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**COMMITTEE:** SOUTH EAST AREA REF NO: SEAC/18/26

**DATE:** 16 JANUARY 2019

**SUBJECT:** FUNDING REQUEST: BUS SERVICE 4  
(SUNDAYS & BANK HOLIDAYS)

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**HEAD OF SERVICE:** MARTYN FULCHER

***Short description of report content and the decision requested:***

This report requests that the committee consider providing funding in 2019/2020 and 2020/2021 towards the cost of operating bus service 4 on Sunday and Bank Holiday daytimes for an 18 month experimental period.

***List of Appendices included in this report:***

*None*

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***This report was prepared after consultation with:***

*Internal consultees*

*Helen Pluck, Chief Operating Officer*

*Clare Dawson-Dulieu, Lead Lawyer*

*Tom Minnican, Finance Operations Manager*

*External consultees*

***The following policies form a context to this report:***

*(all relevant policies must also be referred to in the body of the report)*

*Building a Better Ipswich 2017*

**LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(papers relied on to write the report but which are not published and do not contain exempt information)*

**None**

**OTHER HELPFUL PAPERS**

*(papers which the report author considers might be helpful – this might include published material)*

- 1. Transport Act 1985**
- 2. Transport Act 2000**
- 3. The Service Subsidy Agreements (Tendering) (England) Regulations 2002 (as amended in 2004)**

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## **1. Introduction & Background**

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- 1.1 Most bus services in Ipswich are operated commercially. Local authorities have the ability to subsidise bus services that are considered to be socially necessary but which are not commercially viable. The duty to consider the need to provide such services rests with Suffolk County Council (SCC). The Borough Council has the power to provide such services but not the duty and so is not funded by government for this purpose.
- 1.2 First Eastern Counties Buses Ltd operate bus Services 75, 76 and 77 between Ipswich and Felixstowe on a commercial basis. They have recently changed the routing of these services so that, from 18<sup>th</sup> November 2018, the service no longer serves the section of Felixstowe Road between Bishop's Hill and Bixley Road (and by extension the numerous residential side roads off this section of Felixstowe Road).
- 1.3 Whilst this section of Felixstowe Road continues to be served by Ipswich Buses Service 4 during the day Mondays to Saturdays, as a result of the changes made by First Eastern Counties Buses there is no longer any bus service operating along this section of Felixstowe Road on Sundays or Bank Holidays.
- 1.4 The purpose of this report is to seek a funding contribution from the SE Area Committee towards the cost of subsidising the operation of Service 4 on an hourly basis during Sunday and Bank Holiday daytimes for an 18 month experimental period, in order to ensure that this area is provided with a bus service on these days. Doing this for an experimental period will help to ascertain whether there is justification for continued longer term provision. A similar request is also being made to the NE Area Committee. SCC have also been asked to provide funding and more details on this request are shown in paragraph 8.3.
- 1.5 The proposed service would operate on an hourly frequency between 8.30am and 5.30pm. Using the same route as is operated commercially during the rest of the week is considered appropriate as this helps to avoid any potential confusion caused by operating a different route just on Sundays and Bank Holidays.
- 1.6 Owing to the time needed to be allowed to register the service with the Traffic Commissioner, it is unlikely that the service could commence before April 2019.

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## **2. Relevant Policies AND Area Action considerations**

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- 2.1 The Council's 'Building a Better Ipswich' Corporate Plan includes the objective to 'work with partners to reduce pollution and ensure there is a high quality public transport network' within the 'A High Sustainability

Environment' priority.

- 2.2 By providing funding towards the cost of subsidising the operation of Service 4 on Sunday and Bank Holiday daytimes, the committee is helping to meet this objective as there is no bus service to the area covered by a large section of this bus route at this time.
- 2.3 The Area Action Plan for the SE Area Committee in 2018/2019 is focused on meeting the 'An Enjoyable Place to Live, Work and Study' and 'Safe Communities' priorities of the Corporate Plan.
- 2.4 Whilst these do not specifically or directly relate to subsidising bus services, the 'An Enjoyable Place to Live, Work and Study' priority is focused on measures to improve sports, arts and cultural facilities in Ipswich. Subsidising bus services on Sunday and Bank Holiday daytimes to provide public transport for residents in areas that would not otherwise have any public transport at these times, indirectly helps to meet this priority by ensuring that all members of the community have access to such facilities.

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### **3. Options Considered / Under Consideration**

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- 3.1 The main alternative option to providing funding towards the cost of subsidising Service 4 on Sunday and Bank Holiday daytimes for an 18 month experimental period would be not to do so. In the absence of the proposed funding from the SE Area Committee, it is unlikely that the experimental service would be able to operate.

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### **4. Consultations**

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- 4.1 Consultation has been undertaken with the Portfolio Holder for Environment & Transport.

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### **5. Risk Management**

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<b>Risk Description</b>	<b>Consequence of risk</b>	<b>Risk Controls</b>	<b>Probability of risk occurring taking account of controls (scale 1-6) 1 – almost impossible 6 – very high</b>	<b>Impact of risk, if it occurred taking account of actions (scale 1 – negligible; 4 – catastrophic)</b>	<b>Actions to mitigate risk</b>
Agreement not reached on funding Service 4 on Sundays and Bank Holidays	Service 4 will not operate and the relevant areas will have no bus service on these days	Seek multiple sources of funding	2	2	As per 'Risk Controls'.

