

CABINET

DATE	03/11/2021
REPORT OF	Councillor Stewart Swinburn - Portfolio Holder for Environment and Transport
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director for Environment, Economy and Resources
SUBJECT	Review of Subsidised Bus Services
STATUS	Open
FORWARD PLAN REF NO.	CB 09/21/03

CONTRIBUTION TO OUR AIMS

Subsidised bus services contribute towards key Council priorities by enabling 'Stronger Economy and Stronger Communities'. Local bus services enable safe and sustainable access to employment, education, training and social opportunities.

EXECUTIVE SUMMARY

The report sets out the background, costs and benefits of subsidised bus services. The report considers options for the future delivery of all subsidised bus services and seeks Cabinet approval to implement a procurement exercise and to appoint a new supplier from 1 April 2022.

It is recommended a procurement exercise is conducted for option 1 and the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport is authorised to award a four year contract with a possible two year extension (subject to performance levels) to the most economically advantageous tender.

RECOMMENDATIONS

It is recommended that Cabinet;

1. Supports the commencement of a procurement exercise for option 1.
2. Delegates authority to the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport to commence a procurement exercise (to deliver the bus services identified in option 1) and to make appropriate contract awards to the most economically advantageous tender.
3. Delegates authority to the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport to carry out all ancillary activity in terms of post award implementation and mobilisation of such arrangements.
4. Authorises the Assistant Director Law, Governance and Assets (Monitoring Officer) to execute all documents in connection with the above.

REASONS FOR DECISION

Under s63 Transport Act 1985, North East Lincolnshire Council has a duty to consider the delivery of socially necessary bus services. Socially necessary bus services are those that wouldn't be profitable for bus companies to run, and bus services which the local community require (e.g. late night buses, bus services to isolated rural areas or to employment sites). This report aims to identify the public transport requirements which would not otherwise be met and once identified, to secure what is appropriate.

1. BACKGROUND AND ISSUES

1.1 North East Lincolnshire Council (NELC) currently subsidises the following local bus services:

- 1, 2 and 20 Europarc bus service (21/22 NELC Budget - £162,000).
- Phone n Ride (2021/2022 NELC Budget - £71,300 and 2021/2022 Funded via the external Department for Transport Access Fund Grant (one off) - £120,000).
- 5M bus service (2021/2022 Funded via the external Department for Transport Access Fund Grant (one off) - £17,000).

1.2 The 1, 2 & 20 Europarc bus service and Phone n Ride contracts are both due to expire on 31 March 2022 and the 5M bus service contract will expire on the 1 January 2022.

1.3 The 1, 2 and 20 Europarc bus service runs Monday to Saturday from 5:10am to 10:45pm. The 1 and 2 route includes Victor Street, Grimsby Town Centre, Lord Street, Victoria Street South / Corporation Road, Gilbey Road, Europarc and Wybers Wood and the 20 service provides early morning and late evening connections from Cleethorpes via Corporation Road through to Europarc.

1.4 The Phone 'n' Ride service runs from Monday to Saturday between 6:30am and 6:30pm. The service is an on-demand bus service with no fixed route or timetable. Passengers make bookings via a web booking service and call centre.

1.5 The 5M bus service runs Monday to Saturday (early morning and late afternoon trips only) and is an extension of the existing 5 bus service. The 5M service runs from Immingham County Hotel, CATCH Training Centre/ Kiln Lane, Laporte Road and Queens Road.

1.6 Subsidised bus services in North East Lincolnshire play a key role in achieving strong and sustainable economic growth by connecting people and businesses to areas of economic opportunity, increase economic productivity and support economic regeneration. For example, high quality bus services can maximise the economic success of North East Lincolnshire Council Regeneration Schemes such as the Future High Street Fund project. Subsidised bus services also reduce social exclusion and connect local residents with health centres.

1.7 It is recommended the cost of bus service subsidy costs are not considered in isolation and the wider benefits of the subsidised bus services are taken into account. For example, the Department for Transport has previously published evidence which demonstrated for every £1 local authorities spend on subsidised

bus services, the benefits are valued up to £2. Subsidised bus services also provide accessibility throughout the borough and in the case of the Phone n Ride service this service delivers accessibility to all destinations in North East Lincolnshire.

