

Forward Plan reference number: FP/267/10/23

Report title: Supporting Local Bus Services 2024 onwards – outcome of consultation and next steps	
Report to: Councillor Tom Cunningham, Cabinet Member for Highways, Infrastructure and Sustainable Transport	
Report author: Mark Ash, Executive Director for Climate, Environment and Customer	
Date: 20 December 2023	For: Decision
Enquiries to: Helen Morris, Head of Integrated Passenger Transport Unit helen.morris@essex.gov.uk	
County Divisions affected: All Essex	

1. Everyone’s Essex

- 1.1 Everyone’s Essex sets out our strategy for a strong, inclusive and sustainable economy; a high-quality environment; health, wellbeing and independence for all; and for making Essex a good place for children and families to grow.
- 1.2 A strong public transport network is a key enabler for all these strategic aims. It helps people access education, jobs, health services and shops, supporting our schools, colleges, high streets and local employment. It gives people an alternative to car travel, helping to reduce congestion and carbon emissions, and so contributing to our net zero carbon goals. It enables people to live independently and to access friends and family, supporting their health and wellbeing.
- 1.3 Supported local bus routes are commissioned where commercial bus routes do not provide a service and where the conditions of the Local Bus Service Priority Policy are met. This includes a £5 cost per passenger journey (CPPJ) measure which is used to assess value for money for taxpayers – if a route costs more than that then the policy is that the route will not be provided. This is to ensure that taxpayers’ money is invested in the delivery of good, financially affordable outcomes.
- 1.4 Cabinet considered a report in summer 2023 which agreed that there should be consultation on the future of currently subsidised routes, dividing them into three categories: ‘successful’, ‘at risk’ and ‘low use’. The consultation ran from July to October 2023. This report summarises the responses to that consultation and seeks decisions on next steps.

2 Recommendations

- 2.1 Note the outcome of consultation and response for each group of services at appendix A;

‘Successful Services’

- 2.2 Agree to procure the services listed at Appendix B using the ECC Dynamic Purchasing System for a period of four years with the option of two one year extensions.
- 2.3 Agree to enter into one year contracts with the current provider for those contracts for the services listed at Appendix C.
- 2.4 Note that the future procurement of the contracts at Appendix C will be reviewed but that the expectation is that these services will be maintained for a period of four years.

'At Risk Services'

- 2.5 Agree to procure the services listed at Appendix D using the ECC Dynamic Purchasing System for a period of two years with the option of two one year extensions.
- 2.6 Agree to enter into one year contracts with the current provider for those contracts for the services listed at appendix E.
- 2.7 Note that the future procurement of the contracts for the routes listed at Appendix C will be reviewed but that the expectation is that these services will be maintained for a period of two years.
- 2.8 Agree that DigiGo will run the services as set out at Appendix F and shown as At Risk Services for two years and note that ECC may extend this arrangement for two further one year periods.

'Low Use Services'

- 2.9 Agree to procure the redesigned services set out in paragraph 3.30(a) and the new timetabled service 45 serving the Dengie peninsula (paragraph 3.30(e) bullet point 3), using the ECC Dynamic Purchasing System for a period of two years with the option to extend for a further two one year periods.
- 2.10 Agree that for the services listed at paragraph 3.30(c) where the cost per passenger journey (CPPJ) received during the procurement process exceeds £10 the contract will not be awarded.
- 2.11 Agree that DigiGo provide demand responsive services in the areas served by the low use routes set out at Appendix F and note that ECC may extend this arrangement for two further one year period.
- 2.12 Agree that the services listed in 3.30(f) of this report be withdrawn from the end of the current contract.
- 2.13 To delegate the decision on the award of contracts to the Executive Director for Climate, Environment and Customer as long as the costs can be accommodated within the local bus budget of £11.9m and represents value for money.

- 2.14 Agree that services SB12, 211/212 and DaRT7 will not be reprocured at this time, but that a future report be brought to the Cabinet Member setting out how the services can continue as part of a pilot as set out in the ECC Bus Service Improvement Plan to place the commissioning and operation of local services closer to their communities.
- 2.15 Agree that all new competitively awarded contracts will be awarded on a 90% price, 10% quality basis following a single bid on the dynamic procurement system.

