



## SPT Framework for Supporting Local Bus Services

**Committee** Operations

**Date of meeting** 20 August 2021

**Date of report** 27 July 2021

### Report by Chief Executive

#### 1. Object of report

The object of this report is to:

- Update the Committee on a review of SPT's approach to supporting local bus services;
- Recommend approval of a new 'SPT Framework for Supporting Local Bus Services', attached at Appendix 1, replacing the previous 'Guideline Criteria for the Secural of Subsidised Local Services'<sup>1</sup>; and
- Recommend approval of updated SPT target maximum subsidy limits for local bus services.

#### 2. Background

2.1 The Transport Act 1985 set the framework for the current UK local bus market, which is now largely commercially controlled (with the exception of London, which operates a franchise system directed by Transport for London) and is supplemented by additional government subsidy for bus services, including via the Bus Services Operators Grant and funding for the National Concessionary Travel Scheme. Further, the 1985 Act also made various provisions for powers for transport authorities<sup>2</sup> such as SPT, enabling them to act to improve the bus market in order to meet their policies, including the ability to subsidise services. It is worth highlighting that despite being given this legislative power to subsidise services, an authority is under no formal obligation to do so. The policies of SPT are set by the Partnership Board through the Regional Transport Strategy (RTS), and as members are aware, a new RTS is currently in preparation, due to complete in 2022.

2.2 In addition to a service being delivered by a bus operator through subsidy, a transport authority's role in improving the bus market can take a variety of forms, including:

- Encouraging a commercial bus operator to provide a service;
- Utilising funding from a private or public sector partner obtained through the development planning and management process to pay for a service; and

<sup>1</sup> [http://www.spt.co.uk/documents/rtp160606\\_agenda12.pdf](http://www.spt.co.uk/documents/rtp160606_agenda12.pdf)

<sup>2</sup> Section 63 of the 1985 Act: <https://www.legislation.gov.uk/ukpga/1985/67/contents>

- Working with Third Sector partners (such as Community Transport providers, or through a Public Social Partnership) to arrange provision of a service.
- 2.3 SPT has utilised each of these roles in our efforts to improve the bus network of the west of Scotland. Specifically, in regard to subsidised local bus services, SPT uses the ‘Guideline Criteria for Secural of Subsidised Local Services’ to assist in decision-making on whether or not to support a service. It is important to note that subsidy for a bus service is provided subject to funding being available. Currently, there are approximately 150 bus service contracts in the west of Scotland receiving subsidy (either whole service subsidy or in part) from SPT meaning that SPT subsidy impacts on around 30% of bus services in the west of Scotland.
- 2.4 The ‘Guideline Criteria’, last updated in 2006, is intended to ensure consistency, transparency and equity in the process of subsidising bus services.

### 3. Outline of proposals

#### 3.1 Reviewing the ‘Guideline Criteria for the Secural of Subsidised Services’

- 3.1.1 The impetus for reviewing the ‘Guideline Criteria’ was fourfold. Firstly, like all public sector organisations, SPT remains under continual pressure to ensure that budgets are spent in the most efficient and effective way possible. While over recent years SPT has utilised various mechanisms to maximise the reach of its budget for supported services, it is apparent that, in coming years, budgets will continue to be under pressure while demand for supported services goes up.
- 3.1.2 Secondly, over recent years the commercial bus market in the west of Scotland has contracted significantly, with a 30% drop in patronage (equating to 66 million journeys) over the 10 years to 2019/20, and a similar reduction in network coverage. This, coupled with the wider economic decline experienced since 2008 and changing demand patterns, has in many ways led to the current perilous state of the west of Scotland bus market.
- 3.1.3 Furthermore, as the country begins to transition out of the Covid crisis, the future of the bus network in the west of Scotland remains uncertain given the decrease in patronage during the pandemic. However, we may anticipate an extremely challenging recovery period lies ahead and this is likely to have implications on demand pressures for the provision of support from SPT for local bus services.
- 3.1.4 Lastly, and perhaps more positively, the preparation of a new Regional Transport Strategy presents an opportunity to fundamentally review and identify, in an evidence-based and objective way, the most appropriate future mechanisms for delivery of transport across the region. This will obviously include how best to serve those communities which are isolated through poor transport connections in future, a key factor in SPT providing subsidy for local bus services.
- 3.1.5 In response to the above issues, officers carried out a review of the existing ‘Guideline Criteria’ as part of a two-stage process as follows:
- **Stage 1** – a short-term interim internal review, with a focus on updating SPT’s approach to reflect best practice elsewhere, taking account of the updated policy landscape, and reviewing subsidy limits in line with budgetary availability.

- **Stage 2** - a fuller review undertaken following Ministerial approval of the RTS, anticipated to be in 2022. This stage will involve a much deeper, more fundamental review of how best to connect isolated communities (including community transport and demand responsive transport) and would, for example, consider how modern, innovative technology could potentially be utilised in developing sustainable solutions.

