



PUBLIC TRANSPORT POLICY

REDACTED VERSION FOR THE PUBLIC

10 October 2024

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Working Group:

Carol Henry, Head of Administration Support Service

Nicky George, Senior Transport Manager

Mercy Chiseya, Management Accountant

Ann Muir, Head of Strategic Policy

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1 Introduction

1.1 Background

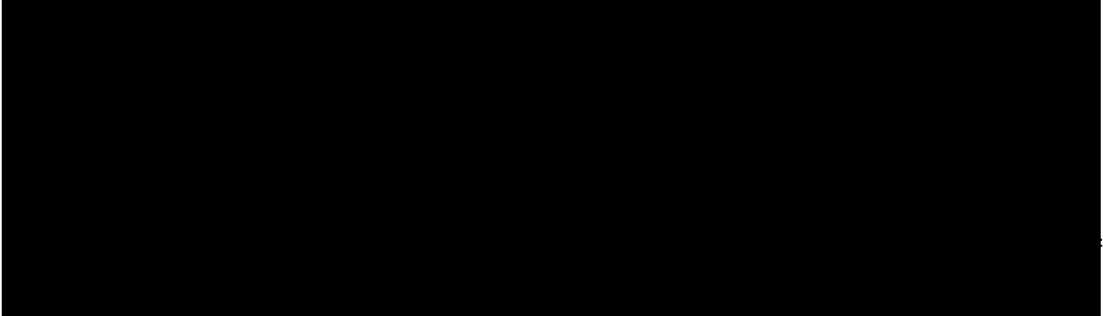
The mass transit/transport on demand system on the island consists of the following.

- Subsidised SHG home-to-duty (HTD)/shift worker transport (referred to as the public transport system (PTS));
- HTD transport offered by certain private employers, via either bus, car or taxi;
- privately operated bus services that operate to-and-from-work transport services on a fully commercial basis;
- a limited number of taxis, but with surge capacity on cruise ship days via one-day public passenger vehicle insurance policies and upgraded licences;
- a limited number of generally poor quality hire cars; and
- a separate school bus service

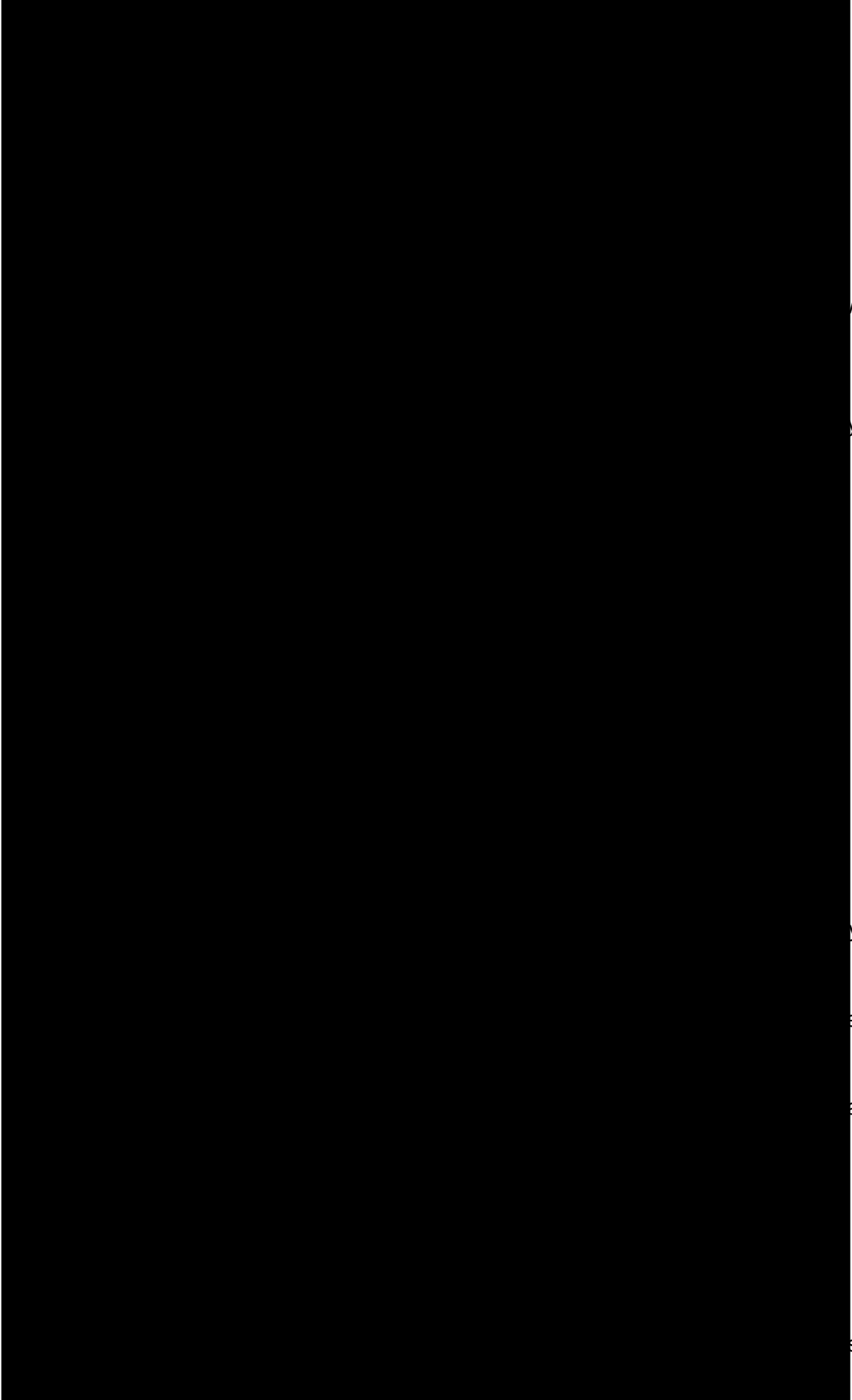
The Options for Public Transport Policy 1 dated the 20 July 2023¹ provides the historical background to the development of a SHG HTD/shift workers PTS on St Helena, which is the largest bus operation on the island. The framework for the timetable for that PTS focused primarily on the transport needs of shift workers. But it also provided transport for some private sector employees, additional routes outside of the core timetable which were used by the general public for journeys to and from Jamestown Monday to Saturday (shoppers), and a late night service on Fridays and Saturdays and also a weekend airport service.