3 Background and Proposal

- 3.1 The majority of the bus network in Essex is operated on a commercial basis, but historically 15% of the network has been subsidised by the Council where bus operators are unable or unwilling to provide them commercially. The supported services are known as the 'supported local bus network'.
- 3.2 The ECC supported services are normally reviewed every four years. However, during the covid pandemic, changes were put on hold, both as a condition of central government funding; but also because it was recognised travel patterns were unstable and would need time to find a 'new normal'.
- 3.3 Contracts for the vast majority of local bus services now expire in July 2024. Patronage has risen and fallen over the past three years largely as a result of the various lockdowns and restrictions on travel.
- 3.4 Our assessment is that travel patterns have now broadly settled and this year was the right time to review services and consult on proposals. Broadly, urban routes, particularly those used for school travel have recovered most strongly with rural routes and travel by concessionary pass holders recovering less well.
- 3.5 A decision was taken by Cabinet (FP/093/03/23) in May 2023, that ECC would consult on proposals for its supported local bus network as follows:
- (a) **Successful services**, ie 97 local bus contracts that have a cost of less than £5 per passenger journey to the tax payer) to consult on retendering for a four-year period with the possibility of extending for a further two years;
- (b) **At risk services**, ie 43 contracts where the cost is between £5 and £10 per passenger journey to consult on retendering current or redesigned services for a two-year period with an option for extension for up to a further two years, with a view to withdrawing after that initial two year period if the £5 measure cannot be met;
- (c) **Low use services**, ie 21 Local Bus contracts where the cost is currently more than £10 per passenger journey, to consult on the redesign or withdrawal of these subsidised services.
- 3.6 The consultation was carried out between July and October 2023. ECC received over 1,000 responses. People were encouraged to complete the

consultation online and hard copies of the consultation were made available on request. The consultation was shared with Councils across Essex, bus operators and bus user groups and they were asked to help promote the consultation within their communities. A press release was issued at the beginning of the consultation.

Consultation Responses

3.7 The outcome of that consultation is summarised in appendix A. The key points for each group are set out below.

‘Successful Services’: services with a cost of less than £5 per passenger journey

3.8 We consulted on the successful services listed at appendix A and whether the services should continue on their current basis including route and timetable and that they are re-tendered for 4 years plus 1 plus 1.

3.9 Consultation responses and ECC’s response is set out in Appendix A. This shows that, for successful services, the vast majority of respondents wanted to see increases in frequency, earlier starts, later running and extended coverage for the routes on which they commented.

3.10 The overwhelming point that respondents made was that the successful services would attract increased patronage if they ran full operational days at a good frequency e.g. half hourly.

3.11 There is currently very limited capacity in the local bus budget and it would be difficult to extend these routes in this way and it could also increase the cost per passenger journey. This will be kept under review as part of the ongoing work on the Bus Service Improvement Plan and Enhanced Partnership.

3.12 There were concerns about reliability and comments on commercial elements of some services and these will be raised with the operator.

3.13 Our assessment is that these services are well used and supported by their communities and are likely to continue to be so. Many comments expressed support for the service.

3.14 It is proposed that the services listed at appendices B and C are re-procured.

- For those services listed in Appendix B, it is proposed that a procurement will be undertaken using ECC’s Dynamic Purchasing System by assessing bids on a 90% price, 10% quality basis with a contract of four years with the possibility of extension for up to a further two years.
- For those services listed in Appendix C, it is proposed that a one year contract is directly awarded to the contractor for one year. These services are low value and collectively amount to less than 25% of the ECC bus

services forecast expenditure for the year. They also fall under the threshold for services under the Public Contract Regulations.

