



**REPORTS FOR DECISION BY THE
CABINET MEMBER FOR ENVIRONMENT**

Date Issued: **13 August 2009**

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K = Key Decision

A Record of Decision will be issued following the conclusion of 5 clear working days from the date of issue of the Report

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MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR THE ENVIRONMENT

REPORT OF ASSISTANT DIRECTOR OF DEVELOPMENT AND COMMUNITY SERVICES

Report prepared by Clive Cheeseman

Date Issued: 13 August 2009

1. PARK AND RIDE FINANCIAL POSITION

1.1 Issue for Decision

- 1.1.1 To consider changes to the Park and Ride service to meet current budget requirements.

1.2 Recommendation of Assistant Director of Development and Community Services

- 1.2.1 That the Park and Ride Saturday special fare be withdrawn after the end of October 2009.
- 1.2.2 That the Park and Ride bus service contract with Arriva Southern Counties be amended as soon as legally possible to introduce a revised pattern of services and frequencies at a reduced annual price of £772,318, giving a saving of £74,144. The revised pattern and frequencies to be;
- London Road – town centre – Willington Street
Mondays to Saturdays every 15 minutes
 - Sittingbourne Road to town centre and return via East station
Monday to Friday peak every 10/12 minutes.
Monday to Friday off peak every 15 minutes
Saturdays every 12/15 minutes
- 1.2.3 That the revised pattern of services be publicised to customers at least two weeks before introduction.
- 1.2.4 That Officer's explore additional appropriate income generating uses at/from the Park and Ride sites.
- ##### **1.3 Reasons for Recommendation**
- 1.3.1 **BACKGROUND**

- 1.3.2 It is estimated that the town centre road network faces the possibility of gridlock after 2011 unless appropriate measures are taken to reduce the level of traffic. The Park and Ride service is the only effective tool that the Borough Council has at its disposal to help combat this problem and also reduce consequent air pollution. If expected future expansion in housing provision takes place it will be necessary to maintain an attractive public transport alternative to use of the private car.
- 1.3.3 Elements of the Park and Ride service were reviewed during 2008/9 to address the high cost of subsidising the service. This included a retendering of the bus service which resulted in a revised network at a saving of £112,865. In addition the establishment was altered to produce a further saving of £100,000.
- 1.3.4 The budget for 2009/10 requires Park and Ride revenue of £976,989 from on bus sales (£643k), Season Tickets (£134k) and concessionary bus pass reimbursement (£199k). This includes allowances for expected increased revenue from the fares increase introduced in February 2009, and from the additional spaces provided at Sittingbourne Road from December 2008.
- 1.3.5 The number of on bus transactions has however declined since October last year. Whilst fluctuations are not unusual and initially the percentage was relatively low, this decline has increased in recent months to an average between March and June of 10%. If this continues throughout the financial year it will result in estimated revenue shortfall of £112,989. However given the volatility of the situation the amount could change. Details are given in Appendix A.
- 1.3.6 In general indications are that the reduction in revenue is caused by the overall reduction in economic activity and employment. Fewer optional journeys are being undertaken. There have similarly been some reductions in footfall in the town centre in recent months and use of town centre car parks. It is suggested that more car sharing is taking place and some people are using private town centre car parking spaces that are now vacant. There is also evidence that there has been an increase in on street parking in areas such as Vinters Park and measures are shortly to be introduced to address this.

Some dissatisfaction was caused by operational disruption following the introduction of the revised services at the end of March. This was mainly due to widespread road-works and traffic disruption over a period of several weeks. Kent Highways have taken action to improve priority for buses on the Park and Ride Routes, particularly between the town centre and Sittingbourne Road but this route is still subject to unforeseen delays and disruption.

Two customer surveys undertaken at London Road show high levels of satisfaction with the new service but some customers are reluctant to use the double deck buses in use on that service in the off peak.

- 1.3.7 In addition the financial contribution of £39,500 which the service has been receiving from section 106 contributions ceases after this financial year. With the current low level of new development it is unlikely that further s106 funding can be obtained in the short term. Whereas a saving of £112,989 is required in this financial year this will increase to £152,489 in 2010/11. Any measures that are proposed should take this into account.

1.3.8 OPTIONS TO INCREASE REVENUE OR REDUCE COSTS

1.3.9 **FARES INCREASE**

- 1.3.10 From comments received there has been some adverse reaction to the increase in peak fares which it was necessary to introduce in February. It is unlikely that any further increase in the peak, off peak or season ticket rates would provide a positive effect on revenue.

