

Forward Plan reference number: Not applicable

Report title: Community Transport Funding for 2017/18	
Report to: Councillor Eddie Johnson, Cabinet Member for Highways and Transport	
Report author: Helen Morris – Director for Commissioning: Connected Essex	
Date: 13 March 2017	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1. This report seeks approval for the continuation of ECC grant funding for community transport schemes in Essex for the financial year 2017/18.

2. Recommendations

- 2.1. Agree the funding allocation to Essex community transport schemes for the financial year 2017/18 as set out in section 5.2 (a funding reduction of 14.4%), payment to each provider being subject to receipt of a certificate from provider confirming that no state aid issues arise.
- 2.2. Note that a further report will be brought to the Cabinet Member if a provider and officers agree that the funding levels will have a significant impact on service delivery.

3. Summary of issue

- 3.1. Essex County Council currently provides funding for community transport schemes operating in each of the 12 districts of Essex. The current funding agreements with each of the providers, totalling £1.273 million, end on 31st March 2017.
- 3.2. The Council recognises that community transport offers a vital element of the county's transport infrastructure, allowing vulnerable and isolated people to keep independent and active within the community, making journeys to access services and amenities they would not otherwise be able to including for shopping, social interaction and healthcare purposes.

Background

- 3.3. Under the provisions of the Transport Act 2000, ECC as Local Transport Authority must, in developing and implementing its Local Transport Plan have regard to the transport needs of those who are disabled, elderly or have mobility problems.

3.4. This is reflected in Essex's Local Transport Plan 2011, which states that ECC will seek to achieve five outcomes, one of which is to "Provide sustainable access and travel choice for Essex residents to help create sustainable communities";

- a) Enabling Essex residents to access further education employment and vital services (including healthcare, hospitals and retail)
- b) Maintaining the vitality of our rural communities
- c) Encouraging and enabling healthier travel and leisure activities
- d) Creating strong and sustainable communities.

(Essex County Council Local Transport Plan 2011, Page 23 table 2.1).

3.5. To satisfy this policy, ECC has previously issued grants totalling in excess of £1.2 million to support the Essex community transport schemes provided by not for profit, third sector transport providers listed in Table 1 below. The grant is used to provide specific types of community transport services for the residents of Essex with disabilities as well as those who cannot access conventional public transport. Accordingly, a range of types of transport services are currently provided including:

- Dial a Ride (set up for individuals who cannot access conventional public transport) and has to be pre-booked.
- Social Car schemes, where volunteers use their own car to take passengers and assist them with all aspects of their journey, especially in rural areas for those socially excluded.
- Minibus services for group hire to third sector not for profit groups.
- Community bus services, where a vehicle runs to a registered timetable and can carry the general public, under Section 22 (as amended) of the Transport Act 1985 (as amended).

Table 1 Essex Community Transport Scheme Funding 2016/17			
District	Organisation (name of scheme in brackets if different)	Amount	% of Total
Basildon	Basildon Community Transport Services Ltd	£ 120,770	9.488
Braintree	Braintree District Council (Braintree Community Transport)	£ 105,541	8.292
Brentwood	Brentwood Community Transport Ltd	£ 69,930	5.494
Castle Point	Wyvern Community Transport Ltd	£ 61,093	4.800
Chelmsford	Chelmsford Community Transport Ltd	£ 111,626	8.770
Colchester	Colchester Community Voluntary services Ltd	£ 128,257	10.076

	(Colchester Community Transport)		
Epping Forest	Epping Forest Community Transport (Epping Forest)	£ 82,539	6.484
Harlow	Epping Forest Community Transport (Harlow)	£ 121,427	9.540
Tendring	Harwich Connexions Transport Cooperative Ltd	£ 71,493	5.617
Maldon	Colchester Community Voluntary Services Ltd (Maldon District Community Transport)	£ 70,085	5.506
Rochford	Wyvern Community Transport Ltd	£ 71,181	5.592
Tendring	Tendring Community Transport Ltd	£ 150,392	11.815
Uttlesford	Uttlesford Community Transport	£ 108,539	8.527
	Total	£ 1,272,873	100.00

- 3.6. Together these services carry in excess of 500,000 passenger journeys each year, offering a lifeline to many of the most disadvantaged people in Essex. A number (although not all) of the schemes are funded in partnership between ECC, the local district council and the service providers set out in Table 1 above.
- 3.7. ECC's funding for community transport services is a discretionary element of its expenditure.
- 3.8. ECC funding is not the only source of income for the schemes, which may establish a trading arm and accept a range of work and access additional funding streams. However, the Council recognises the importance of its funding in the wider system. The funding gives certainty to other funders, such as district councils and charitable trusts, to invest in the schemes.
- 3.9. Therefore a large-scale reduction in funding at this time would potentially have a major impact on the schemes and therefore services for their customers (including some of Essex's most vulnerable residents) who rely on community transport to access key services and amenities.

