

## **CABINET**

<b>DATE</b>	03/11/2021
<b>REPORT OF</b>	Councillor Stewart Swinburn - Portfolio Holder for Environment and Transport
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot, Executive Director for Environment, Economy and Resources
<b>SUBJECT</b>	Review of Subsidised Bus Services
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	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 Information on the use of the above services can be found at Appendix A.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

- 1.12 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.
- 1.13 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.
- 1.14 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 2019).
- 12.3 Previous public consultation relating to the 1, 2 and 20 Europarc bus service (January and February 2020)
- 12.4 Briefing Note relating to Dial a Ride and Phone n Ride
- 12.5 1,2 and 20 Europarc bus service, Phone n Ride and 5M bus service contract costs (NOT FOR PUBLICATION – contains Exempt Information within Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)).

## **13. CONTACT OFFICER(S)**

Sharon Wroot, Executive Director for Environment, Economy and Resources, North East Lincolnshire Council, 01472 324423.

Mark Nearney, Assistant Director of Housing, Highways and Planning, North East Lincolnshire Council, 01472 324122.

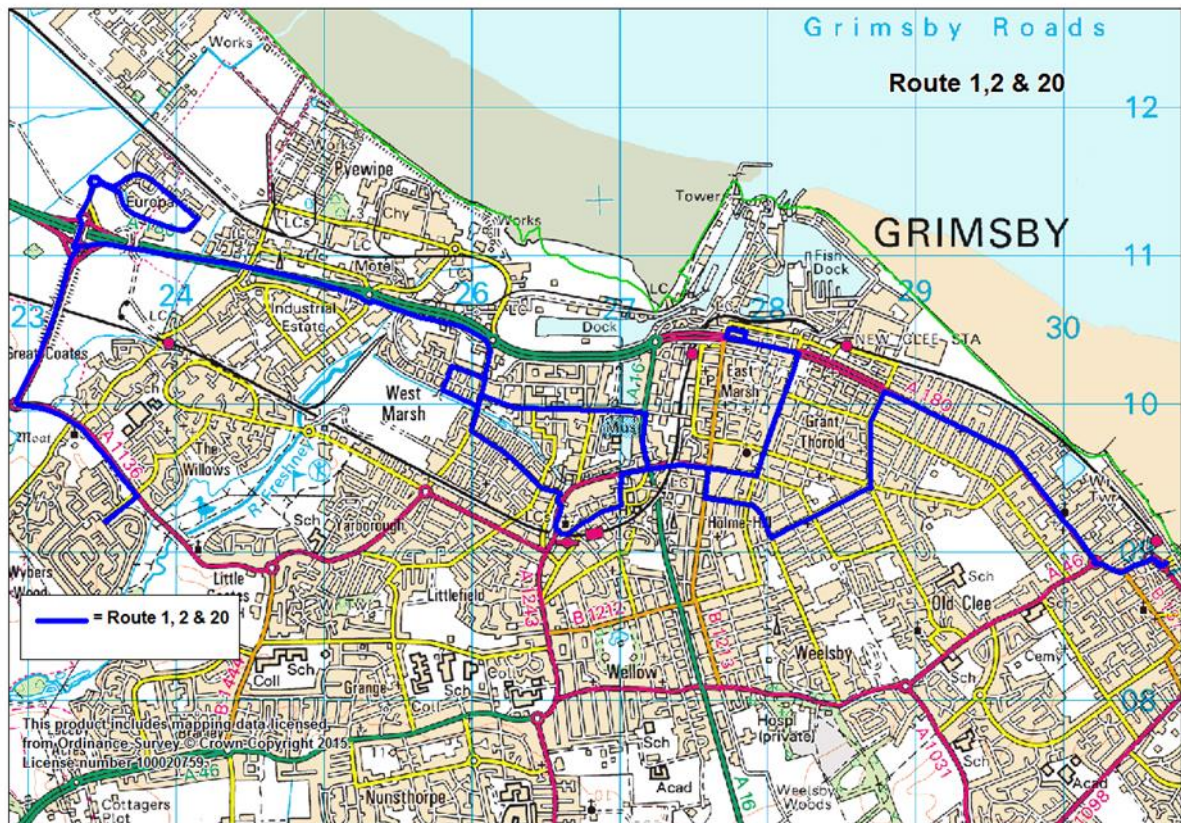
Martin Lear, Head of Highways and Transport, EQUANS, 01472 324482.