- 3.15 Although we are awarding a contract for only one year, this is being done for commercial reasons rather than because ECC expects to change things after one year. The expectation is that these services will continue for at least four years. An assessment of the market will be made before the expiry of the one year contract and a decision will be made as to how best to procure the contract in future, which may be using the DPS.
- 3.16 There are some small changes proposed to some services. For service 306 the morning journey will start 15 minutes earlier to align more closely with school start times – this was requested as part of the consultation.
- 3.17 It's also proposed to merge the contracts for service 418 so that the Sunday service and the evening service (both currently 418B) are provided under the same contract.
- 3.18** This decision does not authorise any reprourement of services SB12 or 211/212, which are rural services operating in the Epping Forest district. It is proposed that these services will be part of a pilot as set out in the ECC Bus Service Improvement Plan to place the commissioning and operation of local services closer to their communities. The proposals for this are being designed and future arrangements will be the subject of a separate decision. It is proposed that these services will continue for at least four years.

At Risk Services (services with a cost of £5-10 per passenger journey)

- 3.19 There are 44 At Risk Services. These services have shown some degree of recovery since Covid but still cost over £5 per passenger journey. The CPPJ is the cost of the service to taxpayers: the costs of running the service net of fare income, divided by the number of journeys made by individual passengers on the service. This gives a taxpayer cost for every journey a passenger makes.
- 3.20 We consulted on the at risk services set out in Appendix A. We consulted on a range of proposals as follows:
- Continuing with some services as is
 - Proposing minor changes (set out in Appendix A)
 - Replacing services with the DigiGo on demand service
- 3.21 The consultation responses and our response are set out in Appendix A. The responses to consultation told us that they were supportive of maintaining the services as they were and many wished to see service enhancements. Some were concerned at :
- the removal of the flexible element for services 99A and 10;
 - the removal of a journey for service 63;
 - for service 4 that the evening service be changed to match the daytime service;

- for D1/D2 that the service be withdrawn from Post Office Road in Woodham Mortimer;
- for services 17/18 there was concern at the proposal to replace the service with DigiGo;
- for services 90 and 40 there was concern about a proposal to combine them;
- for service 505 there was concern that the Saturday timetable would be changed to match the weekday timetable;
- for services 418B there was concern that the timetables were to be changed to match the daytime 418 service;
- for service 8 there was concern at the proposal to remove it from Minchin and Maddox roads.

3.22 Following the consultation, we propose to do the following:

- The services listed in Appendix D be procured for two years until 2026 with the option of extensions for a further two years. Consultation showed that the services were supported by respondents. There was a desire for the services to continue and to be extended to new areas and with additional frequency.
- The services in appendix E will be direct awarded to the current contractor for one year. These are low value and under 25% of the ECC local bus services budget forecast expenditure for the year. They also fall under the threshold for services under the Public Contracts Regulations 2015.
- Withdraw timetabled bus services for the services in appendix F but make DigiGo 'demand responsive' services available in these areas. DigiGo is a pilot of an on demand bus service that is run by ECC. If DigiGo does not continue following the pilot, ECC will need to consider the delivery of public transport in the routes at appendix F.
- It is proposed that services 99A, 10, D1, D2, 505, 418B be re-procured with minor changes as set out in appendix A. For services 99A and 10 the proposal to remove the flexible element of the timetable will be taken forward because, although there were objections, the flexible element of the service has not been well used and the service would be more likely to become sustainable long term with its removal. The timetabled element of the journey provides for the vast majority of the journeys.
- For D1/D2 the proposal to withdraw the service from Post Office Road will be taken forward because although there were objections the assessment is that there are safety risks because of the narrowness of the road.
- For the 505 the proposal is to match the Saturday timetable to the weekday timetable because although there were objections to this it is likely to improve the long term sustainability of the service and travel opportunities are still provided even if individual journeys have to be re-timed;
- For 418B the proposal is to align the timetable with the main daytime service because although there were objections this is considered more likely to make this service sustainable and travel is still provided for even if individual journeys have to be re-timed.

3.23 For all other at risk services there will be no change.

3.24 The Services at appendix D and E will be reviewed before the end of the new contract periods. If they are meeting the £5 cost per passenger journey at that time it is anticipated that ECC will seek approval to extend them. If not ECC is likely to consult on re-design options and/or withdrawal. This will be subject to a separate decision at that time, and clearly depends on the policies and other factors applying at the time. Services in Appendix F which are now being served by DigiGo will need to be considered as part of the future of the DigiGo service.

