

CABINET

DATE	18th January 2023
REPORT OF	Councillor Stewart Swinburn – Portfolio Holder for Environment and Transport
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director for Environment, Economy and Resources
SUBJECT	North East Lincolnshire Bus Network Review
STATUS	Open with the exception of Appendix A and Appendix B which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972
FORWARD PLAN REF NO.	CB 08/22/05

CONTRIBUTION TO OUR AIMS

Bus services contribute towards key Council priorities by enabling 'Stronger Economy and Stronger Communities'. Bus services also contribute towards sustainability and enable accessibility to employment, education, training and social opportunities.

EXECUTIVE SUMMARY

The COVID-19 pandemic has had a significant negative impact upon bus operators, bus passenger numbers and the Government has provided grants to support the sector through the pandemic. Direct financial support (e.g. Local Transport Funding) for the bus industry is expected to end from 31 March 2023 which has helped bus operators to maintain bus services following the COVID-19 pandemic.

Stagecoach East Midlands have identified four bus services which they expect to be able to operate commercially in the long term, but they need financial support from 1 April 2023.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Authorises the Executive Director Environment, Economy & Resources in consultation with the Portfolio Holder for Environment and Transport to realign £288,000 of Bus Service Improvement Plan Funding (BSIP) for the purposes set out in this report (Appendix B/ Option 2). The realignment of this external grant funding is subject to approval from the Department for Transport (DfT).
2. If negotiations to utilise DfT BSIP funding do not conclude successfully, authorises for the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport to approve the Traffic Commissioner Proformas which will allow the bus operator to register changes (identified in Appendix A) to bus services from 1 April 2023 due to their uncommercial nature. There is not currently sufficient budget to subsidise these services. Therefore, it is not recommended the local authority subsidises these bus services from existing North East Lincolnshire Council (NELC) budgets as

this will create the risk of the local authority overspending on the overall available Transport budget in 2023/2024.

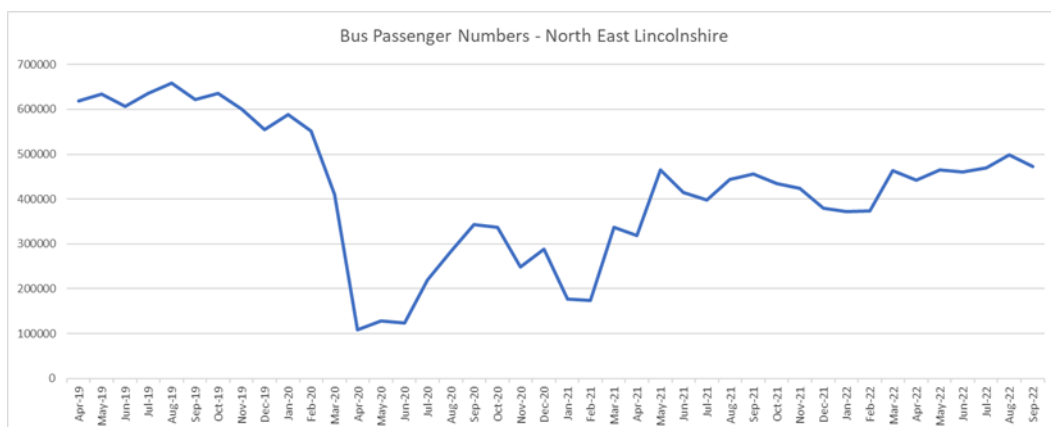
3. Authorises the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport (subject to the acquiescence of the Section 151 Officer) to manage and make decisions on the 2023/2024 A1274 Transport budget (secure any bus services which are deemed socially necessary) and ensure decisions are made within the available budget.
4. Approves the continuation of the current, statutory minimum North East Lincolnshire Council Concessionary Fares Scheme (with existing non-statutory local enhancements) from 1 April 2023 to 31 March 2024.
5. Authorises the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport to approve 2023/2024 Concessionary Fares Scheme reimbursement arrangements with bus operators.
6. Authorises the Assistant Director Law and Governance (Monitoring Officer) to execute all documents in connection with the above.

REASONS FOR DECISION

Under the Transport Act 1985, NELC has a duty to secure the provision of bus services it considers to be socially necessary. Therefore, the local authority is required to consider the proposed changes to the commercial bus network from 1 April 2023.