**COUNCILLOR STEWART SWINBURN**

**PORTFOLIO HOLDER ENVIRONMENT AND TRANSPORT**

## Appendix A – Information on the use of the 1, 2 and 20 Europarc, Phone n Ride and 5M bus services

### 1) Route of the 1, 2 & 20 Europarc bus service.



## 2) Europarc bus service timetable

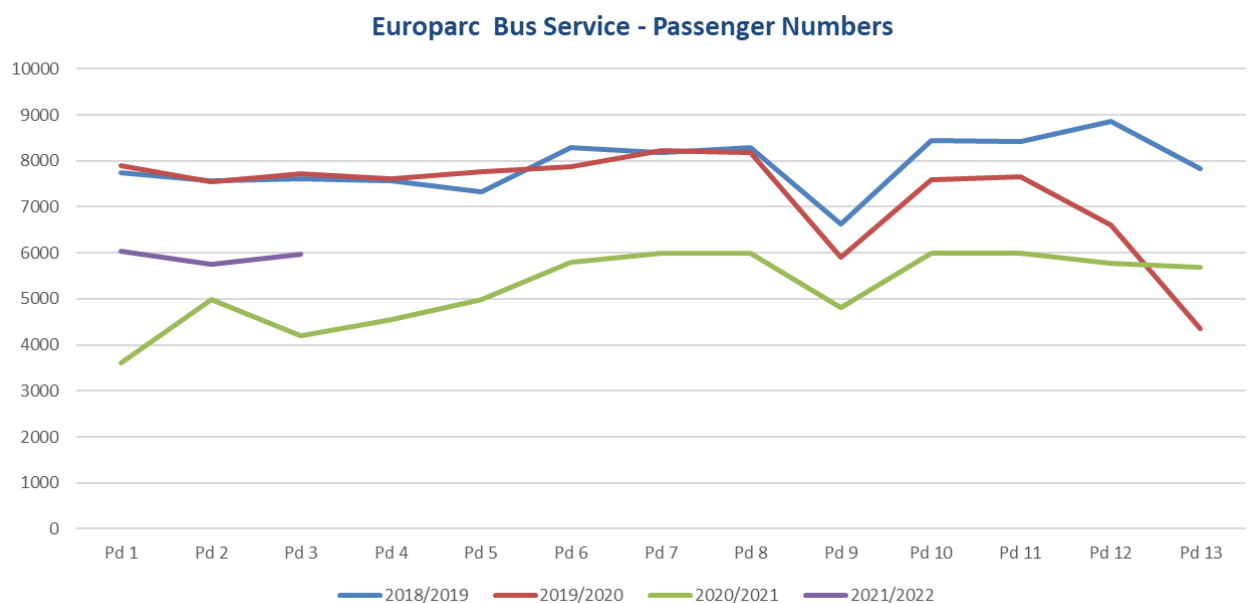


MONDAY TO SATURDAY (excluding Bank Holidays)																
	20	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1
Wybers Way Top	0603	0728	-	0858	-	58	-	1258	-	1358	-	1458	-	1558	-	1658
Great Coates Church	0605	0730	-	0900	-	00	-	1300	-	1400	-	1500	-	1600	-	1700
Europarc Innovation Centre	0610	0735	-	0905	0935	05	35	1305	1335	1405	1435	1505	-	1605	1635	1705
Gilbey Rd Sturtford St	-	0742	-	0910	0942	12	42	1310	1342	1410	1442	1510	-	1610	1642	1710
Lord St	-	0745	-	0915	-	15	-	1315	-	1415	-	1515	-	1615	-	1715
Corporation Rd Hartwell Ford	0617	-	-	-	0945	then at those mins past	45	-	1345	-	1445	-	-	-	-	1645
Victoria St Depot/Tecco	0620	-	-	-	0948	-	48	-	1348	-	1448	-	-	-	-	1648
Grimsby George St A arr	0621	-	-	-	0949	-	49	-	1349	-	1452	-	-	-	-	1649
Grimsby George St A dep	0624	0752	0852	0922	0952	22	52	1322	1352	1422	-	1522	1552	1622	1652	1722
Victor St Cleethorpe Rd	-	-	-	0905	-	05	-	-	1405	-	-	-	1605	-	-	1705
Fiveways Durbarn Rd	0631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cleethorpes Pier	0644	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MONDAY TO SATURDAY (excluding Bank Holidays)																
	2	20	20													
Wybers Way Top	-	1808	2203													
Great Coates Church	-	1810	2206													
Europarc Innovation Centre	1735	1815	2210													
Gilbey Rd Sturtford St	1742	-	-													
Lord St	-	-	-													
Corporation Rd Hartwell Ford	1745	1822	2217													
Victoria St Depot/Tecco	1748	1825	2220													
Grimsby George St A arr	1752	1826	2221													
Grimsby George St A dep	-	1829	2224													
Victor St Cleethorpe Rd	-	-	-													
Fiveways Durbarn Rd	-	1836	2231													
Cleethorpes Pier	-	1849	2244													

