

**DECISION MAKER:** PORTFOLIO HOLDER FOR  
ENVIRONMENT & TRANSPORT

**SUBJECT:** BUS SERVICE 14

**PORTFOLIO HOLDER:** COUNCILLOR PHILIP SMART

**SENIOR OFFICER:** HANNAH LEYS

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

This report is regarding the future of bus service 14 which serves the Gippeswyk Park area of Ipswich and is operated under contract to the Council.

The Portfolio Holder is requested to approve the award of a new contract for the operation of the service to Simonds of Botesdale from April 2025 to January 2027.

***Ward(s) affected:***

*Gipping*

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

*None*

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

*Internal consultees*

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

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

*Proud of Ipswich 2023: Championing our Community & Revitalising our Town*

### **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)*

1. <b>N/A</b>
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### **OTHER HELPFUL PAPERS**

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

1. <b>Executive report (E/22/19) – Subsidised Bus Services</b>
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## **1. Executive Summary**

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- 1.1 The Council subsidises the operation of a number of bus services in Ipswich which are considered to be socially necessary but which are not commercially viable, including Service 14 which serves the Gippeswyk Park area in South West Ipswich. The service operates as an off-peak hourly Monday to Saturday service and is currently operated by First Eastern Counties Buses.
- 1.2 The service subsidy agreement for the service ran until January 2025 with the option of a 2 year extension. This was offered to First Eastern Counties Buses but was declined. Instead, a short 3 month extension was agreed to allow time for a competitive tendering exercise to be undertaken to find an operator for the remaining 1 year and 9 months.
- 1.3 The operator that submitted the best price for the operation of the service is Simonds of Botesdale. There is a significant increase in the cost compared to what the Council has been paying, but this can be met from the accrued surplus generated from the Cromwell Square on-street parking place.
- 1.4 The purpose of this report is to consider whether to agree to enter into this new service subsidy agreement.

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## **2. Background**

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- 2.1 Following the consideration of a report in August 2022 (re: E/22/19), the Executive Committee resolved to continue to fund subsidies for a number of bus services that Suffolk County Council were not willing or able to fund. This included bus service 14 which provides a bus service to the Gippeswyk Park area of SW Ipswich. The service operates hourly between 9.30am to 3.10pm Monday to Saturday and provides residents with a link to the town centre for essential visits (e.g. shopping, banking etc). The service is operated under contract to the Council by First Eastern Counties Buses Ltd.
- 2.2 In 2023, the service carried 13,358 passengers of whom 8,713 (65.2%) were concessionary passengers (elderly or with a disability). The cost to the Council was £139.50 per day of operation which equates to approximately £42,269 per year. This meant that the level of Council subsidy per passenger was £3.15.
- 2.3 The service subsidy agreement contained an option for a two year extension from January 2025 to January 2027. This was offered to First Eastern Counties Buses but was declined. Instead, a short three month extension was agreed in order to allow time for a competitive tendering exercise to be undertaken, but it was necessary to agree . that an enhanced rate of £199.50 per day be paid for the extension period.

- 2.4 Competitive tendering exercises for subsidised bus services are run on the Council's behalf by Suffolk County Council. The bus operator that submitted the best price to run the service from April 2025 to January 2027 was Simonds of Botesdale. The price submitted is £254.46 per day of operation, which equates to approximately £77,356 per year or £134,599 over the lifetime of the service subsidy agreement.
- 2.5 On the basis of the 2023 level of usage, this would equate to a level of IBC subsidy of £5.78 per passenger. Taking into account the general level of inflation in bus industry costs, and in particular the high levels of concessionary fares usage of this service, this level of subsidy is still considered to be acceptable provided that there is sufficient funding to meet the overall cost.
- 2.6 The Council currently operates civil parking enforcement (CPE) on the highway in Ipswich and in part of the area of Babergh and Mid Suffolk District Councils on behalf of Suffolk County Council. As part of the legal agreement that the Council has with the County Council in respect of carrying out CPE functions for them in part of the area of Babergh and Mid Suffolk District Councils, the Council has control over the usage of any financial surpluses that may be generated from the Cromwell Square on-street parking place in Ipswich, albeit that the County Council must be consulted. Furthermore, the usage of any financial surpluses generated from on-street paid for parking is restricted in law to only those specified in Section 55 of the Road Traffic Regulation Act 1984.
- 2.7 The 1984 Act allows such surpluses to be used to subsidise bus services and the County Council has previously agreed that any surpluses from Cromwell Square can be used for this purpose in Ipswich.
- 2.8 The Cromwell Square account opened 2024/2025 with an accrued balance of £238,184. Even allowing for the cost of funding other bus service subsidies, when taking into account the expected in year revenue generation there are sufficient funds to meet the increased cost of subsidising Service 14 for the 1 year and 9 month period proposed.
- 2.9 As such, taking into account all of the above information it is now proposed to award the contract for the operation of Service 14 for the period from Monday 7<sup>th</sup> April 2025 to Saturday 2<sup>nd</sup> January 2027 inclusive to Simonds of Botesdale at a rate of £254.46 per day of operation, with the cost being met from surpluses generated from the Cromwell Square on-street parking place. Either party can quit the agreement with 3 months notice.

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### **3. Relevant Policies**

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- 3.1 Priority 1 – ‘A Thriving Town Centre’ of the ‘Proud of Ipswich’ Corporate Strategy states that we will ‘Continue to support the town’s bus network to meet the needs of our residents, using subsidies where necessary’.

