



Committee and Date

Scrutiny - 23 April 20188

Item

Public

Community Transport

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1. Summary

Community Transport in Shropshire provides a key safety net service enabling those people for who public transport is not suitable or available, access to essential services and facilities. These services are dependant in the main upon volunteers to operate and meet the needs of the local communities they serve.

The purpose of this report is to set out how the Community Transport System is currently operating and the potential impact on the sector from the Department for Transport's Consultation on section 19/22 licences.

2. Recommendations

To consider the attached report on Community Transport in Shropshire and the potential impact of the Section 19/22 consultation on the Shropshire Community Transport Groups.

Propose the Council undertakes a Task & Finish process relating to Community Transport, engaging with the various stakeholders and partner organisations to identify a sustainable model of support for community transport in Shropshire.

REPORT

3. Risk Assessment and Opportunities Appraisal

Should the section 19/22 licence criteria remain in its current format, Shropshire Council will need to assess whether the contracts it holds with the Community Groups passes the legislative tests. If not, the Council will need to withdraw these contracts.

Should this scenario materialise, the groups will find themselves with a significant shortfall in funding, which as we understand from the groups and the consortium would likely lead to their closure, with potential significant impact on vulnerable members of the community.

4. Financial Implications

The table below highlights the funding provided to the Community Transport Groups from Shropshire Council.

Table 1

	Base Grant	Concessions	Total
Albrighton Flyer	£5,000	£4,600	£9,600
Bishop's Castle Dial-a-Ride	£13,650	£2,000	£15,650
Bridgnorth Community Bus	£12,000	£5,425	£17,425
Broseley & Much Wenlock Friendly Bus	£10,080	£9,000	£19,080
Church Stretton Area Ring-&-Ride	£37,524	£20,400	£57,924
Corvedale Buzzard	£6,891	£2,000	£8,891
Mamble & Bayton Community Bus	£250	£0.00	£250
North Salop Wheelers	£5,500	£4,000	£9,500
Oswestry Dial-a-Ride	£35,300	£6,000	£41,300
Oswestry Community Cars	£10,400	£0.00	£10,400
Shrewsbury Dial-a-Ride	£53,199	£54,400	£107,599
Shropshire Link Replacement Budget "zero hour contract"	£50,000	£0.00	£50,000
CT Consortium	£20,000	£0.00	£20,000
Total	£259,794	£107,825	£367,619

As not-for-profit organisations with charitable status, Shropshire's Community Transport groups' annual expenditure is structured to match their annual income, and fares are set to ensure sufficient revenue for the service to continue operating whilst remaining affordable for passengers. In addition to fares, the CT groups receive income from other sources. All groups receive an annual grant from Shropshire Council (table above). The groups in Shropshire vary in size considerably and subsequently so do their turnovers, but their financial structures are broadly similar.

Their total yearly income can be broadly split by;

- 25% Shropshire Council grant
- 25% contracts (less or nil for the smaller CT groups)
- 25% fund-raising, Bus Service Operators Grant (BSOG) , donations, bequests and sponsorship
- 25% fares and concessionary fares reimbursement

The Grant funding provided by the Council is not subject to an inflationary uplift and has therefore not been amended for a number of years. The Community Transport consortium and the associated groups, have therefore sought ways to mitigate this funding shortfall and one of the ways that this has been achieved is by operating transport contracts on the Council's behalf.

These contracts are laid out below, with four of them being school transport contracts and the fifth being a local bus contract provided as a dial-a-ride service, following the withdrawal of the Council's Shropshire Link service.

- BR1048 – The Friendly Bus
- X51449 – The Friendly Bus
- BA1017 – Oswestry Community Action
- OS1060 – Oswestry Community Action
- BC0745 – Shrewsbury Dial-a-Ride

These contracts currently provide the Community Transport Groups with c£139,118 of income, which is used to subsidise some of their activities in the wider community.

5. Background

Small bus Community Transport schemes in Shropshire operate under a number of different structures and can have different operating objectives. However, all of them provide a 'safety net' style service and have a strong community base, involving users in the design and delivery of its service.

All the schemes are independent of Shropshire Council in terms of their management structure and trading status. Shropshire Council retains an observer / mentor position on the board of each group. The sector is now formalised as a Community Transport Consortium and this has further strengthened the identity of the sector and provides

additional options for development and integration amongst the community transport operators in the future.

The transport the groups provide is designed to meet local needs that conventional transport services leave unmet. This is usually due to non-availability of a conventional service or passenger's mobility issues which makes traditional public transport unsuitable. The use of all Community Transport schemes is based upon membership and meeting the eligibility criteria. Although the criteria varies from operator to operator, this is a necessary part of the legal vehicle licensing framework under which they operate.

All the groups operate Dial-a-Ride style services where journeys must be pre-booked. Generally, these journeys are essential in nature and provide access to local services and amenities such as healthcare appointments and shopping opportunities. Shropshire Council's grant funding is given to support these journeys.