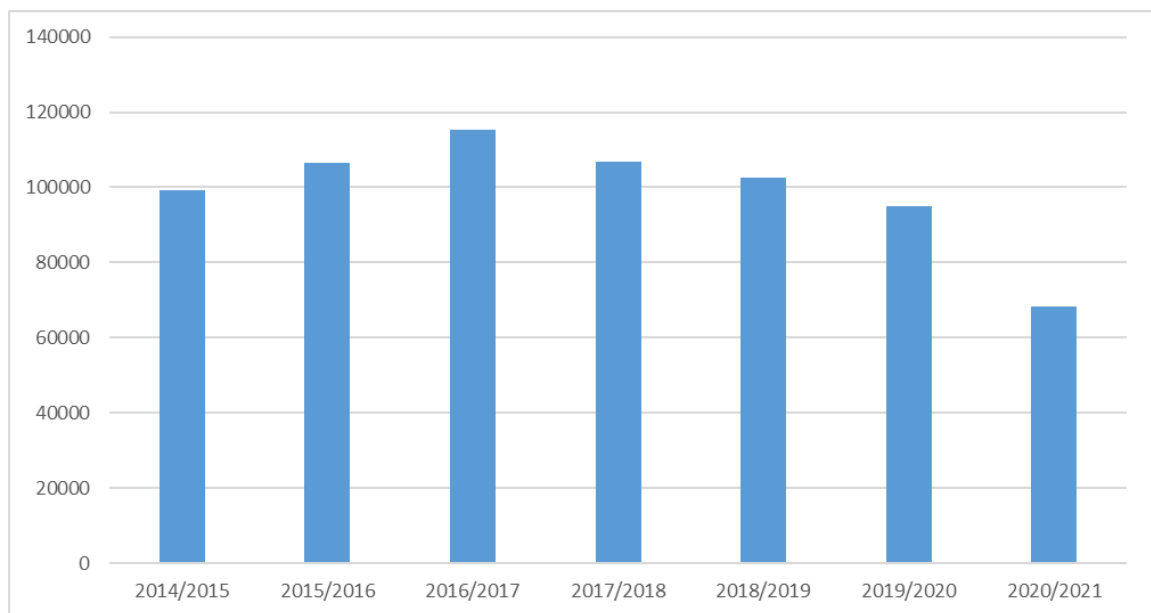
MONDAY TO SATURDAY (excluding Bank Holidays)																
	20	20	2	1	2	1	2	1	2	1	2	1	2	1	2	20
Cleethorpes Pier	0510	0645	-	-	-	-	-	-	-	-	-	-	-	-	-	2110
Fiveways Durbarn Rd	0522	0657	-	-	-	-	-	-	-	-	-	-	-	-	-	2122
Victor St Cleethorpe Rd	-	-	-	-	0905	-	05	-	1405	-	-	1605	-	-	-	1705
Grimsby George St A arr	0532	0707	-	-	0910	-	12	-	1402	-	-	1612	-	-	-	1712
Grimsby George St A dep	0535	0710	0755	0835	0915	then at those mins past	35	15	1335	1405	1435	1535	1615	1635	1715	1735
Victoria St Depot/Tecco	0538	0715	0800	-	0920	-	20	-	1420	-	-	1620	-	-	-	1720
Corporation Rd Hartwell Ford	0540	0715	0802	-	0922	then at those mins past	22	-	1422	-	-	1622	-	-	-	1722
Lord St	-	-	-	-	0840	-	40	-	1540	-	1640	1640	-	-	-	1740
Europarc Innovation Centre	0545	0720	0813	0851	0933	51	33	1351	1433	1451	1551	1633	1651	1733	1751	2145
Great Coates Church	0550	0725	-	0855	-	55	-	1355	-	1455	1555	-	1655	-	1755	2150
Wybers Way Top	0553	0728	-	0858	-	58	-	1358	-	1458	1558	-	1658	-	1758	2153

