

**CABINET**  
**6 SEPTEMBER 2022**

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**BUS SERVICES**

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**Responsible Cabinet Member - Councillor Andy Keir, Local Services Portfolio**

**Responsible Director - Dave Winstanley, Group Director of Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report provides Members with an update on bus services within Darlington. It outlines issues currently being experienced, the work being undertaken to resolve the issues and seeks approval to release funding to continue supporting the service 16 for a further two years.

**Summary**

2. Covid has been a challenging time for all bus operators with patronage significantly reduced across the Country and operators still requiring financial support from Government to maintain services.
3. It is important to understand that the majority of bus services in Darlington and indeed across the Tees Valley are operated on a commercial basis. This means the Council does not decide where they run or provide funding for them, the routes are developed by the operators based on where the fares generated cover the cost of the service. In some cases profit on certain routes may assist support more marginal services.
4. The Tees Valley Combined Authority became the Local Transport Authority when it was formed, and the powers and responsibilities associated with public transport sit within the Combined Authority. Partnerships have been in place in relation to improving public transport between the Local Authorities and Combined Authority, but in the last 12 months a more formal partnership has been developed with TVCA, the local authorities and the operators. This is known as an Enhanced Bus Partnership and whilst in its infancy the partnership will invest significantly in infrastructure and other measures to improve public transport in the coming years.
5. The recovery of bus patronage in Darlington is not as strong as other parts of the Tees Valley. Recovery of patronage is important as the fares generated support the network and without fares there could be an impact on future sustainability of some parts of the network. It is imperative that we support the recovery, but first we need to address performance issues that are impacting the recovery that Residents and Councillors have reported regarding the level of service provided by Arriva in Darlington.

6. The performance and recovery issues are complicated and not a single issue, but a series of issues associated with covid within the workforce, recruitment and retention and operational matters within the depots, that have all compounded to impact on recovery and performance. This was recognised and actions have been developed in partnership:
  - (a) Ongoing dialogue at senior level both at a political level and officer level with Arriva.
  - (b) The network has been amended to try and tailor it to the resources available to improve reliability and consistency, with a view to gradually re-building services to pre-covid levels.
  - (c) Action plans have been put in place in relation to depot issues, recruitment and retention of drivers and marketing services to encourage recovery.
  - (d) Data is being provided to officers on a regular basis to monitor the improvement measures.
  - (e) Mechanisms have been put in place within the England National Concessionary Travel Scheme (ENCTS) payments that impact on payments to operators if performance does not meet the required standard.
  - (f) The Enhanced Partnership has been formed and this will develop actions to invest and improve bus services over the coming years.
7. The issues have been raised with Arriva and measures have been implemented to improve reliability of services. This is under continual review and there are signs of improvement, but further work is underway to explore any opportunities to accelerate this improvement. Once a level of confidence has been re-established it will be important that we all support and promote a return to bus to protect the sustainability of the bus network.
8. The service 16 is the single grant funded bus service operating under contract to the Council. It operates from Hummersknott to North Road/Glebe Road via the town centre, providing a direct link to the Memorial Hospital.
9. The contract for the service 16 supported bus service expires on 30 September 2022.
10. If the service 16 contract is not extended it would mean those in the West End of Darlington (Abbey/Milbank Road area) and Hummersknott/Glebe Road, would be without access to a bus service.

## **Recommendations**

11. It is recommended that :-
  - (a) Members note the work being done with and by bus operators to improve reliability of bus services in Darlington.
  - (b) Members approve the use of £56,526 from the ENCTS budget and the ring-fenced grants for bus services from government to extend the Service 16 contract from October 2022 to September 2024.

## Reasons

12. The recommendations are supported to ensure that communities remain connected and able to access opportunities.

**Dave Winstanley**  
**Group Director of Services**

## Background Papers

No background papers were used in the preparation of this report.