A Saturday special fare of £1.00 per adult for family groups was introduced as part of the fares revision in February. There has been no noticeable increase in travel on Saturdays since then, and sales of this ticket have remained relatively static at around 400 each week. The ticket was only initially offered up until the end of October. Reverting to normal off peak fares on Saturdays from November should generate an additional £5,000 in this financial year (£10,000 in a full year).

- 1.3.11 It is therefore recommended the Saturday special fare is withdrawn after the end of October.

1.3.12 **CHARGING HOLDERS OF THE NATIONAL (FREE) BUS PASS**

- 1.3.13 In March 2009 the Department of Transport indicated that bus services which offer an "amenity element" in their fare may be excluded from having to accept the national bus pass. The issue is complicated due to the multitude of different arrangements for such operations and it has therefore been left to local authorities to choose the approach that is best for them. This includes the possibility of offering reduced rates as a concession on a service should they wish to do so, which relates to the special amenity provided (i.e. parking). It is understood this would bring a liability for VAT as a parking charge, which would also then apply in respect of the fees (fares) paid by other customers. At present no VAT is payable as free parking is offered.

At present the service receives around £1.00 for each return journey made by a bus pass holder. For any additional revenue to be obtained a higher fare would need to be charged. If the standard off peak fare of £1.50 (less 15% VAT = £1.38) were charged it could generate £75,000 in revenue, but is likely to meet resistance. Also there would be a potential VAT liability in the region of £100,000 resulting in an overall loss of revenue.

- 1.3.14 It is not therefore recommended that a charge be introduced to holders of the national (free) bus pass.

1.3.15 **PAY TO PARK**

- 1.3.16 It is estimated that the capital cost of introducing pay to park would be £125,000. The additional annual costs of running such a scheme would be around £39,000 (maintenance, cash collection, security and enforcement). Also VAT would be payable on the element of fees deemed to relate to car parking. There is likely to be resistance to any increase in charges, particularly from those customers who travel at the off peak fare or use the national free bus pass. Taking these factors into account it is estimated that a charge of £3.00 per car would have to be made for revenue to be increased. Such a fee is likely to result in significant numbers of customers deciding to either drive into town or potentially go elsewhere.

- 1.3.17 It is not therefore recommended that a system of pay to park is introduced.

1.3.18 **REDUCING SITE COSTS**

- 1.3.19 The Park and Ride service was the subject of extensive review and a tendering exercise for the bus service in 2008, and the provision of site attendants amended to reduce the cost of operating the sites. Any closure would reduce the confidence of the public in the system, and could adversely affect future funding from the Department for Transport for local transport schemes. The service is also the only effective tool that the Borough Council has at its disposal to help combat expected traffic congestion and reduce attendant air pollution.

- 1.3.20 For information, the estimated full year cost of the three sites/services based on 2009/10 budget costs (overheads excluded) and predicted revenue are;-

	Willington St	Sittingbourne Rd	London Rd
	£	£	£
General site costs	24,000	29,020	29,050
Rent	Nil	141,800	10,000

Bus costs	<u>268,806</u>	<u>268,750</u>	<u>308,906</u>
Total costs	293,626	439,570	347,956
Est. revenue	<u>268,917</u>	<u>322,085</u>	<u>273,408</u>
Est. loss per site	24,709	117,479	74,548

The rental agreement for the enlarged site at Sittingbourne Road has no option for early termination.

1.3.21 It is not therefore recommended that a site be closed.

1.3.22 **BUS SERVICE CHANGES**

1.3.23 The current Park and Ride bus contract commenced on the 30 March 2009, and introduced revised services which reduced the number of dedicated Park and Ride buses in use during the off peak period. Under the current contract the buses currently operate as follows;-

Sittingbourne Road to Willington Street – four buses all day plus an additional one in the peak on Mondays to Fridays and a single morning relief journey from Sittingbourne Road on Mondays to Fridays

London Road – three buses on Mondays to Fridays in the peak plus the diversion of Arriva service 71 at other times.

There is a global price for the whole contract. In considering possible cost savings the approximate cost of an all day dedicated Park and Ride bus is around £110,000 per annum and £85,000 per annum for one that only operates in the peak on Mondays to Fridays. The single relief journey at Sittingbourne Road is separately priced in the contract at £13,255 per annum.