The background below will focus on developments since July 2023, explaining the run up since last July to the present situation – Table 1. Most of this is a repetition of background from the Options for Public Transport Policy 2 (29 February 2024), which is updated and focuses on emerging major challenges and issues arising.

During mid-2023 – January 2024, the Central Support Service (CSS) had discussions with the contractors who were providing the PTS - Joshua's Taxis and Colin's Garage. To summarise:

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¹ In mid 2023 after the Option 1 paper Joshua's taxis made it clear they wanted to retire from the PTS at the end of February 2024, and the working group was not confident about the ease of securing an alternative operator. Therefore expressions of interest were invited in August 2023 and subsequently an Options 2 paper was prepared in the light of interest. When it was clear that the interested bus operators would not follow through on long-term interest to deliver at least some of the PTS and would provide only an interim service, this Options 3 paper was prepared.



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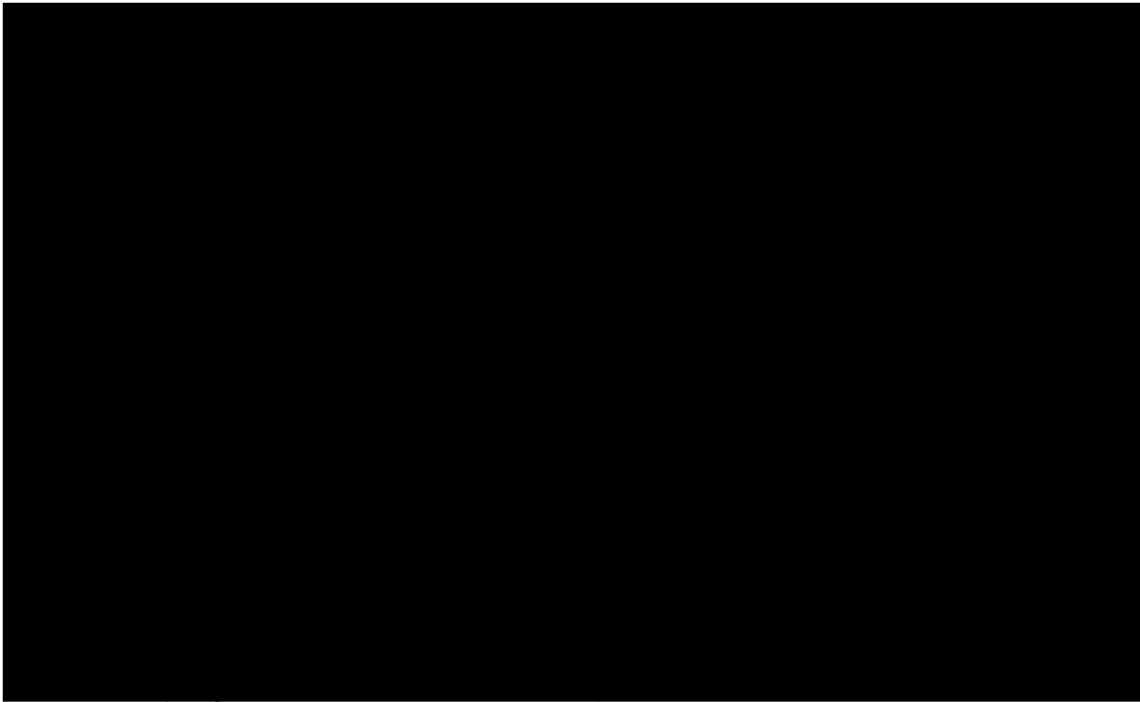
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An initial agreement was set for a period of six months to 31 August 2024, with a review at the three-month point, 1 June 2024. The interim arrangement was subsequently extended to the end of November 2024.