Low Use Services (services with a cost of more than £10 per journey)

3.25 We consulted on the low use services at Appendix A and specifically regarding: re-design where possible to reduce cost or increase patronage with no additional cost; to replace with the DigiGo service; or to withdraw the service.

3.26 Consultation showed support for many of the Low use Services but on others, little to no response was received on proposals. Where responses were received there was a wish for them to be extended both in frequency and operational times and opposition to their withdrawal.

3.27 Respondents told us that the main impact was that some journeys they considered necessary could no longer be made. Specific key impacts included:

- inability to access hospital services;
- loss of a life-line for older and disabled people and those who do not drive including young people;
- increased isolation and decreased well being;
- increased congestion and adverse environmental impacts;
- loss of access to doctors, dentists, post office and banking;
- inability to access rail stations; and
- loss of access to school and employment.

3.28 Following a review of the consultation responses, consideration has been given to whether it would be possible to redesign some of the services rather than withdraw them completely. Careful consideration has been given to the comments received and options for redesign with an aim to preserve low use services where possible.

3.29 Where possible, a redesign and interworking can reduce the cost of the service by reducing the number of vehicles required to run the service and therefore significantly reducing the cost.

3.30 Following consultation and consideration of responses, it is proposed that:

- (a) that the following services should be re-designed or combined with other services and procured using the Dynamic Purchasing System for a two year period until 2026 with the opportunity for two years of extension on the grounds that the proposed re-design could see them become sustainable over that time:

- 50B Colchester to Tollesbury/East Mersea/Layer Breton/Tiptree/Gt Wigborough, Monday;
- 69/69A Colchester to Tollesbury/East Mersea/Layer Breton/Tiptree/Little Horkeley, Tuesdays.

(b) the following services should, when the current contracts expire, be replaced with the DigiGo service on the grounds that journeys will continue to be able to be made and the DigiGo service offers significant increases in the length of the operational day, frequency of travel and options for destinations. DigiGo is a pilot service and if DigiGo does not continue following the Pilot, ECC will need to consider the delivery of the services at appendix F:

- 9/9A Great Saling/Great Bardfield to Great Notley, Monday to Friday;
- 21 Bocking to Black Notley.

(c) For two services it is proposed that re-design or interworking the service with other services may potentially reduce the cost and allow for them to continue. It is proposed to approach the market via the Dynamic Purchasing system for a contract for a period of two years with an option to extend for a further two years but only to award these contracts if the tenders received mean that we believe that the service can operate at a cost per passenger journey of £10 or below. If the cost is over £10 per passenger journey, the services will be withdrawn. The formal decision confirming the outcome will be delegated to the Head of Service:

- Service 7 Southend to Rayleigh Monday to Saturday Evenings, will therefore be re-designed to withdraw the later journeys and
- Service 15 Colchester/Lexden to Marks Tey/Colne Engaine/Bures Monday to Friday will be highlighted as appropriate for interworking with other services.

(d) Service DaRT7 was consulted on as a proposed withdrawal, but after considering the consultation responses it is proposed that it be included in the devolution pilot along with services SB12 and 211/212. A separate decision will be taken regarding this.

(e) While it is noted that passengers wish for services to remain, ECC will need to continue with its proposals to withdraw the following services for the reasons set out below:

- Harlow service 6 be withdrawn as it is due to be replaced with another externally funded service in spring 2024 which will be procured in early 2024 and which serves a similar route to the current service.
- F315 service be withdrawn because passengers are able to use the DaRT3 service and therefore DaRT3 is retained until 2026 as the additional patronage will support its sustainability.
- DaRT5 and DaRT4 are withdrawn and replaced with a new timetabled service (service 45). This will leave Latchingdon without a

DaRT service, although this area will still have access to other bus services

(f) Following the consultation, we have considered the responses that we received for the following 7 services to assess the comments and impact of withdrawing the services and propose that these services should be withdrawn. Whilst there is some adverse impact on passengers, we have been unable to find a re-design option that would reduce cost or significantly increase patronage at no additional cost. There are alternatives available to passengers including use of rail. No community will be left without any public transport service and the proposal is consistent with ECC's Local Bus Service Priority Policy. The recommendation is therefore that the following services are withdrawn from the expiry of the current contract:

- 552 Ramsden Heath to Billericay Station, Monday to Friday
- 256 Basildon/Ramsden Heath to Billericay, Tuesday, Thursday, Saturday
- 84B Colchester to Gt Horkesley/Little Horkesley, Thursday
- 94 South Woodham to South Woodham, Sunday and Public Holidays
- 99 Clacton to Walton, Monday to Saturday Evening
- 804 Debden to Chigwell, Schooldays
- C56 Chelmsford to Galleywood, Sunday and Public Holidays.

3.31 With respect to the proposed withdrawals in (f) above, we have undertaken impact assessments for all these services and the main points are summarised below:

- **552 Ramsden Heath to Billericay Station, Monday to Friday and 256 Basildon/Ramsden Heath to Billericay, Tuesday, Thursday, Saturday:** residents will still have access to alternative bus services in line with the ECC Local Bus Service Priority Policy. A number of roads will be left without a service (Heath Road – Norsey Road) but no settlements. A small number of roads in Billericay will be left with a walk to Billericay High Street (about 20-minute average walk) to access other services to Basildon/Wickford or Chelmsford. Ramsden Heath have access to other services to take them to Wickford/Basildon and Chelmsford. Passengers who use 552 and 256 will have access to services 3, 10, 725, 2, 13A and 14.
- **84B Colchester to Gt Horkesley/Little Horkesley, Thursday:** residents will still have access to alternative bus services in line with the ECC Local Bus Service Priority Policy. Service 902 provides alternative access for passengers from Little Horkesley. Passengers who use 84B will also have access to services 784, 84, 754 and 756.
- **94 South Woodham to South Woodham, Sunday and Public Holidays:** residents will still have access to alternative bus services in line with the ECC Local Bus Service Priority Policy. Passengers who use 94 will still have access to service 94 Mondays to Saturdays.

- **99 Clacton to Walton, Monday to Saturday Evenings:** residents will still have access to alternative services including other bus routes and the train line which connects to the main line (Clacton, Colchester and Walton/Frinton). Residents' access to alternative bus services is in line with the ECC Local Bus Services Priority Policy.
- **804 Debden to Chigwell, Schooldays:** residents have access to alternative bus services including and central line services. Those accessing the school will have a short distance walk from the Central Line. Passengers who use 804 will still have access to services 542A, 397, 275 and 67.
- **C56 Chelmsford to Galleywood, Sunday and Public Holidays:** the last C56 from Chelmsford to Galleywood Keene Hall would leave at 19:33 on a Sunday/Public Holidays. Residents would need to alter any current travel times. Residents' access to bus services will still meet the ECC Local Bus Services Priority Policy. Passengers who use C56 will still have access to services C1 and C7.

General Comments

3.32 A series of general comments were made in the consultation and these are set out in Appendix A General Comments. This covered a range of issues, although the underlying theme was a desire to see a more comprehensive and frequent bus network in Essex. The Council supports more and better buses but clearly we need to ensure that we achieve good value for taxpayers money and travel habits have seen a significant change following the pandemic which means we need to review these services.

Procurement

- 3.33 It is proposed to use ECC's Dynamic Purchasing System to procure services where we intend to hold a competitive procurement rather than directly award services.
- 3.34 The DPS requires at least a commitment to having a Carbon Reduction Plan before an operator can be admitted to the DPS. This will then be reviewed on an annual basis through the contract management process.
- 3.35 Approving the recommendations in this report will provide a framework to support the Council's Levelling Up Agenda and Everyone's Essex initiatives. This will be achieved through mandating Social Value at the Standard Selection Questionnaire (SSQ) section of the SSQ in order for bidders to be admitted to the Dynamic Purchasing System. Social Value must be committed to at SSQ stage but only delivered when an operator delivers an accumulative spend of over £100,000 at call off stage.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030: switching journeys from car to sustainable options such as bus is the most significant step individuals can take to reduce carbon emissions from transport. Large scale choice of bus reduces carbon emissions significantly.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

