops her child off on her way to school. This additional fee is paid by the employee & not the scheme. )*

- 4.7 Table 2 below shows the expected cost of the scheme for a further 9 month period based on the last month's performance, which had far high user numbers than at the beginning of the scheme. This shows a more realistic estimation of the predicted cost of the service if continued for a further 9 months. This assumes that demand and cost remain the same.

**Table 2: predicted costs of the service after 9 months**

Period	Total Passenger journeys	Total Rev (£)	Gross Cost (£)	Mileage	Journeys	Payment from s106 (£)
<b>Total per month</b>	1,353	2,706	6,122.20	3,615.90	1,214	3,416.20
<b>TOTAL (9 Months)</b>	<b>12,177</b>	<b>24,354</b>	<b>55,099.80</b>	<b>32,543.10</b>	<b>10,926</b>	<b>30,745.80</b>

## **5.0 Evaluation of how the service has performed**

5.1 As this scheme was being developed, officers at the Borough & County Council were in contact with the Job Centre Plus who identified a real need for such a service to help bridge the gap that local residents face gaining employment in Skelmersdale.

5.2 As the 6 month trial period came to an end officers have again been in contact with the Job Centre Plus to seek their comments on how the proposed service is operating. Jobcentre Plus state

*“All feedback has been positive. Whilst dealing with the unemployed it has been helpful to advise those who would normally have trouble getting to parts of Skelmersdale an option to get help with travel. The Jobcentre Plus regularly supplies a workforce for a local employer with shifts starting at 5am. To encourage our customers to take up the short pre-employment training plan and to find work with the employer we advise those with no transport details of the scheme. Without the scheme we would not have the same successful results in gaining employment for our customers. There has been no request for this service to operate in other areas and we have had no problems reported to the JCP regarding this scheme.”*

5.3 After the initial 6 month pilot scheme came to an end the Borough Council has sought the views of Pepsico who indicated that a lot of employees are using the scheme which is running well.

5.4 It is clear to see that the numbers of people using the service have risen significantly. Having consulted with Lancashire County Council who manage the service on behalf of the Borough Council it has become clear that, although the service has proved extremely successful and helped a number of residents enter employment, there have been some issues with the operational aspect of the scheme.

5.5 Although it was originally stated that journeys must be booked at least 24 hours in advance, to allow the operator of the service enough notice to be able to work out how to best share journeys this has not always been observed. People using the service have been contacting the taxi company with little notice meaning that the taxi company cannot arrange to link up and share journeys. Therefore, there have been far more expensive individual journeys than expected.

5.6 It should be noted that this is a totally new service and therefore when trying to work out how the service should operate we used historical information and information from the Burnley Best, a similar scheme operated in East

Lancashire, which was the example for how we believed our service would operate.

5.7 We experienced far higher levels of demand than we originally anticipated. This occurred for a number of reasons.

1. The current economic climate
2. Hotters Shoes, a large employer in Skelmersdale used to operate their own bus service. However, this service ceased weeks before the Council service was introduced. Many of the staff who relied upon this service transferred to the Council service in order to maintain employment.
3. A very successful information campaign to the employers

5.8 We made an assumption that, on average, 2 passengers would share a journey. For reasons outlined above this has not occurred and subsequently the average cost per journey is far higher than expected.

#### **Costs of the project to date**

5.9 In order to make the scheme more sustainable in the long term a range of options need to be considered to either reduce running costs and/or increase revenue.

5.10 LCC officers have agreed to remind customers and the taxi company of the requirement to book journeys at least 24 hours in advance in order to give the taxi operator an opportunity to ensure that journeys can be shared. In addition they will set targets for the taxi company to ensure that as many journeys as possible are being shared. This should reduce the number of individual journeys made and significantly reduce future running costs.

5.11 In addition to ensuring that more journeys are shared there are several options to alter the future performance of the scheme.

These options include;

1. Raising the fare of the proposed service from £2 per journey to £2.50 or £3. The financial appraisal of this option can be seen below.
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 new member to enter the scheme once a member has left.
4. Improving the efficiency of the service further.

#### **Appraisal of the 4 options to improve the future performance of the scheme**

1. Increase the passenger fare

- 5.12 In the last Cabinet report officers recommended a flat fare of £2 per journey and a saver strip of £18 for 10 journeys. In order to help reduce the cost of the service to the Council, officers believe the cost can be increased from £2 to £2.50 whilst still maintaining an affordable service to the passenger. No passengers have used the saver strip.