Fares remained the same as before.

This interim situation identified three challenges:

- a) **The piece meal approach** above meant that bus operators have “cherry picked” the best routes, for example the east side of the island has always been the busier routes, and this has left SHG to fill gaps in the west side. This piece meal approach mitigates against a service timetable whereby the more profitable routes subsidise those less profitable or remote, a transfer of benefit.
- b) **The HTD/shift worker bus operators were mostly close to or at retirement age**, and there was an absence of substantial interest from younger age groups. This reflects the decline in the working age population and wider capacity issues on the island. It also impacts the viability of securing a bank loan to improve the bus fleet.



- c) **The ageing bus fleet.** Bus operators had not sufficiently invested in new/ second hand buses for the sustainability of a bus fleet. Although Joshua’s imported two second hand buses, but they too were starting to show their age.
- d) One reason for this lack of substantial investment in an essential public service is probably that **the former 35% duty on imported buses** was a significant additional cost and therefore a deterrent. This was reduced to 5% in April 2024.

² Most of the Background is a slightly edited cut and paste from various emails between CSS, Procurement and Treasury.

This situation also highlighted the ability of at least some of the private sector to secure a more profitable deal from SHG: overall the private sector had SHG “over a barrel” as SHG and the island needed a PTS. Indicative of this were the differing mileage rates charged, between £2.00 and £5.71/ mile. In addition to the mileage charge (contract cost) to SHG the operators made a condition, which was agreed, (due to the time sensitive factor, which could have resulted in no interest from the private sector) that they would keep all income from ticket sales. This situation overall meant that the subsidy increased significantly, by 2.4 times that of 2023/24 for a reduced service.

Table 2: Increase in Subsidy

2023/24	Total subsidy was £71,348.19/ year.
February 2024	Total subsidy of £85,675 for six months equivalent to £171,350/ year or 2.4 times the previous subsidy.

1.2 Other sources of transport

There are two other sources of bus public transport:

- a) the private provision provided by employers for their employees, notably Solomon and Company PLC, Thorpe, Rose and Crown and Queen Mary Stores. These use a mixture of mini buses and cars. Solomon and Company PLC plan to sell their remaining two buses to private operators who will manage this service from April 2025; and
- b) non subsidised services provided by other bus operators for other workers, including non-HTD/shift SHG staff in Jamestown.

It was theoretically possible to use the school bus fleet for public transport services (for example, buses used to transport children to and from school etc. in the evening for conveying shift workers or at weekend for shoppers, late night travel and airport travel), or to incorporate the school service contract into the PTS, as was the aspiration in 2015 when the last full tender exercise was carried out.

But, as a consequence of the Wass Inquiry report of 2015 the Education, Skills and Employment portfolio has said that school children cannot travel on the same bus as adults (unless there are personnel of the portfolio present). It could be timely to consider if the same risk exists today that emerged in 2015, or whether the school bus service could be incorporated into one contract along with the PTS. That said, no expressions of interest to operate an amalgamated school bus/ PTS service were received in 2015.