5.1 Option 1: Do nothing (not recommended)

Benefits:

- Savings of potentially around £10m that could be invested elsewhere

Costs:

- Loss of 161 local bus services and the approximate 3 million passenger journeys a year they support
- Loss of access to work, education and training, healthcare, shopping, leisure and independent travel
- Increase in deprivation, isolation, loneliness and loss of economic benefit

5.2 Option 2: Procure all services as is (not recommended)

Benefits:

- Continued opportunity to travel across the whole of the current supported bus network

Costs:

- Low use or empty services continue to run which does not represent value for money for the Essex tax payer
- Service improvements including those relating to consultation responses are

not made

5.3 Option 3: Procure services in line with the strategy set by Cabinet in May 2023 and reflecting the assessment of consultation responses (recommended)

Benefits:

- The supported local bus network is shaped around usage
- Taxpayers' investment represents value for money
- The vast majority of journeys continue to be supported

Costs:

- A small number of services are withdrawn leaving communities with no public transport option

6 Issues for consideration

6.1 Financial implications

- The table below summarises the approved MTRS budget envelope for the current and future financial years for supported local bus services:

	2023/24 Approved Budget	2024/25 Aspirational Budget	2025/26 Aspirational Budget
	£000	£000	£000
Public Transport Contracts	12,325	14,182	14,458
Fares Income	-777	-799	-823
Concessions Income	-348	-358	-368
DfT Grant	-1,121	-1,121	-1,121
Net Budget	10,079	11,905	12,146

Note: the budget setting process for 2024/25 is still in progress and it may lead to further changes to the budget envelope from 2024/25.

- The table below summarises the supported local bus current annualised contract values included within the consultation:

Number identified for tender for 4 years	87	Current annualised value of services to be tendered for 4 years	£5,742,823
Number identified for Direct Award, but commit to retain service for 4 years	7	Current annualised value of services to be Direct Awarded, but commit to retain service for 4 years	£229,851
Number identified for tender for 2 years	39	Current annualised value of services to be tendered for 2 years	£5,459,045
Number identified for Direct Award, but commit to retain service for 2 years	4	Current annualised value of services to be Direct Awarded, but commit to retain service for 2 years	£126,999
Number identified for replaced by Digi-go	6	Current annualised value of services to be transferred to Digi-go	£362,563
Number identified for Pilot as per BSIP	3	Current annualised value of services for pilot as per the BSIP	£60,823
Number identified for re-design	2	Current annualised value of services for re-design	£11,900
Number identified to test the cost of the service	2	Current annualised value of services to test the cost of the service	£271,985
Number identified for withdrawal	11	Current annualised value of contracts to be withdrawn	£563,335
Number of contracts in total	161	Current annualised value of supported local bus services included within this paper	£12,829,323

- In addition to the above there are 14 supported bus services that have been direct awarded under de minimis arrangements, with a current annualised value of £443,635. These arrangements expire on the 27 July 2024 and will be dealt within a future governance paper and are expected to be funded from the BSIP+ grant.
- The current annualised value of £13.273m exceeds the 2023/24 public transport contracts gross budget envelope of £12.325m by £948,000. There were a number of contracts that were procured in 2023/24 as Gross Cost contracts that were previously Net Cost contracts and the income and expenditure budgets haven't yet been aligned to reflect those changes. Therefore, the additional contract cost is expected to be met from increased Fares and Concessions income, BSIP+ grant funding.
- The current annualised value of all the supported local bus operator contracts is £13.273m. In isolation, this is containable within the £14.182m public transport contracts gross budget envelope. However, this is on the basis that they continue

to operate or are re-procured on an exact like for like basis. The surplus is 6.8% of the total available budget.