### 3.2 Outcome of the Stage 1 Review Process

3.2.1 As part of a benchmarking/best practice exercise, the review looked at how supported bus service requirements were assessed in other parts of the UK including West Yorkshire, South Yorkshire, Tyne and Wear, West Midlands and Merseyside. The review found that approaches elsewhere were markedly less complex than SPT's current 'Guideline Criteria', and typically comprised three main metrics for assessment, these being:

- **Accessibility** – typically defined a distance in metres to the nearest bus service;
- **Subsidy** – typically between £3 and £5 subsidy per passenger journey maximum, depending on the nature of the journey i.e. rural journeys tend to have higher passenger subsidies; and
- **Demand** – threshold typically anything below 8-10 passengers per journey will result in consideration of service withdrawal.

3.2.2 The review highlighted that the policy framework in which supporting bus services sits has changed considerably since the original 'Guideline Criteria' was developed. A greater availability of data and geographic information to enable more sophisticated analysis was also noted, particularly in relation to areas of deprivation, and urban/rural distinctiveness.

3.2.3 Subsidy limit thresholds (maximum cost per passenger journey) in the current 'Guideline Criteria' were also reviewed. These were found typically to be lower than those set in the comparator benchmark regions. The review showed current actual subsidy cost per passenger journey limit averaging £2.60 per passenger journey in urban areas and averaging £3.40 per passenger journeys in rural areas (figures are pre-Covid).

3.2.4 An important additional element identified from the Stage 1 review was that any new simplified approach must allow for SPT's expert knowledge and professional judgement in terms of the region's bus network to be a key part of the process in any decision to subsidise a service.

### 3.3 'SPT Framework for Supporting Local Bus Services'

3.3.1 Taking account of the outcomes of the Stage 1 review, an updated 'SPT Framework for Supporting Local Bus Services' has been developed and is attached at Appendix 1. The new Framework takes account of lessons learned from the benchmarking exercise and therefore is structured around the three principles of Accessibility, Subsidy and Demand.

3.3.2 A key emphasis within the updated Framework is on ensuring people have accessibility to opportunities, and in particular, that any assessment undertaken gives due regard to the impact of the withdrawal of a particular service on people's ability to access essential services including healthcare, welfare facilities, shopping, and education and training needs.

- 3.3.3 The Framework also seeks to give particular consideration to the impact of a service withdrawal or service change in areas of greater social need, referring to the Scottish Index of Multiple Deprivation (SIMD). Further, the Framework take account of urban and rural area distinctions, including acceptable walk-in catchment, subsidy levels, service demand and frequency.
- 3.3.4 Subsidy limits are also simplified and updated in the new Framework, taking account of existing actual average subsidy, known subsidies applied elsewhere, and with reference to average fares across Scotland. The Framework presents these subsidy limits for urban areas, areas of greater social need (SIMD) and rural areas.
- 3.3.5 In order to adapt to changing circumstances, this being particularly important given the current uncertainty in the bus market, it is proposed that these subsidy limits be adjusted annually in line with the Retail Price Index. The new target maximum subsidy limits are recommended to be set at:

Area Designation	Target Maximum Subsidy Per Passenger
Urban	£2.00
SIMD	£3.50
Rural	£4.50

#### 4. Conclusions

- 4.1 Providing support for local bus services is one of the activities for which SPT is best known, enabling many people and communities to make the trips they need when no commercial bus service or alternative transport provision is available. The updated 'SPT Framework for Supporting Local Bus Services' sets the new guidelines by which SPT will undertake that activity.
- 4.2 It is worth highlighting however, that while the Framework does set certain thresholds (particularly in respect of subsidy and demand thresholds), it remains incumbent upon SPT officers to consider wider aspects surrounding supported services such as budgetary availability, using professional judgment, knowledge of the existing transport network and expertise to inform any final recommendations regarding supporting a bus service.
- 4.3 Subject to approval at the Committee, officers will start the process of using the new Framework. Stage 2 of the review, outlined in section 3.1 will commence following the anticipated Scottish Ministers approval of the new RTS in 2022 but in the meantime, officers will continue to update the Committee on relevant matters in relation to the new Framework as necessary.

#### 5. Committee action

The committee is recommended to:

- approve the updated SPT Framework for Supporting Local Bus Services document at Appendix 1; and
- approve the new maximum subsidy limits detailed in section 3.3.5.