1.3.24 The expected shortfall in revenue in this financial year is £112,989, and a further £39,500 will be needed in 2010/11 to meet the loss of s106 payments (see also 1.3.7 and 1.3.9). Total £152,489 in a full financial year. To meet this expected shortfall it would be necessary to remove the equivalent of one all day dedicated Park and Ride bus from the service, (unless savings can be realized elsewhere).

1.3.25 This could potentially be accomplished during the Monday to Friday peak period by revision of the routes and frequency to reflect the lower number of passengers being conveyed at such times. However any reduction in the off peak and Saturday service is more difficult as only four dedicated Park and Ride buses are in service at such times. These are all on the Sittingbourne Road to Willington Street service on which buses require a minimum of 48 minutes to undertake the round trip, which gives a 12 minute frequency. At times buses are getting delayed and checks have indicated that it is not practical to

reduce the round trip time to 45 minutes so that three buses could operate a 15 minute frequency, which is the minimum that would deliver a reasonably attractive level of service. As a comparison in the peak period some buses on this service require up to 70 minutes to undertake the round trip.

- 1.3.26 Discussions have taken place with Arriva Southern Counties to identify a revised pattern of service and/or frequency that will enable the required operational savings to be made within the current contract, and address some of the reliability issues that have been encountered. For ease of marketing and public understanding the network needs to be the same throughout the day/week, and not be linked cross town differently between the peak and off peak.
- 1.3.27 From these discussions a proposal to revert to the previous system of routing, but with a reduced frequency, has emerged. It would see London Road linked cross town to Willington Street operating every 15 minutes all day Monday to Saturday. This would help to increase confidence in the service, improve overall reliability and enable buses to be on site during layover for customers to board. Passenger counts indicate that this level of service will provide sufficient capacity to meet the current level of demand.
- 1.3.28 This proposal retains the contract requirement for a dedicated Park and Ride service to all three sites on Mondays to Saturdays and for the same hours of operation. The reduced frequency reflects the unforeseen drop in demand and revenue and would be on the basis that it can be restored when demand returns to its previous levels.
- 1.3.29 The Sittingbourne Road service would become self contained operating every 10/12 minutes in the peak (to reflect the higher peak demand at that site, but removing the morning relief journey) and every 12/15 minutes in the off peak. This would similarly help to improve reliability and encourage confidence in the service.

Service comparisons;-

	Current service			Proposed service		
	Mon – Fri			Mon - Fri		
	Peak	Off peak	Sat	Peak	Off peak	Sat
London Road	12	10	10	15	15	15
Sittingbourne Road	10/12*	12	12	10/12	15	12/15
Willington Street	12	12	12	15	15	15

*There is also currently one additional relief journey from Sittingbourne Road in the morning peak.

This proposal reduces the number of buses in service in the peak by one (plus the removal of the additional relief journey on

Sittingbourne Road in the morning peak), but increases the number in the off peak by two. Having also taken into account the reduced costs on service 71, Arriva Southern Counties have indicated a revised annual cost of the contract of £772,318. This compares with a current cost of £846,462. These proposed service changes therefore offer a saving of £74,144 per annum. They might also be expected to attract additional custom of around £20,000 per annum, giving a total potential benefit of £94,144.

1.3.30 These proposed service changes are recommended as they will help to raise a significant portion of the required saving. They also retain a dedicated service at all three Park and Ride sites six days per week, whilst retaining the opportunity to subsequently improve services when demand increases in the future.

1.3.31 It is the opinion of the Council that the proposed revision of service does not place the Council at risk of challenge as the service reduction is relatively minor and does not constitute a major change in the contract specification, which would otherwise require a retender to be undertaken.

1.3.32 **RE-TENDER BUS CONTRACT**

1.3.33 Whilst the current contract includes provision for it to be cancelled at 90 days notice it would take at least this period of time to undertake a procurement exercise for a new contract. In the meantime losses would continue and there can be no guarantee that such a process would reduce the cost of operation. This is not therefore recommended.

1.3.34 **ADDITIONAL SOURCES OF INCOME**

1.3.35 It is possible that additional income might be generated from other appropriate uses or activities at the Park and Ride sites. This would require more detailed investigation.