### 3) 1, 2 and 20 Europarc Bus Service Usage Information by Month/ Period

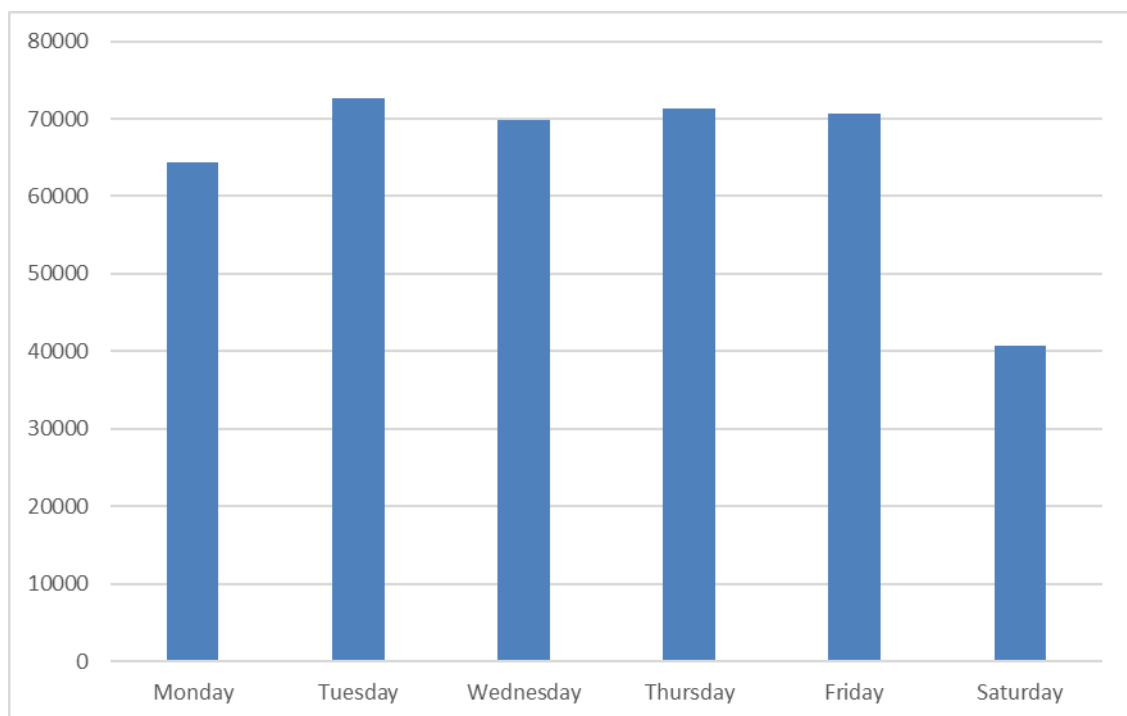


Note: Passenger data has been reduced or affected following the COVID-19 pandemic which began in March / April 2020.

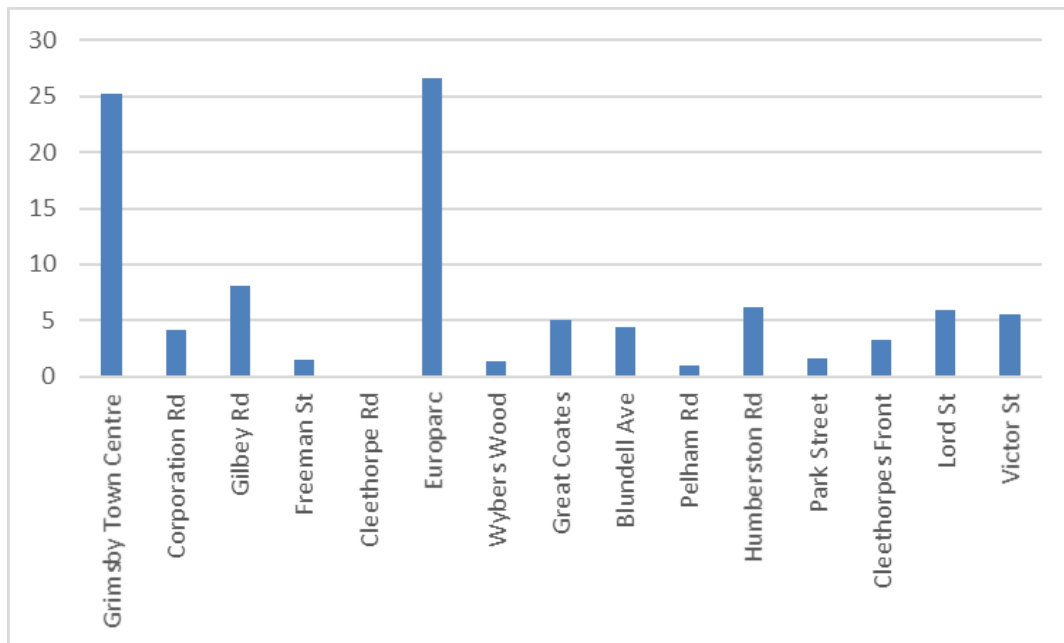
### 4) Annual 1, 2 and 20 Europarc bus service passenger numbers – 2014/2015 to 2020/2021