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S17 Crime and Disorder	The content of this report will not impact on crime and disorder.
Health and Wellbeing	Health and wellbeing implications have been considered in the preparation of this report. A strong and reliable bus network will seek to achieve better health and longer life expectancy for everyone by providing travel options to keep people active and independent. 70% of service 16 users are concessionary pass holders.
Carbon Impact and Climate Change	A strong and reliable bus network will encourage the use of mass public transport and facilitate a modal shift away from private car use and therefore reduce the carbon impact from transport in Darlington.
Diversity	No individual is adversely affected as a result of this report.
Wards Affected	All
Groups Affected	No group will be adversely affected as a result of this report.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	This is a Key Decision
Urgent Decision	This is not an Urgent Decision
Council Plan	Bus services contribute to a number of priorities in the Council Plan.
Efficiency	There is no impact on the Council's efficiency agenda as part of this report.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

## MAIN REPORT

### Information and Analysis

13. The majority of bus services in Darlington are operated on a commercial basis. This means that the Council does not fund the provision of them, nor does it have influence over how and where they are run. Arriva North East operate a network of services in Darlington, on the basis that they are commercially viable, where the fares generated cover the cost of the service.
14. In addition, a small proportion of subsidised bus service journeys operate in Darlington, either through:
  - (a) Contracts between operators and neighbouring Local Authorities who provide cross boundary services to/from North Yorkshire or County Durham.
  - (b) S106 funding which provides kick start funding in order for DBC to connect a particular site to the town centre (for example the service 2A to Amazon).
  - (c) DBC is also in receipt of a small pot of annual funding through the devolved Bus Service Operator's Grant, which is used to operate service 16 in Mowden and Hummersknott.
15. Covid has been a challenging time for all bus operators with patronage significantly reduced across the Country and operators still requiring financial support from Government to maintain services. The recovery of bus patronage in Darlington is not as strong as other parts of the Tees Valley and the reasons for this are complicated and not a single issue but a series of issues.
16. Residents and Councillors have expressed frustration with the level of service provided by Arriva and following this, ongoing dialogue at senior political and officer level is taking place.
17. Performance issues were hindering recovery of bus patronage and therefore impacting the sustainability of the network. Therefore, it was decided that something needed to be done to stabilise the core issues of performance and reliability, with the aim of building back trust in public transport.
18. Arriva recognised these issues and put forward a plan. The principles of the plan required the frequency of services to be temporarily reduced to create the capacity to run the temporary services more reliably and effectively. Once the situation stabilises, the intention is for Arriva to reinstate the services back to their original frequency.
19. Where these principles have been applied elsewhere it has enabled stability, a gradual re-building, and a recovery of patronage
20. The changes came into effect on Sunday 12 June.

21. As part of the reduction in services, Arriva were asked to provide regular updates to officers so that DBC can ensure the changes are effective and result in a reliable network that our residents can have confidence in. The updates cover controllable lost mileage (scheduled mileage not operated due to driver availability/vehicle breakdowns); patronage on the affected services to monitor the impact, and punctuality data to ensure that services are operating within permitted margins of early and late.
22. Additionally, the Council continues to work in partnership with Arriva to mitigate against the effects of roadworks. This in turn means that Arriva can remain as punctual as possible throughout the summer period, which is when road works are most prevalent and also through major works, during which it is recognised that there will sometimes be a short term unavoidable impact on punctuality.
23. Other initiatives are also being progressed including improvements at depots in terms of maintenance, marketing and driver recruitment initiatives, including an open day at Middlesbrough football stadium to give potential employees the chance to drive a bus and talk with Arriva about job opportunities and also several recruitment events in Darlington, in the Dolphin Centre.
24. Once improvements are seen, Let's Go Tees Valley and Connect Tees Valley will undertake marketing to encourage people to return to the bus. All member support is needed in encouraging a return to bus, as the network is commercial and a strong recovery towards pre-covid levels is essential to ensuring a good quality public transport network.

### **Performance Update**

25. The recovery of bus patronage in Darlington is not as strong as other parts of the Tees Valley. Recovery of patronage is important as the fares generated support the network and without fares there could be an impact on future sustainability of some parts of the network.
26. The aim of the temporary service reductions, which were implemented on Sunday 12 June 2022, is to ensure reliability of services whilst staff recruitment and training took place. Regular updates on controllable lost mileage ensure that TVCA/DBC can monitor the number of miles not operated due to resource and vehicle issues. Mechanisms have been put in place within the England National Concessionary Travel Scheme (ENCTS) payments that impact on payments to operators if performance does not meet the required standard.
27. Controllable lost mileage within Darlington, which excludes mileage lost due to road works, has improved by 50% between May and July.