1.8 The following options are available for consideration:

- **Option 1** – Retender the existing 1, 2 & 20 Europarc bus service, 5M bus service and Phone n Ride service (including associated Phone n Ride passenger booking software) based upon a four year contract with a possible two year extension subject to performance levels). This option is unlikely to achieve any efficiency savings as it is expected transport operators costs have not decreased within the last twelve months. This is the recommended option.
- **Option 2** – Only procure service 20 (service 20 currently provides early morning and late evening trips from Cleethorpes, Grimsby Town Centre, Europarc and Wybers Way only) and a reduced Phone n Ride Bus Service (reduced number of vehicles, reduced operating hours and associated passenger booking software). This option would see the Council only provide service 20 and the remaining Europarc bus service trips and 5M bus service trips would be provided by Phone n Ride. This option would also deliver a revised Phone n Ride service and this option is likely to deliver savings (any savings would be subject to a tender exercise).
- **Option 3** – Only procure a reduced Phone n Ride service (reduced number of vehicles, reduced operating hours and associated passenger booking software). This option is likely to deliver some savings but would leave Europarc and other areas of North East Lincolnshire without access to a regular bus service.
- **Option 4** – Only procure service 20. This option is likely to deliver savings but this option would leave many areas (including rural areas) of North East Lincolnshire without access to a bus service.
- **Option 5** – Enhance the existing Phone n Ride service, 1, 2 & 20 Europarc bus service and 5M bus service – This option would require either NELC to increase the budget for subsidised bus services or to submit the enhancement costs as part of the Council's Bus Service Improvement Plan (in line with the National Bus Strategy). This option is not recommended.

1.9 On the 15 March 2021, the Government launched a new, long-term National Bus Strategy (Bus Back Better) for England, outside London. The strategy aims to deliver cheaper, more frequent and more reliable bus services for passengers.

1.10 The Government are due to issue new guidance on the meaning and role of 'socially necessary' bus services, expanding the category to include 'economically necessary' services for the first time. This recognises the vital role that buses have in getting people to work at all times of the day and night. This guidance will set clear expectations of what the Government wish to see. To drive forward the levelling-up agenda, this will include provision for economically disadvantaged areas.

- 1.11 Making sure that people are connected to centres of employment, broadening their choice of work and education, is both socially and economically important. Currently the 1, 2 & 20 Europarc bus services connect economically disadvantaged areas to Europarc and withdrawal of these services would not be in the spirit of the Governments National Bus Strategy.
- 1.12 Late night buses, bus services to isolated rural areas or to employment sites, conventional fixed-route buses can never compete with the attractiveness or flexibility of the car. Infrequent, irregular services with long journey times discourage patronage. Demand-responsive transport (DRT) such as Phone n Ride can address this, offering a more personal, on-demand service, taking people from their doors or closer to their doors than a regular bus, integrated with conventional buses, where they exist. In developing Bus Service Improvement Plans, local authorities should consider the role of DRT in improving access to bus services.
- 1.13 The Government advise through the National Bus Strategy, that DRT should be provided in the evenings and late at night. Places that are economically disadvantaged should also be included in that thinking to connect them better to centres of employment, broadening opportunities and the choice of work, education and leisure for those who live there. Better services should be provided to places of employment off existing main bus routes, such as out-of-town industrial estates and factories, and services should meet the needs of shift workers. Again, this could be done with integrated DRT geared to shift times. Withdrawal of the Phone n Ride service would not be in the spirit of the Governments National Bus Strategy.

2. RISKS AND OPPORTUNITIES

- 2.1 In developing this report a risk register has been developed. The key risks associated with this report will to a great extent depend on which option is chosen. In summary, the key risks are:
- Returned tender prices not being affordable within the budget envelope.
 - Tender exercise may not return a new operator.
 - An initial equality impact assessment identifies options 2, 3 ,4 and 5 (including other options identified in section 3.1) may be detrimental to the public.
 - Failure to consider Equality duties could result in Legal action against the Council.
 - Under the Transport Act 1985, North East Lincolnshire Council has a duty to secure the provision of subsidised services it considers to be socially necessary.