#### 6. Consequences

Policy consequences	<i>In line with the current RTS, and the new RTS on approval will inform Stage 2 of the review noted in this report.</i>
Legal consequences	<i>None at present.</i>
Financial consequences	<i>None at present.</i>
Personnel consequences	<i>None at present.</i>
Equalities consequences	<i>Equalities impacts will be taken account of in decisions regarding supporting bus services in line with due process.</i>
Risk consequences	<i>None at present.</i>

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Strathclyde Partnership for Transport  
**Framework for Supporting Local Bus Services**

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## Context

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- a) The Transport Act 1985 set the framework for the current UK local bus market, which is commercial everywhere except London, and is supplemented by additional subsidy for bus services via Bus Service Operators Grant and funding for the National Concessionary Travel Scheme which provides free bus travel on local bus services for National Entitlement Cardholders in Scotland.
- b) The 1985 Act also made various provisions for powers for transport authorities such as SPT, enabling them to act to improve the bus market in order to meet their policies, including the ability to subsidise local bus services. Despite this legislative power to subsidise services, an authority is under no obligation to do so.
- c) The responsibility for the provision of bus services lies with the commercial bus market. Prior to any request to SPT for supported bus service provision, it is expected that an approach has been made by promoters to commercial bus operator(s).
- d) SPT, by definition, shall be considered as the bus operator of last resort. SPT will only consider filling gaps in the network once satisfied that all options for providing services on a commercial have been fully explored and exhausted.
- e) SPT works within limited budgets to provide supported bus services. In light of these growing financial cost pressures alongside policy objectives, a clear and objective, needs-based criteria with which to assess supported bus service requests is to be used.
- f) SPT officers will review the Framework on a regular basis and update accordingly to reflect current budgets and circumstances.
- g) The Framework shall be updated as required to take account of changes in local [council] or national policy.
- h) The application of the Framework as set out in this document applies only to supported local bus service provision and does **not** apply to other forms of SPT bus provision including Demand Responsive Transport (MyBus) or Community Transport services, which need to be assessed separately.
- i) The application of the Framework, as set out in this document, is effective from **August 2021** and will not impact current contracted services.



## Introduction

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### I. Purpose

This Framework is used by Strathclyde Partnership for Transport (SPT) in decision-making steps with regard to requests for supported bus services. The purpose of this Framework is to provide a consistent and transparent template to support any final recommendations made by SPT.

The Framework aligns with SPT's policy objectives as set out in its Regional Transport Strategy (RTS). It also aligns with guideline standards used elsewhere in the UK. The policies of SPT are set by its Partnership Board through the RTS.

In order to meet SPT's policy objectives, the Framework shall apply three simple metrics for assessing the need for supported bus service provision. These are defined as:

- Accessibility – Ability to access essential services.
- Demand – Number of people using the service.
- Subsidy – Cost per passenger threshold.

### II. Wider Duties

In determining service requirements, due consideration will be given to the needs of people with protected characteristics and people facing socio-economic disadvantage. Where impacts are considered significant e.g. where significant increased travel cost and/or interchange would be introduced or where the nature of a service change is likely to result in the total or near total loss of services for a particular community, including rural & island communities, then an initial Equality Impact Screening shall be undertaken followed by a full Equality Impact Assessment if required. An Impact Assessment process will take into account the socio-economic impact on a community or individuals.

UK and Scottish Government policies relevant to consideration of this Framework include:

- the UK Equality Act 2010;
- the Fairer Scotland Duty 2018;
- the Islands (Scotland) Act 2019; and
- The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

Consideration will be given to the carbon impacts of decisions about service levels to ensure that any measures introduced to secure access for people and communities minimises environmental impacts.

### III. Decision-making Process

This document is to be used to guide SPT in the decision-making stages of supported bus service requests. Recommendations can however be influenced by other factors including budgets, market failure or wider external impacts on the bus network as a whole. It is therefore incumbent upon SPT officers to consider wider aspects surrounding service requests using professional judgment and knowledge of the existing transport network and expertise to inform recommendations.

SPT officers reserve the right to make any final recommendations that are to be taken forward regarding supported bus service requests. However, these final recommendations are subject to approval by SPT's Operations Committee and ratification by SPT's Partnership Board.

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## Accessibility

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### 1. User Groups - Access to opportunities

Supported bus service provision will only be considered where the withdrawal of, or reduction of a commercial service will adversely impact accessibility to and from the following key essential trip destinations only:

- Essential Services (healthcare, welfare facilities, shopping)
- Further education and major training establishments
- Main areas of employment

### 2. Access to existing transport services

2.1. Where a commercial bus service is withdrawn or substantially curtailed, this Framework will be applied in an effort to ensure that residents and communities are within an approximate distance of no more than 800m walking distance of an alternative bus service or within approximately 1km walking distance of a rail service.

2.2. It may not be financially or operationally viable to provide a supported service in certain areas that meet distances prescribed above, such as in rural areas, where distances required to access existing commercial bus services are often further than in urban areas.

2.3. Local catchment population (potential for demand) will be considered as part of any request for a supported bus service.