### **Driver Recruitment**

28. A key issue in service disruption is driver availability. TVCA has worked with all bus operators to assist in pushing recruitment through various channels including a bus driver recruitment day which took place on Friday 15 July.

29. Despite the reduced service frequencies in place, the Darlington depot is currently short of drivers during peak periods, which means that some journeys are having to be cancelled at late notice, depending on driver availability on any given day.
30. Arriva currently have 23 candidates in the recruitment process, 11 of these are within the Darlington depot and 3 have confirmed start dates. This will help with their ability to further improve performance and is a step in the right direction in planning for the reintroduction of services that have been reduced.

## **Funding**

31. The Tees Valley Combined Authority became the Local Transport Authority when it was formed, and the powers and responsibilities associated with public transport sit within the Combined Authority. Partnerships have been in place in relation to improving public transport between the Local Authorities and Combined Authority, but in the last 12 months a more formal partnership has been developed with TVCA, the local authorities and the operators. This is known as an Enhanced Bus Partnership (EP) and whilst in its infancy the partnership will invest significantly in infrastructure and other measures to improve public transport in the coming years.
32. TVCA were unsuccessful in their bid for Bus Service Improvement Plan (BSIP) funding but will continue to seek opportunities. Therefore, TVCA are limited in the financial support they can provide to operators. However, the EP work through the original aspirations set out in the BSIP to provide and maintain a frequent, high quality, reliable and integrated public transport network. TVCA has a significant programme of £310m investment over the next 5 years in sustainable transport of which bus will see further investment.
33. As a condition of receiving the final instalment of Bus Recovery Grant funding from government, up to 4 October 2022, TVCA has carried out a Network Sustainability Review across all Tees Valley bus services to ensure that the network is sustainable beyond recovery funding. Due to the conditions in each operators 2022/23 ENCTS agreement letter, the operators aren't able to make any significant service changes, which means that the Tees Valley network is protected in the main until March 2023.
34. Various fares promotions are in place to try and encourage passengers back to bus, in order to aid recovery. This includes the additional enhancements to the English National Concessionary Travel Scheme that allow pre-9:30am travel in Darlington and also various operator organised initiatives, such as the 'Kids Go Free' campaign over the summer holidays.
35. TVCA are also leading on a 'back to bus' campaign which aims to build passenger recovery through raising awareness of ticketing options targeted at certain demographics.

## **Franchising**

36. TVCA is not pursuing franchising and is working with the operators through the Enhanced Partnership to deliver improvements. Nowhere outside London has implemented a franchising scheme and the legal process for doing so is complex and presents risks. Furthermore, under a franchising scheme the public authority is exposed to significant financial risk.

## Service 16

37. The service 16 operates from Hummersknott to North Road/Glebe Road via the town centre, providing a direct link to the Memorial Hospital, as per route shown below, and is the single grant funded bus service operating under contract to DBC.