**Table 3: Illustration of the effect of an increased fare to £2.50 (9 months)**

Period	Total Passenger journeys	Total Rev (£)	Gross Cost (£)	Mileage	Journeys	Payment from s106 (£)
<b>Total per month</b>	1,353	3,382.50	6,122.20	3,615.9	1,214	2,739.70
<b>TOTAL (9 Month)</b>	<b>12,177</b>	<b>30,442.50</b>	<b>55,099.8</b>	<b>32,543.1</b>	<b>10,926</b>	<b>24,657.30</b>

- 5.13 If we increase passenger fares from £2 to £2.50 and assume that demand will remain as outlined in table 2 the total cost required for the scheme to operate for 9 months will reduce from the predicted cost of £30,745.80 to £24,657.30 assuming that passenger numbers remain the same.

**Table 4: Illustration of the effect of an increased fare to £3 (9 months)**

Period	Total Passenger journeys	Total Rev (£)	Gross Cost (£)	Mileage	Journeys	Payment from s106 (£)
<b>Total per month</b>	1,353	4,059	6,122.20	3,615.9	1,214	2,063.2
<b>TOTAL (9 Month)</b>	<b>12,177</b>	<b>36,531</b>	<b>55,099.80</b>	<b>32,543.1</b>	<b>10,926</b>	<b>18,568.8</b>

- 5.14 If we increase the cost of fares from £2 to £3 (as illustrated in Table 4 above) and again assume that demand will remain the same the total cost required for the scheme to operate will reduce from £30,745.80 to £18,568.80.
- 5.15 It should be noted that by increasing the cost some passengers may be deterred from using the scheme. Currently a return journey to work costs £4. By raising the cost of the service a return trip to work would increase to £5 or £6 respectively. Therefore, it is recommended to increase the cost of the scheme to £2.50 opposed to £3 as this represents a more sustainable outcome for passengers and at the same time addresses revenue shortfall.

## 2. Changing the criteria in which members must to be eligible to use the service.

- 5.16 In order to be able to use the service a criteria was imposed upon all potential users of the service. This criteria is listed below
- 5.17 In order to become members of the scheme members of the public must demonstrate that:
- They cannot make the journey reasonably on the existing public transport network.
  - They live within either Skelmersdale or Up Holland as defined within Map A (Appendix A)
  - They are making this journey in order to access employment on the Pimbo Industrial Estate.
- And also:
- They have been referred to this service by Job Centre Plus or a private employment/recruitment company as somebody whom transport has presented an obstacle to entering work; or,
  - They have been referred to the scheme by a private company's HR department as being somebody who is new to the company and cannot reasonably access work due to a lack of public transport and the County Council agree; or,
  - They have been referred to by a private company's HR department as being an existing employee who is struggling to maintain employment due to transportation difficulties. This must be because their transportation circumstances have changed i.e their shift patterns have changed and fall outside of normal public transport hours/they can no longer car share or get a lift/their hours/wages have been reduced and they can no longer afford alternative transport methods; or,
  - The individual has walking difficulties and/or is disabled and cannot reasonably access employment without this service.
- 5.18 As patronage increases there is a need to review the above criteria to make them more restrictive, to ensure that only those most in need are targeted. An additional criteria should include a salary cap to ensure that anyone earning over a set amount (which can be agreed in discussion with the companies involved) cannot use the service, and this will provide greater clarity for the HR Departments. LCC should also carry out more rigorous checks to ensure that those employees recommended by Human Resource departments meet the criteria, and a mechanism introduced for renewing/cancelling membership if an employee's circumstances change. If the Council believe that an employee can make the journey by other means including cycling/walking/bus we should reserve the right to remove them from the scheme.

## 3. Limiting the number of passengers who use the service

- 5.19 The scheme currently operates with 195 members. In order to ensure that costs do not spiral we could limit the number of people who are registered to use the scheme. This would give the Council total control of the overall costs of the



scheme It is recommended that the scheme is limited to no more than the current 195 members people remembering that not all members of the scheme will use the service regularly.

4. Improving the efficiency of the service

5.20 As previously mentioned not all the journeys which could have been shared have been resulting in the cost of the service being higher than predicted.. The County Council are continually auditing the journeys provided by the taxi contractor and have worked with the contractor to put as many passengers on shared journeys as possible. However, due to the wide variation in shift patterns it has not been possible to share as many journeys as originally estimated. There is some scope, however, for the number of shared journeys to be higher than those arranged by the contractor. The County Council has not paid the contractor for period 2 (28/10/12 – 24/11/12) as it believes that more journeys could have been shared and is negotiating with the contractor a revised claim based on the number of taxi journeys that would have operated had the maximum number of journeys been shared. Based on this period the County Council believes that it is reasonable to expect 20 percent of journeys to contain more than one passenger.

5.21 Officers at the Council have already met with officers at LCC to discuss possible options for improving the efficiency of the service. Meetings are being arranged with HR departments using the scheme to both ensure that only those in the most need use the service, and to encourage companies to invest in the service in the medium to long term to ensure its future viability. Officers are also intending to meet with the taxi operator to make sure that they are fully complying with the terms of the scheme and maximising shared journeys.