1.3.36 **SUMMARY OF RECOMMENDATIONS**

1.3.37 It is recommended that the Saturday special ticket is withdrawn after the end of October, and that the bus contract with Arriva Southern Counties is amended to introduce the revised pattern and frequency of services, as soon as practical. Together these measures will produce full year savings of;-

Adjustment to bus contract	£74,104
Increased revenue to service	£20,000
Withdrawal of Saturday special ticket	£10,000
Total	£104,000

In 2009/10 the saving is estimated to be;-	
Adjustment to bus service contract	£40,000
Increased revenue to service (including pre Christmas business)	£15,000
Withdrawal of Saturday special ticket	£5,000
Total	£60,000

It is also recommended that Officers explore additional appropriate means of generating income by other activities at/from the sites.

1.4 Alternative Action and why not Recommended

- 1.4.1 Failure to take action to address the potential budget shortfall would be financially unacceptable, and not in the best interests of the Borough Council.

1.5 Impact on Corporate Objectives

- 1.5.1 The provision of the Park and Ride service absorbs some of the parking demand from vehicles who would normally terminate their journey in the town centre. By continuing to offer an alternative on the periphery of the town they help to reduce traffic levels and therefore pollution in the town centre.
- 1.5.2 Retaining an attractive cost effective Park and Ride service enhances the attractiveness of Maidstone as a place to visit and shop.

1.6 Risk Management

- 1.6.1 There is a risk that if no action is taken that revenue may remain below budget which is financially unacceptable. Should there be a further decline additional more drastic action may be required and it is therefore recommended in the report that the revenue on the Park and Ride service be monitored on a monthly basis and any serious variation urgently reported to the Cabinet Member.

1.7 Other Implications

1.7.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment

X
X

5. Environmental/Sustainable Development
6. Community Safety
7. Human Rights Act
8. Procurement
9. Asset Management

1.7.2 EQUALITY IMPACT NEEDS ASSESSMENT

- 1.7.3 Since the services were changed in March there have been some comments and complaints from people with mobility impairment that they find the double deck buses operating in the off peak on the London Road service difficult to access. Moving to a situation where dedicated Park and Ride vehicles are in use all day throughout the week will be of benefit to such customers.

1.8 Background Documents

- 1.8.1 None

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes ☒ No ☐

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes ☒ No ☐

Reason for Urgency

To address an identified shortfall in income to the Park and Ride service. If action is delayed this would increase the potential extent of the loss.

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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ON BUS TRANSACTIONS

Trend between October 2008 and June 2009

	2007	2008	Difference	
October	46776	45769	-1007	-2%
November	51347	46987	-4360	-8%
December	54453	54142	-311	-1%
	2008	2009	Difference	
January	43901	41504	-2397	-5%
February	41125	36718	-4407	-11%
March	40087	40276	+189	0%
April	43474	36350	-7124	-16%
May	40978	33875	-7103	-17%
June	40186	36080	-4106	-10%
July	43119	37237	-5882	-14%
Total	445446	408938	-36508	-8%

The figures for March and April are distorted due to Easter being in March in 2008 and April in 2009.

Both cash sales of season tickets and those purchased for Maidstone Borough Council have remained stable. However from April 2009 Kent County Council reduced the number they purchase for their staff from 215 to 199 (a reduction of 8%), which has also affected the level of use of the additional spaces provided at Sittingbourne Road.

Reimbursement for acceptance of the national bus pass in 2009/10 is expected to be in the region of £200,000, which is just under £1.00 per return journey, slightly above the figure for 2008/09. This includes a standard flat rate payment per journey which is made to all operators towards additional operational costs.

The trend for the twenty two week period from the last week of February to the end of July shows an average decrease in revenue of 10%. The figures for each site during this period are as follows;-

Comparison – March to the end of July.

	2008	2009	Difference	
<u>Willington Street</u>				
Peak	18977	14207	-4770	-25%
Off peak	56417	56221	- 196	0%

Total	75394	70428	-4966	- 7%
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London Road

Peak	17010	13469	- 3541	-21%
Off peak	60826	48610	-12216	-20%
Total	77836	62079	-15757	-20%

Sittingbourne Road

Peak	28472	23779	-4693	-16%
Off peak	27602	29943	+2341	+ 8%
Total	56074	53722	-2352	- 4%

Total – all three sites

Peak	64113	51460	-12653	-20%
Off peak	143709	134774	- 8935	- 6%
Total	207822	186234	-21588	-10%