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## **6. Environmental Impact Assessment**

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- 6.1 Public transport is a more environmentally friendly mode of travel than the private car. As such, Council support for bus services that are not commercially viable but which are considered to be socially necessary helps to avoid or mitigate a negative environmental consequence of the withdrawal or reduction of existing commercial bus services.

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## **7. Equalities and Diversity Implications**

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- 7.1 The withdrawal or reduction of existing commercial bus services can have a greater effect on people who are elderly and on people with certain disabilities. However, these decisions are made by the relevant bus operator(s) not by the Council. The Council does not have a statutory duty to consider the need for the provision of 'socially necessary' bus services. This duty rests with SCC. As such, the Council is not obliged to act to replace existing commercial bus services which are withdrawn or reduced. However, if it chooses to act in this way then it is helping to avoid or mitigate the consequences of the decision made by the commercial operators, in the public interest.

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## **8. Financial Considerations**

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- 8.1 The proposed operation of Service 4 on Sunday and Bank Holiday daytimes will be the subject of a full and open competitive tender exercise, carried out by SCC on IBC's behalf. As such, at the time of writing, the exact cost of operating this service is unknown.
- 8.2 The Council's bus service subsidy budget is already fully committed and so is not available to fund this proposed experimental service. The Council has a separate public transport initiatives budget and this can provide some funding towards the cost of the proposed service if required but it is not considered appropriate for this budget to meet the full cost of the proposed service as the budget is also intended for other uses. As such, other sources of funding are required.
- 8.3 Officers have written to SCC to request that they consider funding a service or make a contribution of £5,000 per annum towards the IBC proposed experimental operation of Service 4. SCC have replied to state that at the current time they are declining to provide any funding for this service as they do not yet know how much their budget for supporting bus services in 2019/2020 will be but their budget proposals show a reduction in the budget in question. As such, they intend to formulate a process for prioritising their use of their budget for competing proposals and should be able to give a final answer to IBC's funding request in February or March 2019. For the purposes of this report, it has to be assumed that this funding will not be forthcoming.
- 8.4 The SE Area Committee is asked to consider providing funding of £6,600 in 2019/2020 and £3,300 in 2020/2021 towards the cost of

subsidising the operation of Service 4 on Sunday and Bank Holiday daytimes on an experimental 18 month basis. The table below summarises this.

<b>Revenue expenditure item</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	£	£	£	£
SE Area Committee contribution towards Service 4 (Sunday & Bank Holiday daytimes)	0	6,600	3,300	0
Council Tax Band B equivalent	0.00	0.22	0.11	0.00

- 8.5 A separate report on this matter is due to be considered by the NE Area Committee at their meeting on 24<sup>th</sup> January 2019. The report proposes that the NE Area Committee agrees to contribute £4,400 of funding from their budget towards the proposed Service 4 in 2019/2020 and £2,200 in 2020/2021. The amount requested of the NE Area Committee is lower than that asked of the SE Area Committee as a greater proportion of those parts of the route of Service 4 that are within the two committees areas is in the SE Area Committee's area.
- 8.6 In the event that the operation of this service is agreed and it is subsequently deemed to be successful but requires ongoing subsidy in order to operate beyond the end of the experimental period, then further consideration will be given at the relevant time as to how it can continue to be funded. It is not expected that Area Committees will be asked to contribute any additional funding beyond 2020/2021 (i.e. the Area Committees are only be asked to consider funding the service on an experimental basis).

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## **9. Legal Considerations**

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- 9.1 The main legislation that governs the provision of bus service subsidies is the Transport Act 1985 and the Transport Act 2000 (in both cases as amended). Essentially, the Council can provide bus service subsidies for the provision of any bus service provided that the service would not run without the provision of such a subsidy. In the absence of provision by a commercial operator, it is reasonable to assume that a given service cannot be run without subsidy and as such, at the time of writing, officers are satisfied that Service 4 cannot operate without subsidy on Sundays and Bank Holidays. In most cases, subsidised services must not undermine existing commercially operated services.
- 9.2 The decision as to whether to proceed with a service subsidy agreement for Service 4 on Sundays and Bank Holidays as proposed in this report will be made by officers under delegated powers in consultation with the Portfolio Holder for Environment & Transport as this is an Executive decision and not one delegated to Area Committees. The Committee is only being asked to consider the provision of funding to assist in this.

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## **10. Performance Monitoring**

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- 10.1 To ensure that, if funding is approved, the Sunday and Bank Holiday operation of Service 4 commences no later than Sunday 7<sup>th</sup> April 2019.

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## **11. Conclusions**

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- 11.1 The section of Felixstowe Road between Bishop's Hill and Bixley Road is currently without a bus service on Sundays and Bank Holidays.
- 11.2 By agreeing to make a funding contribution, the SE Area Committee would be helping to test, by means of subsidising the operation of Service 4 on an 18 month experimental basis, whether there is a justifiable need for public transport to serve this area on Sunday and Bank Holiday daytimes.
- 11.3 Officers will make a decision, under delegated powers, as to whether to proceed with entering into a service subsidy agreement for the operation of Service 4 on Sunday and Bank Holiday daytimes once the results of the competitive tender exercise are received and the SE and NE Area Committees have considered the funding requests made.

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## **12. Recommendations**

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- 12.1 That the SE Area Committee agrees to provide £6,600 in 2019/2020 and £3,300 in 2020/2021 towards the cost of subsidising the operation of Service 4 on Sunday and Bank Holiday daytimes for an 18 month experimental period.**

Reason: To help ensure that this service can operate.