**Table 5: Illustration of the effect of 20% of journeys are shared and a cost of £2.50**

Period	Total Passenger journeys	Total Rev (£)	Gross Cost (£)	Mileage	Journeys	Payment from s106 (£)
<b>Total (9 mths)</b>	<b>12,177</b>	<b>30,442.50</b>	<b>49,589.82</b>	<b>28,288.79</b>	<b>9,833.4</b>	<b>19,147.32</b>

5.22 The above table has been produced as an example to show the effect that sharing journeys and increasing the cost of journeys to £2.50. The table shows that the overall cost of operating the service for 9 months with existing passenger numbers would be £19,147.32. Clearly, if we can get more shared journeys the cost of running the service will be reduced significantly. In the previous Cabinet report the projected cost of running the service for 12 months was £13,644. Although the projected figure is still higher than previously anticipated this can be attributed to the significantly higher levels of demand and

a more realistic expectation of 2 people sharing a journey and not 3 as originally anticipated.

## **6.0 MANAGING THE SERVICE.**

6.1 The management of the service will continue to be the responsibility of the County Council with no cost to WLBC. LCC's involvement in this service will continue to incorporate the following activities

- set up the Membership list and maintain it;
- ensure the contractor operates the service in compliance with the Contract;
- calculate payments due to the contractor and pay the contractor;
- take up any complaints from the service user with the contractor;
- review the service and provide WLBC with figures and information on the service to enable WLBC to make decisions on the future of the service.

6.2 In order to ensure that the service is operating as effectively as possible the County Council will provide regular feedback to Borough officers

## **7.0 FUNDING THE SERVICE**

7.1 The cost of the service to date has been more than originally anticipated, costing £14,553 opposed to the £10,233 anticipated. By introducing the above recommendations officers believe that they can gain further control of the costs of the service and that the scheme can be operated in a far more sustainable way.

7.2 The Borough Council will continue to look at this service and decide if the service can be extended across Skelmersdale and the surrounding area. However, this will depend upon reducing the overall running costs.

7.3 The Council has £123,625 S106 funding available from Walkers Snacks which must be spent on providing an alternative means of transport to the site located on the Pimbo industrial estate as well as other significant S106 contributions. Officers have approached Walkers and they have indicated that they are supportive of the proposal. If Cabinet are minded to approve funding for the extended pilot scheme, and subsequently decide that they would like to see the scheme rolled out across Skelmersdale and Up Holland, this funding can be pooled with other S106 funds available for improving transport infrastructure in the locality.

7.4 Although transport services such as this are never fully self sustaining the Council does have sufficient funds to maintain this service for a number of years based on current costs. However, it is hoped that by increasing revenue and reducing costs the service can be more sustainable than at present.

## **8.0 VIEWS OF THE BOROUGH PLANNER**

- 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. From looking at the views of Jobcentre Plus it is clear that the service is currently providing tangible benefits to members of the local community in need. However, there is a financial risk with the service and due to the numbers of users costs have gone above original predictions.
- 8.2 There is a need to ensure the scheme is managed effectively. I consider that there needs to be a greater sharing of journeys and an increased charge to ensure costs are minimised. Meetings will also be held with the HR departments to make sure that only those in greatest need are using the service and to discuss a salary threshold to clarify eligibility.
- 8.3 Therefore, in order to give this scheme an opportunity to introduce measures for further financial control, I recommend that Members authorise the use of S106 commuted sums to continue the pilot scheme to run for a further 9 months, that will be reviewed after the initial 6 months. During this period officers can implement the stricter controls outlined earlier which I believe will reduce the cost of the service and to help target those with the greatest need, helping to make the service more sustainable in the long term. I believe that a 9 month scheme being reviewed after 6 months offers a realistic period in which to reduce costs and get an accurate understanding of how the service has performed once stricter measures have been put in place.
- 8.4 If the costs of the service can be controlled and the scheme can be targeted at those in need it is proposed to re evaluate how the service has operated and take a further report to Cabinet if it can be demonstrated that the service can be operated on a sustainable long term footing.

## **9.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 9.1 If successful the 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 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 The Section 106 funding must be spent in accordance with the terms of the related S106 agreements and some are specifically for improvements to public transport within Skelmersdale. The funds must be spent within the timescales specified with the related agreements and contractually will have to be returned to developers if not spent within those time scales.

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### **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 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>	No
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 detailed spreadsheets provided by Lancashire County Council showing the operational performance of the service.</p> <p>I have also consulted with Lancashire County Council public transport officers, the Job Centre Plus and Pepsico Ltd.</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>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>
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>	Not applicable