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

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- 4.1 There are two main options, as follows.
- 4.2 Option 1 – To enter into a new service subsidy agreement with Simonds of Botesdale for the operation of Service 14 from 7<sup>th</sup> April 2025 to 2<sup>nd</sup> January 2027 inclusive at a rate of £254.46 per day (equivalent to approximately £77,356 per year), funded from the surplus generated from the Cromwell Square on-street parking place.
- 4.3 Option 2 – Not to continue to fund the operation of Service 14 and for the service to cease on 5<sup>th</sup> April 2025.
- 4.4 Officers recommend Option 1 because it is considered that there is still a social need for the service, it is sufficiently well used to justify the level of expenditure and there is sufficient funding available to meet the cost.
- 4.5 Option 2 is not recommended as it would leave some parts of the Gippeswyk Park area without a bus service and a large number of the passengers who use this service are elderly or have a disability.

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### **5. Consultations**

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- 5.1 The Leader of the Council and the Portfolio Holder for Environment and Transport have been consulted on this matter.

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### **6. 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>
Bus service 14 will cease	Loss of public transport for some residents	Enter into new service subsidy agreement	1	2	As per ‘Risk Controls’.

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## **7. Environment and Climate Change**

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- 7.1 The Council has declared a climate change emergency and has resolved to start working towards becoming carbon neutral by 2030. All Council decisions should take into account and respond to the potential impact that they will have on the climate and wider environment.
- 7.2 Travel by bus is a more environmentally friendly mode of transport than by private car and as such the provision of subsidised bus services in circumstances where otherwise no bus service would operate helps to encourage the use of buses and therefore provides a positive environmental benefit.

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## **8. Equalities, Diversity and Community Implications**

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- 8.1 Under the general equality duty as set out in the Equality Act 2010, public authorities are required to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as advancing equality of opportunity and fostering good relations between people who share a protected characteristic and those who do not.
- 8.2 The protected grounds covered by the equality duty are: age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation. The equality duty also covers marriage and civil partnership, but only in respect of eliminating unlawful discrimination.
- 8.3 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty.
- 8.4 The provision of subsidised bus services is a discretionary function of the Council. Where a Council provides such services it is a legal requirement to give special regard to the transport needs of people who are elderly or who have a disability. Of all of the bus services that the Council currently subsidises, Service 14 has the highest level of concessionary patronage by people who are elderly or who have a disability. As such, by prioritising the retention of this service, the Council is helping to comply with this requirement.

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## **9. Crime and Disorder Impact**

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- 9.1 There are not considered to be any crime and disorder implications as a result of the recommendations in this report.

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## **10. Financial Considerations**

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- 10.1 The cost of continuing to subsidise Service 14 from 7<sup>th</sup> April 2025 to 2<sup>nd</sup> January 2027 is £254.46 per day of operation, which equates to approximately £77,356 per year or £134,599 over the lifetime of the service subsidy agreement.
- 10.2 This cost can be met from the surplus on the Cromwell Square on-street parking place.

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## **11. Legal Considerations**

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- 11.1 The Transport Act 1985 as amended “the Act” is the primary statute that governs the provision of bus service subsidies. Whilst section 63(1) of the Act sets out that county councils have a duty to secure the provision of public passenger transport services as the council considers appropriate to secure to meet public requirements which would not be met apart for action taken by them, the borough council has the power to do so under section 63(4). Section 63(8) of the Act places a duty on any council in the exercise of its functions under section 63 to have regard to the transport needs of members of the public who are elderly or disabled.
- 11.2 Sections 88 to 92 of the Act concern expenditure being spent on public passenger transport services and sets the obligations to invite tenders for subsidised services. Section 88 (8) says that any power conferred on councils responsible for expenditure on public passenger transport services to enter into agreements providing for service subsidies shall be subject to the sections 89-92 of the Act. Section 89(1) sets out that subject to sections 90 and 91 of the Act the authority may not enter into an agreement providing for service subsidies except by accepting a tender invited pursuant to the provisions of that section. Section 89 establishes the requirements and procedure for the tender process, and section 90 provides supplemental provisions, for example that a contract shall not exceed 8 years (s90(1)).
- 11.3 Section 91 of the Act provides for exceptions to the requirements under section 89 and allows for regulations to be made. Accordingly, the Service Subsidy Agreements (Tendering) (England) Regulations 2002 (as amended by the Service Subsidy Agreements (Tendering) (England) Regulations 2004) is in force. These Regulations set out the exemptions permitted to Section 89 the 1985 Act. Regulation 3 establishes the ‘de minimis’ provision and states that where an authority spends less than £600,000 per annum on bus service subsidies, then contracts of up to the value of £29,999 per annum per agreement are exempt from the provisions of section 89(1) of the Act. Regulations 4 and 5 also set out further detail concerning the manner of publication of information and reasons.

- 11.4 Section 92(1) of the Act requires the Council, in the exercise and performance of its functions in relation to agreements providing for service subsidies to have regard to the interests of the public and of persons providing public passenger transport services in its area.

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## **12. Performance Monitoring**

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- 12.1 To ensure that in respect of the continuation of Service 14, that data regarding passenger usage and subsidy costs per passenger is monitored regularly and reported periodically.

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## **13. Conclusions**

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- 13.1 The ongoing provision of service subsidies in respect of Service 14 is considered to be justified given the current level of passenger usage, especially as a high percentage are elderly or have a disability, and as there is currently sufficient funding available from surpluses accrued from the Cromwell Square on-street parking place.

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## **14. Recommendations**

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- 14.1 That the Portfolio Holder for Environment & Transport authorises the award of a service subsidy agreement to Simonds of Botesdale for bus service 14 for the period from 7<sup>th</sup> April 2025 to 2<sup>nd</sup> January 2027 in accordance with the details in this report.**

Reason: to ensure that affected residents continue to have a bus service.