Policy context

- 3.10. A Vision for Essex 2013 -17 builds on and replaces the previous EssexWorks Commitment 2012-17. It sets out the Cabinet's vision and priorities for the next four years and this will inform the development of a revised corporate strategy designed to:

- Increase educational achievement and enhance skills
- Develop and maintain the infrastructure that enables our residents to travel and our businesses to grow
- Support employment and entrepreneurship across our economy
- Improve public health and well-being across Essex
- Keep our communities safe and build community resilience
- Respect Essex's environment.

3.11. The Vision for Essex is based on the following principles

- We will spend taxpayers' money wisely.
- Our focus will be on what works best, not on who does it.
- We will put residents at the heart of the decisions we make.
- We will empower communities to help themselves.
- We will reduce dependency.
- We will work in partnership.
- We will continue to be open and transparent.

3.12. ECC has adopted a new bus strategy for developing the public transport network in Essex, called "Getting around in Essex". Its core approach is that ECC will take a leadership role to enable passenger growth in the commercial and voluntary sectors, delivered through close partnership working with service providers.

3.13. The strategy includes a strong drive to develop alternatives to traditional, timetabled bus routes for those areas and times where they would prove prohibitively expensive (mainly rural locations and where small volumes of passengers are involved). This requires ECC to work closely with communities, operators and taxi firms to develop tailored solutions that are cost effective and meet local needs.

3.14. This approach presupposes a strong community transport sector capable of taking a full role in the emerging strategy within the legislative guidelines for community transport operations. Continued support for 2017/18 (financial and enabling) will help ensure that the sector remains in a position to take part in this process.

3.15. The recommended option in this report is consistent with the principles set out above. The Council recognises that community transport offers a vital element of the county's transport infrastructure, allowing vulnerable and isolated people to keep independent and active within the community, making journeys to access services and amenities they would not otherwise be able to including for shopping, social interaction and healthcare purposes.

3.16. However, the financial pressures on ECC's budget and the impact on all discretionary funding means that some adjustment to future funding for community transport is unavoidable. We will instead work on the whole

system with providers through an annual action plan linked with their annual funding agreements.

Process

3.16. ECC has carried out a range of engagement with the community transport service providers and district councils through 2015/16 and 2016/17. This was both through written correspondence and a series of stakeholder meetings and workshops. The purpose of the engagement was to address a range of issues, including:

- Modelling potential levels of funding reduction to help drive efficiency.
- Defining alternative funding sources.
- Improving co-operation between schemes to enable efficiencies.
- Developing revised business plans for schemes.

3.17. During the engagement the community transport providers have been informed that there is likely to be a reduction in ECC funding and that they will need to take measures to deal with this. Providers have not been told of the likely scale of the reduction.

3.18. This principle was reiterated in face-to-face meetings with the Cabinet Member for Highways and Transport in January 2017, when providers were given the opportunity for dialogue with ECC on their business model and plans.

4. Options

Option 1

4.1. **Do nothing.** This would mean that the current service level agreements will stop on 31 March 2017. The saving to the taxpayer would be in excess of £1.2 million. The risk is an immediate cessation of schemes across Essex, with the concomitant impact on Essex residents from the loss of services.

Option 2

4.2. **A large reduction in funding.** A range of potential funding options between 20% to 100% of the current values have been discussed with the community transport providers during ECC's engagement with them. The common view expressed was that while any funding cut would be unwelcome, reductions at these higher levels would be likely to cause some or all of the schemes to have to cease operations during 2017/18.

Option 3

4.3. **A reduction in funding of 10% or less.** Making a small reduction to funding, in the region of between 5% and 10%, was considered. It did not produce the level of financial savings required in order to close the Council's budget gap in 2017/18.