3. OTHER OPTIONS CONSIDERED

- 3.1 There are other options available which include reducing the frequency of the 1, 2 & 20 Europarc bus service to hourly and reducing the number of vehicles operating the Phone n Ride service which may potentially reduce the value

through the tender process.

- 3.2 North East Lincolnshire Council's Sustainable Local Transport Plan may provide further additional transport options including car sharing, cycling and walking.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 There are potential positive and negative reputational implications for the Council resulting from this report. A formal Highways and Transport engagement process has been agreed by the Council and EQUANS for all major schemes to ensure that reputation and communications are considered at an early stage of all schemes.

5. FINANCIAL CONSIDERATIONS

- 5.1 North East Lincolnshire Council 2021/2022 budgets for subsidised bus services:

- 1, 2 and 20 Europarc bus service (21/22 NELC Budget - £162,000).
- Phone n Ride (2021/2022 NELC Budget - £71,300 and 2021/2022 Funded via the external Department for Transport Access Fund Grant (one off) - £120,000).
- 5M bus service (2021/2022 Funded via the external Department for Transport Access Fund Grant (one off) - £17,000).

- 5.2 Should any of the options (1, 2, 3, 4 or 5) be approved, a financial assessment of returned tenders will be undertaken to establish whether additional savings or additional costs compared to the current approved budget for operating the services are realised as a result of this decision.

- 5.3 The option to reduce subsidy funding, was subject to further investigations. Ongoing delivery of these services will create further budget pressures. The Department for Transport (DfT) may offer Councils financial support via the Bus Service Improvement Plan to fill service gaps that emerge. The Council and EQUANS are also exploring further budget saving options.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 6.1 On going delivery of subsidised bus service recognises the importance of the environment due to subsidised bus services encouraging the use of public transport. In doing so helping to encourage residents to choose more environmentally sustainable methods of travel.

- 6.2 If the Council reduces the subsidy for any of the existing subsidised bus services and a commercial bus operator does not provide a replacement bus service, this may increase the number of local people using private cars, which may have a negative impact upon local air quality and create additional congestion on the local highway network.

- 6.3 The Government's National Bus Strategy advises that buses (e.g. increasing the numbers of local people using bus services to travel and switching vehicles to electric) are vital to ensuring the economy meets Net Zero carbon emissions and driving the green transformation. A substantial modal shift away from the car will

soon be needed if clean air targets and the Government's broader climate goals are to be met. The only mode capable of sufficient expansion in the time available is the bus. Therefore, it is important more people choose the bus for their journeys and we need to reverse the declines of the past.

7. CONSULTATION WITH SCRUTINY

7.1 To date there has been no consultation with Scrutiny.

8. FINANCIAL IMPLICATIONS

8.1 The current Medium Term Financial Plan assumes savings of £160,000 from removal of the Europarc bus subsidy, subject to a formal review, which has now occurred. The preferred option, based on further scrutiny, will not deliver any efficiency savings and therefore alternative proposals would need to be brought forward as part of the forthcoming budget process.

9. LEGAL IMPLICATIONS

9.1 The Council is subject to a very clear statutory duty (s63 Transport Act 1985) by which it is obliged to secure the provision of such public passenger transport services as it considers appropriate, to meet any public transport requirements within the borough which would not in its view be met (by for instance commercial operators) apart from any action taken by them for that purpose.

9.2 Further, in all decision making the Council must have regard to the public sector equality duty (s.149 Equality Act 2010).

9.3 The procurement exercise anticipated will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers. Legal Services will support the completion of the contractual documentation on award.

9.4 Officers should note that an award constitutes a further decision and will be subject to completion of an Officer Decision Record and be subject to call in. Award and implementation timelines should accommodate this.

10. HUMAN RESOURCES IMPLICATIONS

10.1 There are no direct HR implications.

11. WARD IMPLICATIONS

11.1 All wards in North East Lincolnshire are affected by this decision.

12. BACKGROUND PAPERS

12.1 Cabinet Report - 1, 2 and 20 Europarc bus service - Review of existing service subsidy costs and options for future delivery (9 December 2020).

12.2 Cabinet Report - Procurement of Demand Responsive Bus Service – Phone 'n' Ride (11 March 2021).

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