2.4. Any assessment will take account of local circumstances including demographic and topographical circumstances.

### 3. Socio-economic Factors

3.1. The Framework will take account of local socio-economic circumstances. In this regard, particular consideration will be given to the impact of a service withdrawal or service change(s) in areas of greater social need.

3.2. The assessment of any supported service request will refer to the Scottish Index of Multiple Deprivation - the Scottish Government's official tool, to identify areas of deprivation impacted by a service change or withdrawal. SIMD identifies small area concentrations of deprivation across all of Scotland in a consistent way.

3.3. The Framework will give particular regard to supported service requests concerning areas defined as being a 20% most deprived SIMD datazone.

### 4. Urban/Rural Classification

The Framework will take account of urban and rural area distinctions. This may influence recommendations including acceptable walk-in catchment, subsidy levels, service demand and frequency.

5. Urban and rural classifications are based on Scottish Government’s 2-Fold Urban Rural Classification (2016).

6. **Interchange**

6.1. SPT will not set out to replace services on a like-for-like basis; therefore, in order to maintain reasonable public transport links, any requests for supported bus services will take account of all available existing services where interchange would be viable.

6.2. Decisions around interchange will take into consideration local socio-economic factors.

## Subsidy & Cost

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7. **Subsidy Level**

7.1. A maximum subsidy level will be applied in order to achieve best value to the public purse. The maximum subsidy level will be adjusted annually (RPI linked) or adjusted in line with SPT budgets (see **Appendix A** for maximum subsidy levels).

7.2. Where costs exceed the target maximum subsidy, further examination and scrutiny will be undertaken prior to any final recommendation regarding supported service provision.

7.3. Where there is any uncertainty regarding sustainability of services in the longer-term (either through lack of patronage or that the service becomes commercially viable), SPT may consider a short-term solution in order to test the potential market.

7.4. Subsidy levels, along with service usage data and costs, will be reviewed on a regular basis in order to help manage budgets reviewed on an annual basis to ensure value for money is maintained and will be used in the evaluation of tenders in order to calculate the estimated net cost of a new service.

## Demand

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8. **Service Use**

8.1. Passenger data will be used to assess the performance of services and will inform decisions on whether or not to support a new service or to continue with or withdraw any existing supported service. The following passenger demand levels (per bus journey) will be used:

	6 passengers or fewer per bus journey	7-12 passengers per bus journey	13-20 passengers per bus journey	21 or more passengers per bus journey
Urban	A service will not be provided	Review service arrangements	Continued subsidy	Service provided without subsidy

<b>SIMD</b>	Review service arrangements	Continued subsidy	Continued subsidy	Review service arrangements
<b>Rural</b>	Review service arrangements	Continued subsidy	Continued subsidy	Review service arrangements

8.2. Where there are issues of deprivation, rurality or a lack of commercial urban service, these thresholds will be considered on a case-by-case basis.

## Service Frequency

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### 9. Maximum Service Frequency

- 9.1. Supported bus service provision will typically be set at a maximum of one bus per hour.
- 9.2. An amended frequency may be considered where it is felt that it would more closely align with actual or predicted passenger use (such as on weekends, evenings or bank/public holidays); would prove to be best achievable in terms operational efficiency; or would achieve maximum subsidy levels. Operation of a service on the days identified above will be subject to consideration by SPT.

## Terms and Conditions – General Exclusions

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### 10. Terms and Conditions

10.1. As noted in section 1, supported bus service provision will only be considered where the withdrawal of, or reduction of a commercial service will adversely impact accessibility in respect of access to essential services, further education, major training establishments and main areas of employment. However, it is important to note that a supported bus service will not be secured **solely** to meet requirement of people travelling to or from the following:

- Schools (unless commissioned on behalf of respective Councils to support Home to School Transport provision)
- Places of worship
- Places of entertainment or recreation
- Sports events
- Festivals
- Ad hoc events or activities

10.2. It is to be reasonably expected that the cost of public transport provision requirements specifically to serve new development sites be met by developer contributions (S75) and/or other private & commercial funding streams. This Framework will not consider supported bus service provision in such instances.

- 10.3. A supported bus service will not be secured to serve areas impacted by local road network restrictions such as where temporary road works are in place and commercial bus service has been removed or temporarily re-routed as a result.
- 10.4. SPT will not provide a supported bus service in areas where the road network precludes reasonable access to public service vehicles.
- 10.5. SPT may choose to review current supported bus service arrangements if it is felt that it is affecting the viability of, or extracting passengers from, existing commercial bus services.

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## Appendix A: Maximum Subsidy Levels

Subsidised local services will aim for a target maximum subsidy per passenger of:

<b>Area Designation</b>	<b>Target Maximum Subsidy Per Passenger</b>
<b>Urban</b>	<b>£2.00</b>
<b>SIMD</b>	<b>£3.50</b>
<b>Rural</b>	<b>£4.50</b>

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