1. BACKGROUND AND ISSUES

- 1.1 Within North East Lincolnshire, the principal bus operator is Stagecoach East Midlands, with a network of bus services in Grimsby, Cleethorpes and Immingham, and some longer interurban services, three of which cross the boundary into North Lincolnshire and Lincolnshire.
- 1.2 The COVID-19 pandemic has had a significant impact upon bus passenger numbers, this is demonstrated in the graph below:



(Note; the above graph demonstrates the impact of the pandemic and national lockdown which commenced in March 2020 and a further lockdown in

December 2020 and January 2021)

- 1.3 Direct Government financial support (e.g. Local Transport Funding and Bus Recovery Grant) for the bus industry is expected to end from 31 March 2023 which has helped bus operators to maintain bus services following the COVID-19 pandemic. Therefore, any changes to the bus network in North East Lincolnshire will need to be delivered from 1 April 2023. The Council has been awarded £4,684,754 (of which £3,236,511 is capital and £1,448,243 is revenue) BSIP funding from 2022/2023 to 2024/2025. By the end of June 2022, the Council were required to submit draft BSIP scheme proposals (which included enhancing a number of bus services) to DfT.
- 1.4 Following the submission of the draft BSIP proposals to DfT at the end of June 2022, Stagecoach East Midlands have identified a number of currently commercial bus services which they expect to be able to operate commercially in the long term, but require financial support for the duration of the BSIP programme.
- 1.5 In order to maintain the majority of the bus network in North East Lincolnshire from 1 April 2023, it is recommended the Council utilises BSIP funding to maintain the uncommercial bus services. This would require final approval from DfT and discussions have commenced.
- 1.6 Appendix A (Option 1) includes the cost to maintain the identified bus services as of the service provision on 18 January 2023, proposed reductions and alternative bus service options (should funding be unavailable) from 1 April 2023. Appendix B (Option 2) includes an alternative BSIP funded option from 1 April 2023 to 31 March 2025.
- 1.7 Under Section 63 of the Transport Act 1985, NELC 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 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. Due to the bus services identified in the Appendix providing accessibility to employment, leisure, education and residential areas, it is appropriate the local authority considers the future of these services.
- 1.8 Prior to the pandemic the Stagecoach East Midlands business was 97% commercial in the North East Lincolnshire area, and the 3% of the network requiring support has been historically low compared to other local authorities. Passenger numbers have not returned back to pre pandemic levels and therefore more time is required to allow for the recovery. By providing financial support this would help the local economy, by providing sustainable transport for those travelling to work, education or leisure.
- 1.9 In North East Lincolnshire, Stagecoach East Midlands are delivering a number of initiatives aimed at increasing bus passenger numbers and helping the bus network to recover from the COVID-19 pandemic. These initiatives include;

- **Youth fares** – Stagecoach East Midlands have recently extended the child offering to a Young Person ticketing range for those customers 19 and under. Young people will now be able to get a further 20% discount on the equivalent Adult weekly Megarider and a 33% saving on daily travel.
- **Flexible ticketing** – Due to a change in work patterns, with a greater number now working part time or working from home, Stagecoach East Midlands have introduced the Flexi 5 and 10 tickets to give those customers the flexibility to travel over a longer period and giving them a 20-30% discount on daily travel.
- **Simplification** – Fare bands have been reduced from 14 to 4, with a simple £1, £2, £3 and £4.50 banding. Bus passengers travelling longer distances now see a 20-40% reduction in their normal fare.
- **Zone** – In addition to the individual fare bands, Stagecoach East Midlands delivered one Megarider zone to cover the whole of North East Lincolnshire which now provides passengers with better value for money and simplification. Previously there were two megarider zones, one covering travel in Grimsby and Cleethorpes (Megarider) and another ticket providing travel in Grimsby, Cleethorpes, and Immingham (Megarider Plus). The Megarider Plus ticket was historically around 23% more expensive than the Megarider ticket.

1.10 It has been confirmed by Stagecoach East Midlands they have taken a large, short to medium term revenue risk in order to deliver the measures identified in 1.9, with the aim of achieving a simple fare structure and in turn improve the value for money proposition.

1.11 It is anticipated bus operators will need to make further changes to bus services during the 2023/2024 financial year due to continuing commercial pressures. When changes to bus services are proposed by bus operators, they must submit details of the changes to the local authority. The local authority consultation period lasts for 28 days and then the bus operator can submit changes to the Traffic Commissioner.

1.12 A mandatory Concessionary Fares Scheme for older and disabled people was established through the Transport Act 2000. The English National Travel Concession Scheme requires local authorities, to provide a bus pass scheme to eligible residents of their area who are elderly or disabled. This enables free off-peak local bus travel anywhere in England (between the hours of 9:30am to 11:00pm Monday to Friday and 24 hours on Saturday, Sunday and bank holidays). This is the statutory minimum NELC Concessionary Fares Scheme and this report seeks approval to continue the 2022/2023 Concessionary Fares scheme during 2023/2024.