Option 4 - recommended

- 4.4. **A funding reduction of c15%.** We have discussed funding reductions with community transport providers. This level is set out in Section 5 below, and represents a 14.41% reduction in the overall funding compared to 2016/17. This is the recommended approach. It is considered that this level of saving is likely to be achievable without making a provider unviable or having a significant impact on service delivery. However, it is acknowledged that we have not specifically consulted the providers on this point. If any provider considers that they will be unable to deliver the savings without a significant impact then officers will work with them to help understand the position and a further report will be brought back to the Cabinet Member.
- 4.5. We considered all of the options with regard to statutory responsibilities stated in 3.3-3.5 and prepared an equality impact assessment as provided in Appendix 1. In ECC making a financial contribution, options 2, 3 and 4 make most consideration of the transport needs of those who are disabled, elderly or have mobility problems. However, ECC feels that the sustainability of the community transport provider's own business model is the overriding factor in maintaining services to these groups and not ECC funding.

5. Issues for consideration

5.1 Financial Implications

- 5.1.1 The Council's 2017/18 MTRS budget for this grant programme amounts to £1.106 million. All grant payments and associated administrative costs must be contained within this budget envelope.
- 5.1.2 The proposed grants to the supported community transport schemes for 2017/2018 are set out in the Table 2 below:

Table 2
Essex Community Transport Scheme Funding 2017/18

District	Organisation (name of scheme in brackets if different)	Amount
Basildon	Basildon Community Transport Services Ltd	£103,367.00
Braintree	Braintree District Council (Braintree Community Transport)	£90,332.50
Brentwood	Brentwood Community Transport Ltd	£59,853.00
Castle Point	Wyvern Community Transport Ltd	£52,289.50
Chelmsford	Chelmsford Community Transport Ltd	£95,540.60
Colchester	Colchester Community Voluntary Services Ltd (Colchester Community Transport)	£109,775.10

Epping Forest	Epping Forest Community Transport (Epping Forest)	£70,645.10
Harlow	Epping Forest Community Transport (Harlow)	£103,929.30
Tendring	Harwich Connexions Transport Cooperative Ltd	£61,190.80
Maldon	Colchester Community Voluntary Services Ltd (Maldon District Community Transport)	£59,985.70
Rochford DC	Wyvern Community Transport Ltd	£60,923.80
Tendring DC	Tendring Community Transport Ltd	£128,720.50
Uttlesford	Uttlesford Community Travel Ltd	£92,898.50
	Total	£1,089,451.40

- 5.1.3 The calculations for the original grant distribution are set out in Appendix 2: Basis for determining funding of community transport schemes to 31st March 2017.
- 5.1.4 This is an extract from Appendix C of the *Essex Road Passenger Transport Strategy 2006 to 2011*, which set out the funding formula.
- 5.1.5 A medium-sized funding reduction of 14.4% will support delivery of the Council's plan to achieve savings in the order of £300 million by 2021.

5.2 Legal Implications

- 5.2.1 On 14 January 2015 the Department for Transport issued guidance on the impact of State Aid Legislation on local authority for funding community transport schemes.
- 5.2.2 The guidance identifies that a two limb approach to identifying whether such funding under such state aid legislation. Eight of the thirteen grants to be awarded are under the respective financial threshold, and therefore there would not be any state aid implications for those awards.
- 5.2.3 However, Regulation EC 1370/2007 does provide four preliminary conditions, which if one is satisfied would enable the grant to be made. In this instance the remaining contracts would fall under the first preliminary limb that the average annual value of grant is less than €1,000,000 (i.e. £763,358).
- 5.2.4 On this basis it seems appropriate for ECC to continue to provide the funding on the terms set out in this report.
- 5.2.5 However, all funding received by a particular provider is relevant for state aid purposes. Accordingly each provider will be asked to confirm that they have

not received funding in excess of €500,000 over the period of the 3 preceding years. No funding will be provided until ECC has received a certificate from the provider which confirms this position. The funding agreement will also include a clause which requires them not to accept additional funding without ensuring state aid compliance and disclosing this to ECC.

- 5.2.6 The Council has not directly consulted providers on the proposals. Officers consider that the revised funding can be implemented without affecting viability or having a significant

6. Equality and Diversity implications

- 6.1 The Public Sector Equality Duty applies to ECC when it makes decisions. The duty requires us to have regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 6.3 Based on the recommended option, the equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. The level of funding reduction should not impact on services, since there are opportunities for community transport schemes to make savings in their back offices and/ or changes in their business models to mitigate it.

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Eddie Johnson, Cabinet Member for Highways and Transport	15 March 2017

In consultation with:

Role	Date
Executive Director for People Commissioning Dave Hill	14 March 2017
Executive Director for Corporate and Customer Services (S151 Officer) Margaret Lee	10 March 2017
Monitoring Officer Paul Turner	13 March 2017