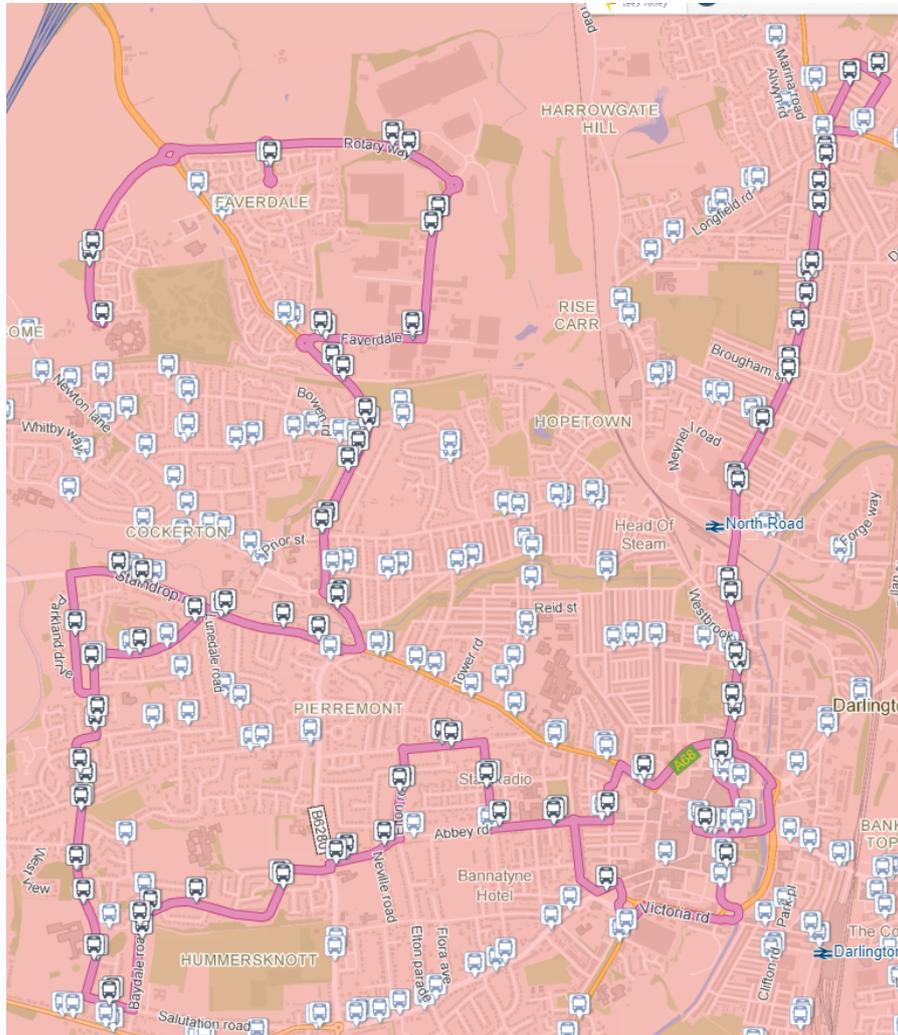


Figure 1 – Service 16 Route

38. Whilst some sections of the service 16 don't provide unique bus coverage (Arriva operate several services along North Road, and the service 3 in parts of Mowden), there are sections in Hummersknott and Mowden that are uniquely served, as shown below. In addition, the service 16 uniquely serves Glebe/Mayfair Road in Harrowgate Hill.