However, in considering better use of the school bus fleet (to minimise the number of buses that would be required to operate a school/PTS combined contract) there would still be an issue of meeting the demands of peak hour passenger traffic, of buses being able to guarantee seats for students and employees further down the route. Also some of the school buses are used for taking students on outings during the school day, such as swimming lessons etc. The buses are used also midway through the day to transport students who attend school for half a day only. This would mean if we were able to make use of the school bus fleet it would be minimal use – we would still need additional buses for some areas especially on the busy days – Thursdays and Fridays.

Using the school buses was not considered practical.

1.3 Identification of Problem/ Challenge/ Opportunity

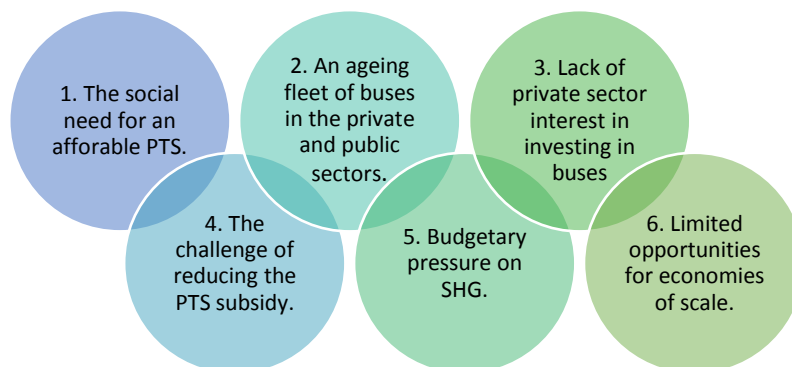


Figure 1 Key Issues Identified with the current situation

Key Issue 1: The social need for an affordable PTS.

- The social transport needs of those without access to a car, especially for shopping, to attend clinics and the hospital and to collect benefits, and who cannot afford to use taxis regularly.
- To reduce drink driving.
- To increase job opportunities.
- To go towards meeting the transport needs of visitors to the island, especially those unable to drive or afford taxis and those seeking to take part in a local experience.

Key Issue 2: An ageing fleet of buses in the private and public sectors.

Buses (10) are up to 30 years old and showing significant wear and tear and they lack seat belts and adequate space for shopping and luggage. That said these buses are mechanically simpler to maintain.

Key Issue 3: Lack of private sector interest in investing in buses for long term sustainable public transport at a reasonable subsidy

See Section 1.1, Background.

In spite of an ageing fleet of buses the private sector has not invested in replacements.

The duty paid on imported buses, 35%, has been a deterrent to private sector investment in a PTS. On the 1 April 2024 this was cut to 5% for the 2024/ 2025 FY.

Key Issue 4: The challenge of reducing the PTS subsidy

As a consequence of key issues 2 and 3, the social and economic challenge of moving towards full cost recovering and reducing the PTS subsidy in a community where fixed and/ or low incomes are common in the context of Key Issue 5 below.

Key Issue 5: Budgetary pressures on SHG

Budgetary pressures on SHG: rising social expectations of services and standards of living are in contrast to the reality of government budgets (revenue and aid) decreasing in real terms.

Key Issue 6: Limited opportunities for economies of scale. When the private services run by employers or other bus operations are considered as part of a larger PTS then it can be considered a fragmented collection of services preventing the development of economies of scale. That said in keeping with a small island population the bus footfall is not substantial and largely used at peak periods to get workers to and from work. It would not be profitable to run services throughout the day, especially on the west side of the island. Most of the private service drivers are employees who pick their passengers up on their way to and from work for their employers. A mixture of cars and buses are used.

Should it be desired to develop a single system, a larger PTS system, then this could take up to two years to start running and is not an immediate solution for September 2024. Implementation would require a combination of an investor/s, the acquisition of buses (second-hand already on the island market or imported and new imported). Moreover a service not working to the needs of HTD/shift workers and employees runs a risk of not being able to guarantee staff further down the road a service into work. But the inclusion of HTD/shift workers means guaranteed income for bus operators.

Lastly it has long been the preference of the private sector to provide their own service for their employees for reliability and efficiency. Transport provided by employers predates the PTS.

This situation with the PTS is an example of the impact of the lack of economic growth on the island, and the implications for the SHG budget of by necessity having to fill such a gap. There are also implications from the lack of economic growth for the level of fares which are affordable, especially for HTD monthly tickers holders who are mostly low paid essential workers. In turn this presents a challenge for realising capex in the business case to ensure a sustainable PTS.