The table below denotes the type of journeys available through each of the Community Transport groups;

Table 2

Group	Fixed Route	Multiple pickups to one destination	Multiple Destinations	Community Cars	Excursions* or Trips	Contracts
Bishops Castle Dial a Ride	Y			Y	Y	
Bridgnorth Bus	Y	Y		Y	Y	
Church Stretton Ring & Ride		Y		Y	Y	
Friendly Bus	Y			Y	Y	Y
North Salop Wheelers	Y	Y			Y	
Oswestry Dial a Ride	Y			Y	Y	Y
Corvedale Buzzard	Y	Y			Y	
Ludlow Traveller		Y		Y	Y	
Shrewsbury Dial a Ride			Y	Y	Y	Y

**Not funded by Shropshire Council*

As part of the Concessionary Travel scheme Shropshire Council provides a capped level of funding to allow schemes to offer free or reduced cost travel for passengers on their services. This fare reimbursement is for journeys accessing essential services only.

Following Shropshire Councils review of rural bus service provision in 2012 The Community Transport Consortium agreed to undertake service operation following the cessation of the Shropshire Link service. By undertaking these services through its

members on a zero value, call off contract basis, Shropshire Council has been able to continue to offer a minimum level of rural accessibility to residents, but in a much more focussed and affordable way.

Other activities undertaken by the groups include group based and brokerage style journeys. The purpose of these is more social and leisure and as such the cost of these trips is borne entirely by the users on the day with no Council support.

The Community Transport groups do not cover all areas of the County but are concentrated on the conurbations of Shrewsbury, Oswestry, Ludlow, Church Stretton, Broseley and Bridgnorth or where a particular local need has been identified by a group. Shropshire Council currently grant assists ten local Community Transport (CT) initiatives annually, each under an SLA, as shown in Table 2 above.

Much of the transport provided by the sector in many ways facilitates the delivery of key statutory services by Shropshire Council and other key stakeholders. These range from access to day-care and support services to non-essential medical and doctors' appointments.

A key challenge remains the recognition, within many key internal and external stakeholders of the true cross sector benefit of this funded activity.

Given the levels of volunteer involvement and the economies the groups achieve within their locally managed operations, it is acknowledged that Shropshire Council would not be able to replicate the current level of activity within the sector itself in a financially sustainable way.

Based on coverage and availability, the sector provides transport to its users under the current grant arrangements in the most affordable and effective way.

6. Additional Information

DfT Section 19/22 Consultation

The proposed DfT Section 19/22 permit consultation has brought into doubt the future of many community transport groups. The consultation centres on the interpretation of whether these groups operate for a profit or their primary function is transport, if that is the case (and the latter is for most) then they would be required to apply for a Transport Operators Licence or relinquish the current 'commercial' contracts resulting in a shortfall in operating costs.

This will have a significant impact on Community Transport in Shropshire, with most groups finding the funding for these requirements prohibitive.

The Dft have at the same time clarified some of the key requirements for groups to hold a section 19 licence and/or operate contracts;

- The main function of the licence holder is not primarily a passenger transport provider (such as a youth or social care body like the Scouts or Age UK)
- The licence holder operates exclusively non-commercially
- Where there is no commercial market for a service even if the payment made by passengers or another party might exceed the costs of providing the service (no commercial competition identified within the tender process).

On issuing the consultation into section 19/22 licence's the Dft made the following statement;

“On February 8, the Department launched its consultation on detailed changes to guidance and legislation for issuers and users of section 19 and section 22 permits in Great Britain.

We would like to reassure you that the Government's commitment to this sector remains as strong as ever. Part of the purpose of the consultation is that operators and the general public have the opportunity to respond to the consultation and share ideas”.

However, it is widely viewed within the community sector at a local and national level that the outcome of the consultation will not see a fundamental change in the existing legislation, if that is the case then Shropshire Council will need to assess whether the contracts it holds with the Community Groups passes the legislative tests. If not, the Council will need to withdraw these contracts.

Should this scenario materialise, the groups will find themselves with a significant shortfall in funding, which as we understand from the groups and the consortium would likely lead to their closure.

The DfT consultation ends on 4th May 2018 with the results of this unlikely to be made public until the Autumn.

Conclusions

Community Transport Groups in Shropshire provide an essential service to those people for whom public transport is not suitable or is unavailable. These services are only available to members of the scheme, based on eligibility.

Less than 50% of the Community Transport sectors annual base funding is provided by Shropshire Council and the sector are also reimbursed for revenue foregone for accepting concessionary travel passes. The rest of their income is generated through fare income and contracts with other bodies including the PCT.

The Community Transport sector currently have the ability to raise additional funding by providing contracted services for Shropshire Council or any other agencies with any surplus being used to offset the costs of their voluntary operations.

The outcome of the DfT's consultation will have a direct impact on the sector and should as a result the groups be unable to supplement their revenue income with contractual work, alternative sources of funding will need to be identified. Should alternative funding not be identified there is a real possibility that many of the groups could make the decision to cease to operate.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder) Steve Davenport

Local Member All

Appendices Marked

A – Report from Community Transport Consortium (Impact Report)

B – The Future of Demand Responsive Transport by the Community Transport Association

C – DfT consultation letter (dated 9th November 2017).

D – Case Study (Letter from CT user to The Friendly Bus, Broseley)