2. RISKS AND OPPORTUNITIES

2.1 If negotiations to utilise DfT BSIP funding do not conclude successfully, it will create the risk of overspending on the overall current available Transport budget in 2023/2024 should the identified bus services be funded by the

Council.

- 2.2 An initial equality impact assessment identified reductions to bus services may be detrimental to the public e.g. elderly, disabled and people living in areas of high deprivation.
- 2.3 Under the Transport Act 1985, NELC has a duty to secure the provision of subsidised services it considers to be socially necessary. Therefore, it is important the local authority considers the future of the bus services identified in this report.
- 2.4 In the event of the Council being unable to establish a solution and doing nothing, this would leave some areas of the borough without access to a regular bus service (see Appendix A and Appendix B). Options to mitigate the loss of service include recommending the current Phone n Ride service which can operate semi fixed routes for larger groups of passengers.

3. OTHER OPTIONS CONSIDERED

- 3.1 **Option 1 – Do nothing** – This would leave some areas of the borough without access to a regular bus service (see appendix A and Appendix B). Options to mitigate the loss of services include recommending the Phone n Ride service which can operate semi fixed routes for larger groups of passengers. This option is not recommended.
- 3.2 **Option 2 – Provide BSIP funding for the identified bus services from 1 April 2023 to 31 March 2025 (Appendix B/ Option 2)** – This option would maintain the majority of the identified bus services from 1 April 2023 to 31 March 2025 but will require approval from the DfT. **This is the recommended option.** The DfT allocated the council a £4,684,754 grant allocation for the BSIP. The grant covers £3.2m of capital and £1.4m of revenue funding and looks to improve the bus networks through 23 schemes which span the three-year duration of the BSIP scheme.
- 3.3 **Option 3 - Provide funding for the identified bus services from 1 April 2023 from NELC budgets (Appendix A/ Option 1)** – Whilst this option would maintain the identified bus services from 1 April 2023, this will create the risk of the local authority overspending on the overall available Transport budget in 2023/2024. This option is not recommended. It should be noted the costs identified in Appendix A/ option 1 are likely to be unaffordable for the BSIP programme.
- 3.4 **Option 4 – Delegate authority to make decisions on A1274 Transport Budget to the Executive Director for Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport (subject to the acquiescence of the Section 151 Officer)** – During 2023/2024, it is likely there will be further proposed changes to the bus network. In order to ensure the local authority can make timely decisions on the A1274 Transport budget and within the Traffic Commissioner timescales (28 day local authority consultation window), **this option is also recommended.**

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

Should changes to bus services proceed, it is recommended a Communications Plan is agreed with Stagecoach East Midlands in order to make the public aware of any bus service changes from 1 April 2023. It is likely the changes to bus services would be registered with the Traffic Commissioner and would become publicly available around 21 January 2023.

5. FINANCIAL CONSIDERATIONS

By providing additional NELC revenue funding for the identified bus services during 2023/2024, this would create the risk of the local authority overspending on the overall available Transport budget. The recommended option is to realign £288,000 of BSIP funding. The realignment of this external grant funding is subject to approval from the DfT.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

Bus services support children and young people. For example, bus services allow children and young people to access work, training and education.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 Encouraging the use of public transport helps local residents to choose more environmentally sustainable methods of travel.
- 7.2 If the Council is unable to find a solution to ensure the ongoing delivery of bus services, this may increase the number of people using private cars, which may have a negative impact upon air quality and create additional congestion on the highway network.
- 7.3 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.

8. CONSULTATION WITH SCRUTINY

This report is due to be considered at Scrutiny on 10 January 2023.

9. FINANCIAL IMPLICATIONS

The service aims to manage the costs from within the available budget envelope.

10. LEGAL IMPLICATIONS

- 10.1. Under the Transport Act 1985 NELC has a duty to secure the provision of subsidised services it considers to be socially necessary. Therefore, the local authority is required to consider the proposed changes to the commercial bus network from 1 April 2023.

10.2. Adoption of the North East Lincolnshire Concessionary Fares Scheme will ensure that the Council meets the relevant statutory requirements in relation to the operation of the national scheme and the reimbursement of eligible transport operators.

10.3. The recommendations and delegations are appropriate and consistent with a decision of this nature.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications.

12. WARD IMPLICATIONS

All Wards in North East Lincolnshire are affected by this report.

13. BACKGROUND PAPERS

Cabinet Report (16 February 2022) North East Lincolnshire Council Concessionary Fares Scheme;

<https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/9.-Concessionary-Fares-Scheme.pdf>

14. CONTACT OFFICER(S)

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