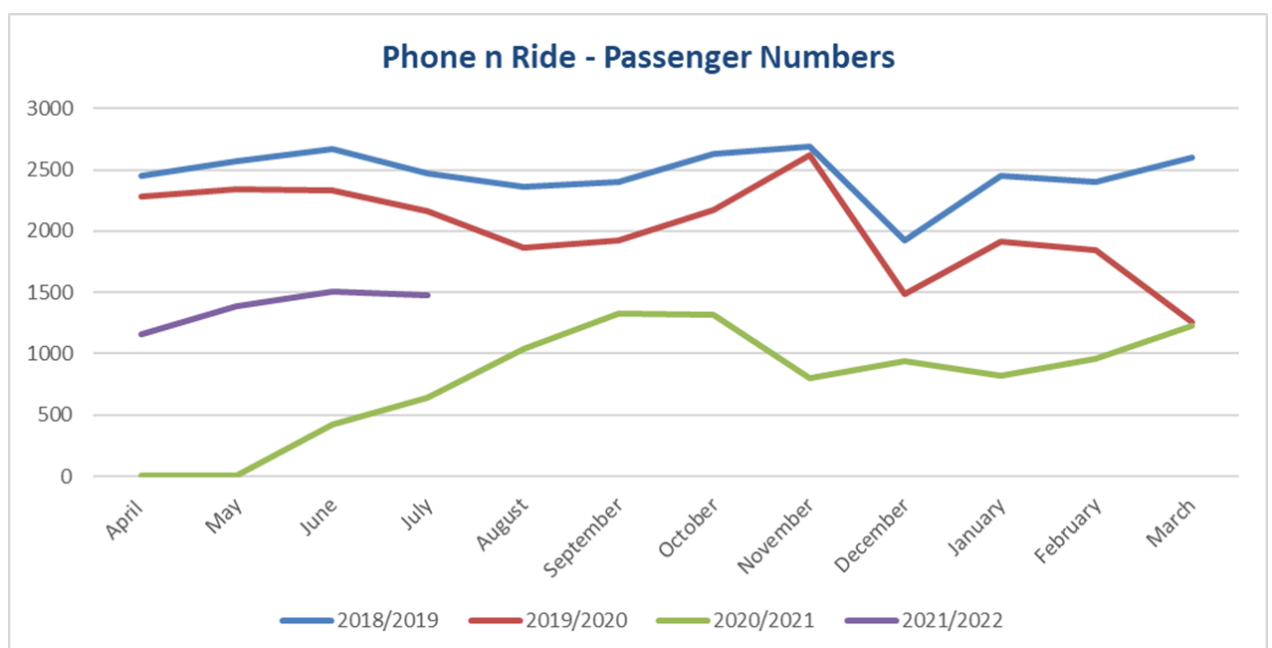
**5) Use of the 1, 2 and 20 Europarc bus service by day of the week – 06/05/17 to 24/07/21**



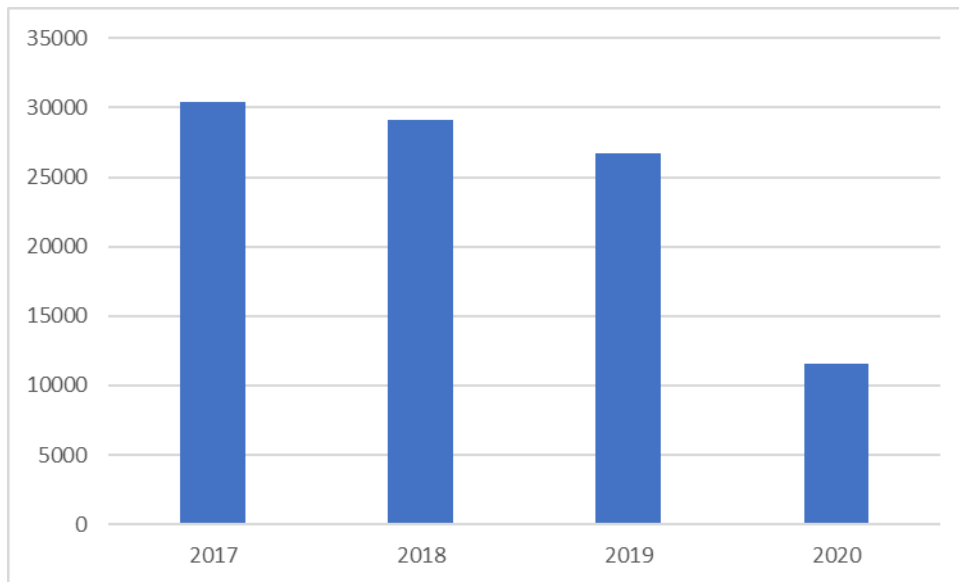
**6) 1, 2 & 20 Europarc bus service Passenger boarding stages – 05/05/19 to 01/05/2021**