1.4 Policy Rationale

The rationale underpinning this policy is that the absence of private sector interest in providing a PTS at a reasonable cost is a market weakness which has required SHG to step in.

This is considered a temporary situation of up to five years during which time SHG will seek to develop interest from the private sector to operate the service thereafter. During this period the wider public transport needs will be assessed along with close monitoring to understand the financial side for the service in order to demonstrate the viability of the PTS as a business opportunity.

2 Overarching Policy Framework

2.1 Strategic Outcome

EFFECTIVE INFRASTRUCTURE: We live in well-designed sustainable places where we can all access the amenities and services we need.

- A PTS is a vital piece of infrastructure, connecting communities with each other and with retail and other services and work and expanding our service offering to cater for increased visitor numbers and those wishing to stay and work.

ALTOGETHER SAFER: We live our lives safe from crime, disorder and danger and our older and vulnerable residents are safe and supported with choices to live independently.

- Public transport reduces the risks of driving, and in particular a night service could reduce the need for persons to drive under the influence of alcohol. It could also provide a service for young people that is safe and reliable for them without them having to put themselves in a position where they are hitching a lift.

ALTOGETHER HEALTHIER: We live longer, healthier, happier lives and are able to remain independent and active in our homes for as long as possible.

- To access the PTS requires some walking between the bus stop and home, work, shop etc. Having a reliable service may also encourage more people to exercise across the island if they know a reliable transport service can be accessed as and when required.

ALTOGETHER GREENER: We value and enjoy our built and natural environment and protect and enhance it for future generations.

- Shared transport = reduced vehicles and emissions.

2.2 Scope

This policy has an island wide scope for those dependent on public transport.

2.3 Policy Objective/s and Principle/s

Objective:

To deliver a PTS to St Pauls, Half Tree Hollow, Longwood, Levelwood, Sandy Bay, Blue Hill and the airport from 1 November 2024.

To match the supply of public transport with demand through a well-designed public transport service that is efficient in the delivery of bus services, affordable for the public to use and more environmentally friendly.

Principles.

- Public transport is a social entitlement in that it is essential for those without access to a car, especially those living in remoter areas which are too far to walk from, for people with disabilities (but who can still travel) and children to get to shops, health care, work, recreation/ socialising and other services.
- SHG is committed to supporting a PTS that is adequate and value for money, taking into account efficiency, effectiveness, economy and equity (social inclusion above).
- That any PTS needs to consider how best to replace the ageing fleet of buses – how this will be financed by what amount, by when and by whom.
- This includes the principle that through time the island will move towards more sustainable means of transport and that the provision of licences and favourable import duties for greener public transport will support the use of electric vehicles. This is a long term plan, but should be borne in mind and as a minimum not undermine moving towards sustainable means of transport.

Plus

- The original 2016 subsidy was maintained. The business case and the full operating costs set out in the Policy Outline below for a PTS were calculated on the basis of a subsidy of £87,000. The 2016 subsidy of £71,348.19 in 2024 is £87,000 p.a. Therefore is no real increase in this historical subsidy. But it is a substantial decrease from the equivalent subsidy of £171,350 p.a. to the private sector to secure an interim service between March and November 2024 inclusive.³

3 POLICY OUTLINE

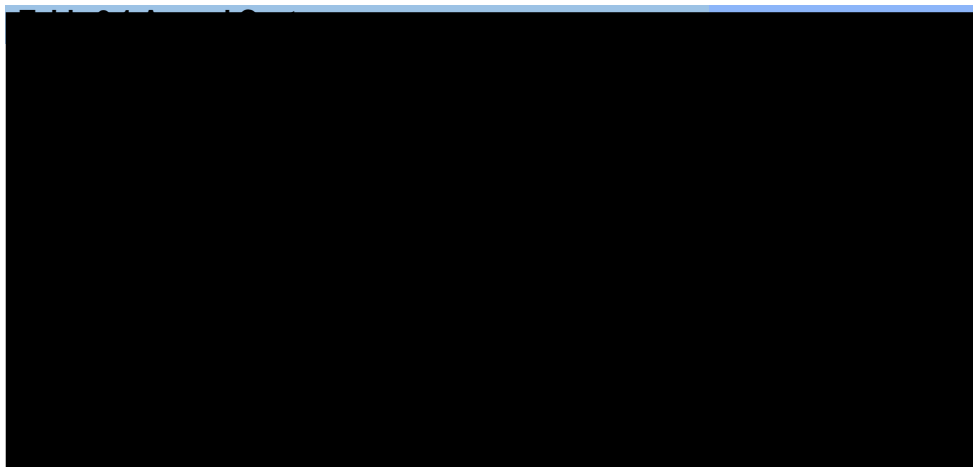
In this public transport policy SHG assumes the role of operator and will provide four buses for the PTS. Three are needed as a minimum and a fourth will be available in the case of breakdown; it could be available to hire for short-term non PTS use.

