

CABINET

DATE	8th October 2025
REPORT OF	Councillor Stewart Swinburn – Portfolio Holder for Housing, Infrastructure and Transport
RESPONSIBLE OFFICER	Carolina Borgstrom – Director of Economy, Environment and Infrastructure
SUBJECT	Review of Subsidised Bus Services
STATUS	Open report with closed appendix NOT FOR PUBLICATION - Exempt information within paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended)
FORWARD PLAN REF NO.	CB 09/25/02

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

This 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 to appoint a new supplier from 1 October 2026.

It is recommended a procurement exercise is conducted and the Director of Economy, Environment and Infrastructure, in consultation with the Portfolio Holder for Housing, Infrastructure and Transport is authorised to award a three year contract with a possible one year extension (subject to performance levels) to the most economically advantageous tender.

RECOMMENDATIONS

It is recommended that Cabinet;

1. Approves the commencement of a procurement exercise for the 1, 2 & 20 Europarc bus service, 5M bus service and Phone n Ride.
2. Delegates authority to the Director of Economy, Environment and Infrastructure, in consultation with the Portfolio Holder for Housing, Infrastructure and Transport to;
 - A) approve the option that is awarded for each bus service and to ensure the tender award is made within the available budget.
 - B) to make appropriate contract awards to the most advantageous tender.

3. Delegates authority to the Director of Economy, Environment and Infrastructure, in consultation with the Portfolio Holder for Housing, Infrastructure 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 and Governance (Monitoring Officer) to execute all documents in connection with the above.

REASONS FOR DECISION

Under s63 Transport Act 1985, North East Lincolnshire Council (NELC) and the Greater Lincolnshire Combined County Authority (GLCCA) 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 A bus subsidy can be paid by a local authority (also including GLCCA) to a bus company to operate a particular journey (e.g. at 17:00pm to a local college) or to operate a bus service throughout the day. Separately and not linked to bus subsidy, local authorities are also legally required to reimburse bus operators who accept elderly and disabled persons bus passes, and this allows concessionary passengers to travel for free on locally registered bus services. This report relates to the local bus services which NELC currently funds from the Council's revenue budget.
- 1.2 NELC currently subsidises the following local bus services:
 - 1, 2 and 20 Europarc bus service,
 - 5M bus service,
 - Phone n Ride.
- 1.3 The 1, 2 & 20 Europarc bus service, 5M bus service and Phone n Ride contracts are all due to expire on 30 September 2026.
- 1.4 The 1, 2 and 20 Europarc bus service currently runs Monday to Saturday from 05:00am to 22:50pm. The 1 and 2 route includes Victor Street, Grimsby Town Centre, Lord Street, Victoria Street South / Corporation Road, Gilbey Road and Europarc and the 20 service provides early morning and late evening connections from Cleethorpes via Corporation Road through to Europarc and Wybers Wood. The 20 service also operates on a Sunday and is funded separately by the Bus Service Improvement Plan (BSIP).
- 1.5 The 5M bus service currently runs Monday to Friday (early morning and late afternoon trips only) and is an extension of the existing 5 bus service. The 5M bus service runs from Immingham County Hotel to CATCH Training Centre/ Kiln Lane, Laporte Road and Queens Road.

- 1.6 The Phone 'n' Ride service currently runs from Monday to Saturday between 06:30am and 18:30pm. The service is an on-demand bus service with no fixed route or timetable. Passengers can make bookings via an app booking service or by telephoning the Council's Call Centre.
- 1.7 Subsidised bus services 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, subsidised bus services also reduce social exclusion and connect local residents to key destinations.
- 1.8 For each bus service, it is recommended the Council advertises a tender for a range of options which include;
 - Existing levels of service,
 - Reduced level of service,
 - Enhanced level of service.
- 1.9 It is also recommended NELC awards a three year contract for each service with a possible one year extension (subject to performance levels) to the most economically advantageous tenders.

2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

- 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 available budget.
 - Tender exercise may not return a new bus operator.
 - An initial equality impact assessment identifies should the Council reduce the levels of service, this 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

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

In the event of any changes being made to the subsidised bus services which are identified in this report, a communications plan will need to be developed to ensure that reputation and communication elements are considered at an early stage.

5. FINANCIAL CONSIDERATIONS

- 5.1. Estimated spend during 2025/2026 (including historical spend) on the 1, 2 & 20 Europarc bus service, 5M bus service and Phone n Ride is included in Appendix A (closed appendix).
- 5.2. In the event of the Council maintaining the existing subsidised bus services and the procured bus services result in an overspend position, any budget shortfall (only relating to the subsidised bus services identified in this report) can be recharged to the BSIP (subject to approval from the GLCCA and a DfT Project Adjustment Form).
- 5.3. Should the Council wish to withdraw or reduce the budgets for subsidised bus services, this would require further discussion with the Department for Transport (DfT).

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

Local bus services support children and young people who due to their age may not have access to an alternative mode of transport. For example, bus services allow children and young people to access work, training and education.

7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

- 7.1. On going delivery of subsidised bus services 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.
- 7.2. 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.
- 7.3. The 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.

8. CONSULTATION WITH SCRUTINY

This report will be considered at the Transport, Infrastructure and Strategic Housing Scrutiny Panel on 16 September 2025.

9. FINANCIAL IMPLICATIONS

The financial implications will be dependent on the outcome of the proposed

procurement exercise. There remains a risk that returned tender prices are not affordable within the current budget. However, any budget shortfall may be funded via the BSIP, subject to external approval. Detailed financial implications are outlined within the closed appendix.

10. LEGAL IMPLICATIONS

10.1 The procurement of subsidised bus service provision within North East Lincolnshire is consistent with the statutory obligations on the Council as laid out in the above report and also with the stated aims and objectives of the Council, underpinning its strategic objectives of Stronger Economy, Stronger Communities.

10.2 The procurement exercise 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 Procurement Act 2023, and supported by relevant officers.

10.3 The delegations sought are consistent with an exercise of this nature.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the contents of this report.

12. WARD IMPLICATIONS

All wards are affected by this decision.

13. BACKGROUND PAPERS

13.1. Review of Subsidised Bus Services, Cabinet Report, 3 November 2021;

<https://www.nelincs.gov.uk/assets/uploads/2020/06/5.-Review-of-subsidised-Bus-Services.pdf>

13.2. 1, 2 and 20 Europarc bus service - Review of existing service subsidy costs and options for future delivery, Cabinet Report, 9 December 2020;

<https://www.nelincs.gov.uk/assets/uploads/2020/06/9.-Europarc-Bus-Service-PDF-10507KB-1.pdf>

14. CONTACT OFFICER(S)

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