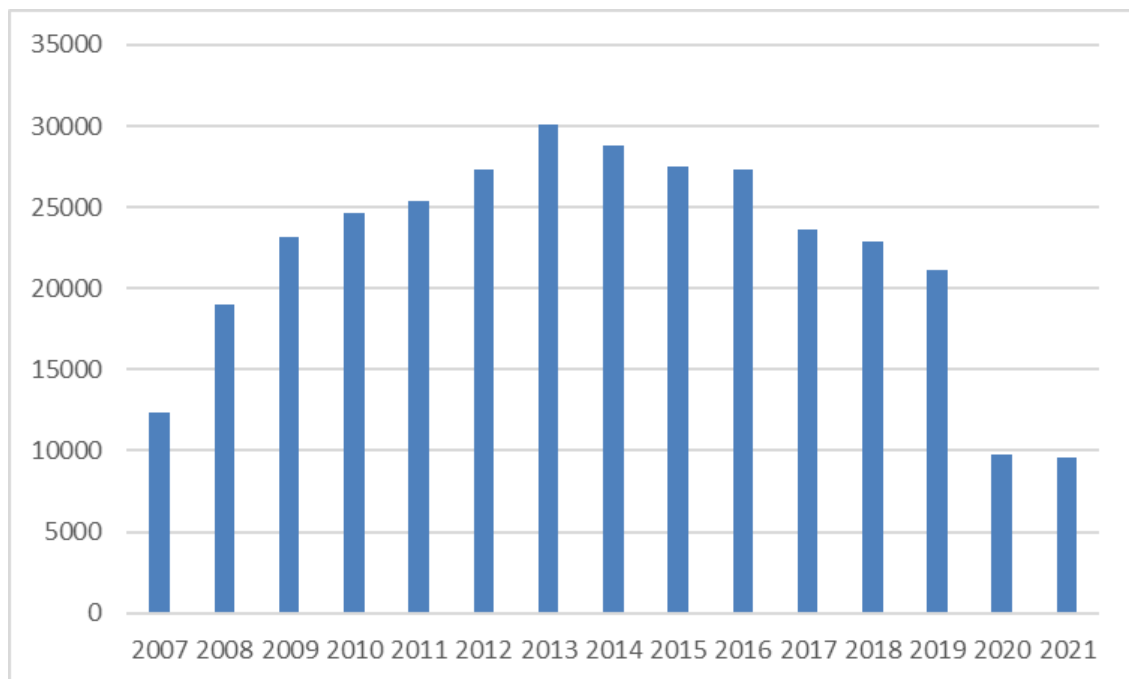
### 7) Phone n Ride Passenger Numbers by Month - 2018/2019 to 2021/2022