The timetable will meet the needs of HTD/ shift workers and hop-on, hop-off users, and provide a late night service at weekends. The proposed timetable is similar to that immediately prior to March 2024.

Passenger numbers are based on those prior to March 2024 when hop-on hop-off passengers were sometimes unable to get on a bus because it was full with HTD/ shift workers. But the new buses are larger with 22 seat as opposed to the previous 18 seaters which could increase bus usage. However the budget has been prepared using the modest pre March 2024 passenger numbers.

The vehicles will be added to the assets held by the Vehicle Section trading account. The trading account provides for a mechanism to recharge the relevant area of SHG, the Central Support Service, fees on a full cost recovery basis.

The established recharging arrangements used by the Vehicle Section seek to ensure that, over the life of assets, full cost recovery (including depreciation) is achieved. Daily recharge fees for individual vehicles are closely monitored to ensure that the vehicle fleet remains sustainable; meaning that, over the expected 10 year life of the vehicles, operational costs and provisioning for asset replacement are expected to be fully funded.



³ SHG, 2024, *Options for Public Transport Policy 3*, Jamestown, SHG.




3.1 Policy Impacts

PESHTELO

Political factors

- Returning to the former level of service, before March 2024, will be welcomed by the public and politicians.

Economic factors

- **Budget for four Toyota Coaster 4.0D STD (74D) 22 seater new diesel buses is £60,500 x 4 = £242,000 plus 5% to provide for inflation, which is £254,100.**
- This policy guarantee monies being put aside for the replacement of buses.
- It is common for public transport to be subsidised. In the UK only in London is public transport not subsidised.

Social factors

- Resuming the previous level of service will deliver on the principle, *Public transport is a social entitlement in that it is essential for those without access to a car, especially those living in remoter areas which are too far to walk from, for people with disabilities (but who can still travel) and children to get to shops, health care, work, recreation/ socialising and other services.*

Health factors

- For those without a car, a PTS enables people to get out of the house more, which is healthier than being confined to home.
- This would ensure HTD/ shift workers at the hospital and in social care have transport, as will those attending hospital appointments.

Technological factors

- Modern diesel buses are cleaner and greener compared to the existing ageing fleet..

Environmental factors

- SHG will kick start the acquisition of a greener diesel PTS with four new buses.

Legal factors

- N/A

Organizational factors

- Being short or long term, this policy provides SHG with flexibility to consider means of establishing a long term sustainable PTS with the private sector. SHG would not be locked into an arrangement, and would have the policy agility to develop an alternative under less-forced circumstances. It could also be the case that having SHG operate the service effectively, this may encourage the private sector to want the entire service divested when it becomes evident that such a service can be operated profitably, efficiently and reliably. However given the low to middle income status of the economy the subsidy could continue to be needed.
- One bus has been purchased from the Transport Trading Account. However, the account would need to be rapidly replenished with revenue from the PTS to maintain monies for other planned transport needs.
- The Trading Account can hold the asset replacement funds.

3.2 Summary of Impact and Risk.

Impact

The most significant impacts are:

- a) the pre-March 2024 timetable will be resumed;
- b) capacity to take more passengers and an improvement in matching supply to demand;
- c) cleaner diesel fleet; and
- d) budgeting and fare setting includes depreciation to enable bus replacement and therefore a more sustainable PTS for the island.

Risks

A significant rise in the cost of diesel due to conflict continuing in the Middle East and Ukraine could undermine the financial aspects of the business plan.

Given the rise in fares, especially the single ticket hop-on hop-off fares, this could present an opportunity for alternative bus operators who do not include depreciation/ capex in their business plans to undercut fares. This would represent a short-term gain over the development of a commercially or not-for-profit sustainable PTS.

To mitigate against this it is suggested that work on a public transport policy to provide transport for all be started as soon as possible. This could focus on getting more people on the buses for environmental (cut down emissions), social (providing transport for those with restricted mobility) and commercial viability reasons for a sustainable system of public transport.