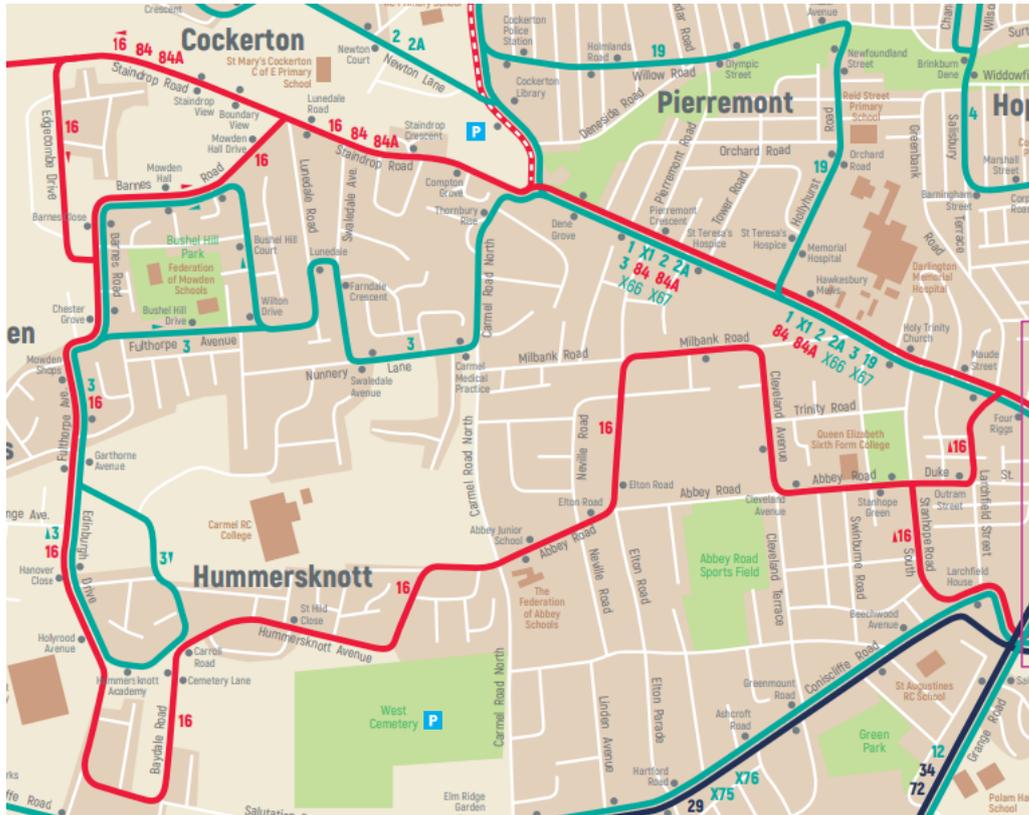


Figure 2 – Overlap between Service 16 and other services

39. The service 16 became a fully subsidised bus service with effect from 5 July 2021, with Scarlet Band, the operator of the service, having de-registered this once commercial service, due to low patronage as a result of Covid. The subsidised bus contract expires on 30 September 2022. Therefore, the service needs to be reviewed and options considered.
40. As a subsidised bus service, DBC sets the service specification, including the timetable. The service operates on an hourly basis, and is timed to provide a combined 30 minute frequency in Mowden, along with the commercially provided service 3, operated by Arriva.
41. Comparing May 2019 to May 2022, patronage on the service 16 is currently 70.7% that of normal pre-Covid usage, as shown below. The service is heavily used by ENCTS pass holders, with concessionary pass usage representing 69.7% of the total annual patronage for 21/22.
42. DBC is in receipt of the annual Bus Service Operator's Grant (BSOG). This is a small ringfenced annual allocation of funding received from Government towards supporting bus services. However, recently, the service 16 contract has been fully funded through bus recovery grant funding provided by Government. This was initially provided through the Bus Recovery Grant from September 2021 to end March 2022, and successor recovery funding through the Local Transport Fund is expected to fund the service in its entirety from April to September 2022. Therefore, the full 21/22 BSOG allocation has been carried over into 22/23, and the 22/23 allocation won't be utilised until beyond the recovery funding period, from October 2022.

43. **OPTION 1 – Issue notice and allow contract to expire on 30 September 2022.** DBC could de-register the service 16 and it would therefore no longer operate. This would mean those in the West End of Darlington (Abbey/Milbank Road area) and Hummersknott/Glebe Road, would be without access to a bus service.
44. **OPTION 2 – Extend contract for 2 years to 30 September 2024.** This option will enable continuity of service for passengers over the longer term, with the aim of building patronage back to pre-Covid levels. A 2 year gross cost contract would require £171,095. There is an available ringfenced budget from Government grants of £114,569 which can only be used for the provision of bus services meaning there is a shortfall of £56,526. It is proposed to use savings in the ENCTS budget to fund the shortfall. During the contract period a review will be undertaken to determine the future of this service.

### **Financial Implications**

45. In the MTFP for 2022/23 an allocation for ENCTS was included. Following negotiation with operators a saving has been made against this allocation and it is proposed to use this saving to fund the provision of service 16.
46. If the service 16 contract is not extended, £114,569 of funding will potentially be returned to Government.

### **Legal Implications**

47. The UK's international subsidy commitments (previously EU State aid rules) have been assessed in relation to the proposed extension of service 16 for a two year period. The UK-EU Trade and Co-operation Agreement principle sets out that subsidises to a single beneficiary below £325k over three years, are out of scope, therefore the service 16 extension is permissible.

### **HR Implications**

48. There are no HR implications with this proposal.

### **Estates & Property Advice**

49. There are no estates or property implications with this proposal.

### **Procurement Advice**

50. Procurement will be in line with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

### **Consultation**

51. No consultation has been undertaken for this report.