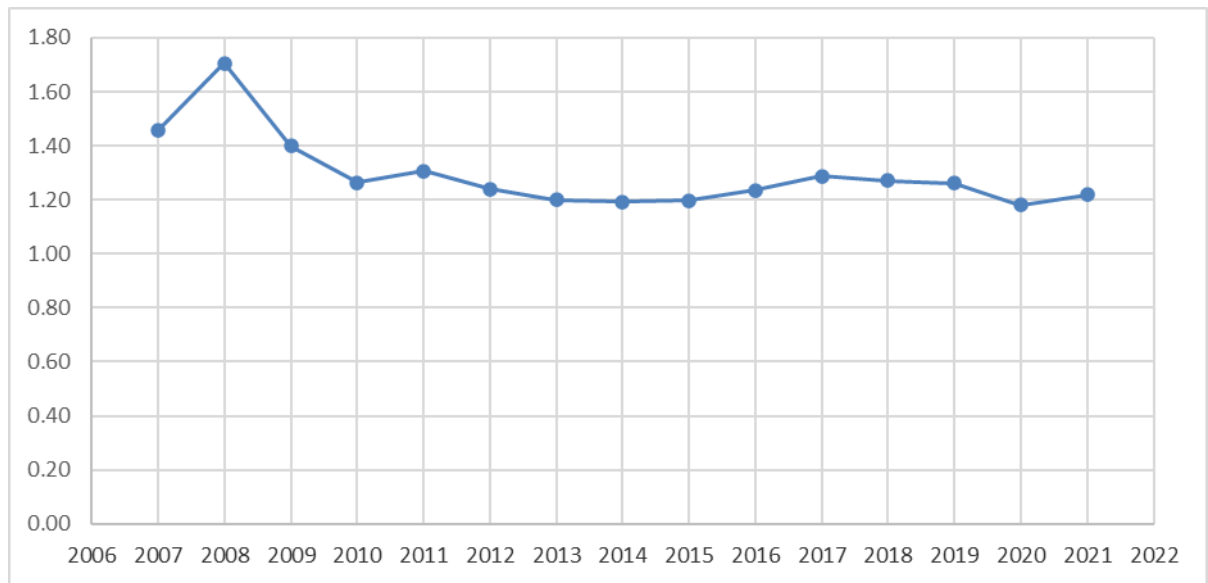
### 8) Phone n Ride Annual Passenger Numbers – 2017 to 2020



### 9) Phone n Ride Bus Service Trips – 2007 to 2021



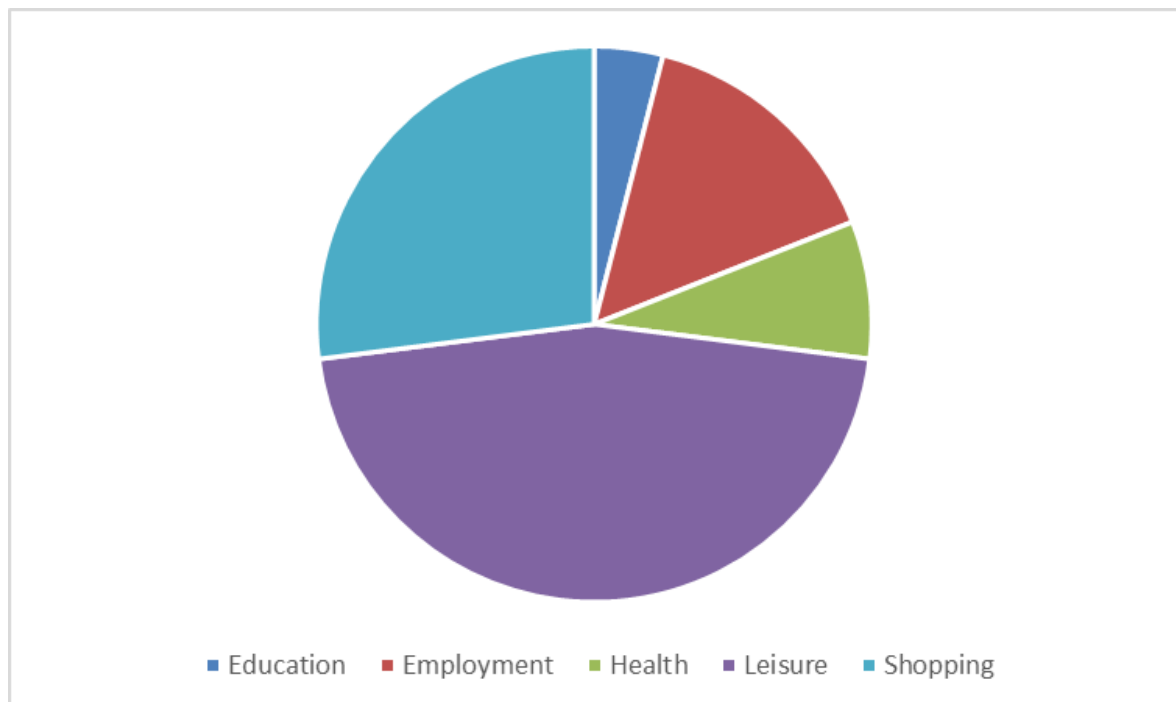
## 10)Phone n Ride Average Passenger Per Bus Trip



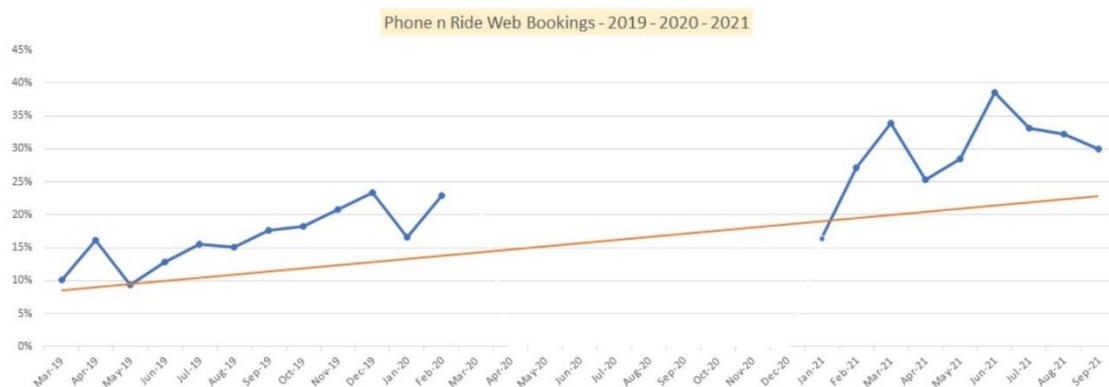
Additional analysis covering the period September 2019, October 2019 and November 2019

- 88% of booked trips include one passenger.
- 10% of booked trips include two passengers.
- 2% of booked trips include 3 or more passengers.
- We estimate 57% of journeys are linked trips – i.e. a passenger trip overlaps with another passenger.
- Prior to COVID-19 the Phone Service had 18 separate group bookings which on average included 5 or more passengers per trips.

## 11)Phone n Ride Trip Purposes – 2017 to 2021



## 12)Phone n Ride Web Bookings – 2019 to 2021



## 13)Phone n Ride Passenger Satisfaction Results

Phone n Ride - Customer satisfaction results – 2019/ 2020 - 92%

Phone n Ride - Customer satisfaction results – 2020/ 2021- 100%

## 14)Phone n Ride Passenger Demographic Information

- 684 registered active clients in 2019
- More than 50% of the Phone n Ride registered clients are aged 75 years or older over 70% are aged 65+
- 75% of registered clients are woman and 25% are men.
- 72% of registered clients live alone and less than 10% live in a household with 3 or more people (including themselves)
- 19% of registered clients have mobility or visual impairments (wheelchair users, blind or partially sighted or travel with a mobility aid)

## 15)Phone n Ride Analysis

Analysis of Phone n Ride trip data shows 65% of passenger trips have no fixed bus route alternative. This figure assumes a maximum 1-hour journey total time and maximum of a 10-minute walk link at interchange points, the figure also assumes that clients have no mobility issues and client age is not factored in. These figures were based on analysis of journeys in Autumn 2019 using Google Transit to provide potential public transport options for journeys undertaken by passengers on Phone n Ride.

## 16)Phone n Ride – Average Fare

Fares are based on zones with longer journeys crossing multiple zones. Typically fares sit between those of a mainstream bus and a taxi/private hire vehicle. The average fare on Phone 'n' Ride is £2.30 compared to a typical adult fare of £1.75 on local Stagecoach services.

## **17)Phone n Ride Semi Fixed Routes**

### **Habrough to Immingham – Wednesdays only**

The Wednesday weekly Habrough to Immingham Semi Fixed Route combined with DRT was launched end of March 2020 (Covid ) and then relaunched again in June 2020. Average of 6 per week.

Since the launch in June 2020 up to October 2021 there has been 140 passenger journeys (average of 3 per week) with the average fare being £3.45p.

### **Stallingborough - Morrisons – Grimsby Town Centre – Tuesdays and Fridays only**

The Tuesday & Friday weekly Stallingborough to Morrisons and Grimsby Town Centre and Immingham combined with DRT was launched in August 2021.

Since the launch in August 2021 up to October 2021 there has been 17 passenger journeys (average of 6 passengers per journey) with the average fare being £5.33. Average of 9 passengers per week.

### **Stallingborough to Immingham Town – Fridays only**

Since the launch in August 2021 up to October 2021 there has been 27 passenger journeys with the average fare being £5.85.

## **18)5M Bus Service**

The 5M bus service runs from Immingham County Hotel, to CATCH and Millennium Organic Chemicals and enables local people to access work, training and education. 2019/2020 Stagecoach East Midlands passenger data for the 5M bus service shows an average of around 4 passengers per day use the bus service (boarding stage MIC CATCH).