- If all the recommendations are agreed and services transferred to Digi-go or are withdrawn there will be an estimated saving on the current annualised contract value of £925,897. If the services that will be tested to see if the CPPJ will exceed £10 per passenger are all withdrawn there will be a further saving on the current annualised contract value of £271,985
- There is a risk that, when awarding the contract re-procurements, it will probably not be on a like for like basis for the following reasons:
 - Tender prices come in higher than inflationary uplifts included with the budget
 - Contracts change from Gross contracts to Net contracts or vice versa
 - Income assumptions used within the current contract specifications will have changed
 - The ENCTS reimbursement levels for concessionary travel will change as the DfT issue new guidance each year
 - Changes in income and contract costs will affect the cost per passenger journey (CPPJ) which could result in contracts being re-procured for longer or shorter periods due to changes in the CPPJ were more contracts could exceed the target subsidy of £5 per passenger journey
 - Bus service redesign, may still lead to the CPPJ exceeding the target subsidy of £5 per passenger journey. This relates to two services with a current annualised value of £11,900
 - Unable to re-procure as tendered contract prices received, less any income assumptions for gross cost contracts, exceeds the net cost budget envelope
 - Unable to re-procure as no tenders received for a supported local bus service.

6.1.8 Sensitivity analysis has been undertaken to assess the stressors in the assumptions that may mean that the gross budget envelope may be exceeded.

The table below summarises this:

	2024/25 contract cost £000	2024/25 budget (draft) £000	Variance to budget £000
Base case: Existing annual contract spend	13,273	14,182	-909
Inflation on services to be tendered for 4 years (From 5.41% to 30.76% based on age of contracts)	528	0	528
Inflation on services to be Direct Awarded, but service retained for 4 years (From 5.41% to 12.48% based on age of contracts)	15	0	15
Inflation on services to be tendered for 2 years (From 5.41% to 30.76% based on age of contracts)	441	0	441
Inflation on services to be Direct Awarded, but service retained for 2 years (From 5.41% to 30.76% based on age of contracts)	6	0	6
Inflation on services to be transferred to Digi-go (From 5.41% to 30.76% based on age of contracts)	32	0	32
Inflation on services for the pilot as per the BSIP (30.76% based on age of contracts)	12	0	12
Inflation on services for re-design (12.48% based on age of contracts)	1	0	1
Inflation on services to test the cost of the service (From 5.41% to 12.48% based on age of contracts)	15	0	15
Inflation on contracts to be withdrawn if these need to be tendered for 2 years (From 5.41% to 30.76% based on age of contracts)	40	0	40
Inflation on DM Net contracts (5.41% based on age of contracts)	24	0	24
Scenario modelled cost base	14,387	14,182	205
Increase of 5% in overall cost base	15,106	14,182	924
Increase of 7.5% in overall cost base	15,466	14,182	1,284
Increase of 10% in overall cost base	15,826	14,182	1,644

6.2 Legal implications

6.2.1 Section 63 of the Transport Act 1985 places the council under a statutory duty to 'secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport

requirements within the county which would not in their view be met apart from any action taken by them for that purpose'. We have adopted a policy for this purpose which states that we will not generally subsidise any journey by more than £5. The proposals in this report go much further than that policy for reasons set out in the report.

6.2.2 There are two legal regimes which require bus contracts to be tendered:

- (a) Section 89 of the 1985 Act says that subsidised bus services must be tendered unless regulations permit otherwise. Regulation 3A of the Service Subsidy Agreements (Tendering) Regulations 2002 states that a bus route need not be tendered provided that overall at least 75% of the council's annual spend on subsidising routes is competitively tendered. We have been informed that this will remain the case after the proposals in this report.
- (b) The Public Contracts Regulations 2015 requires competitive tendering of service contracts over the statutory threshold. The value of each of these contracts is under the statutory threshold and it is therefore lawful to award.

6.2.3 The Subsidy Control Act 2022 restricts the Council's ability to give a subsidy to businesses. Commissioning a subsidised route is not necessarily a subsidy because it is the council is commissioning services. However, where a contract is not let competitively it may be difficult to demonstrate that the contract has been awarded at the lowest possible cost which could amount to a subsidy.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The Equalities Comprehensive Impact Assessment indicates that overall the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. Overall, the continuation of this number of services will have a positive impact on older and younger people and people with a disability. The withdrawal of services will have a negative impact on these groups. However, the overall proportion of service withdrawals is small

compared to the number that will be maintained and every community will still have access to some form of public transport services.

8 List of Appendices

Appendix A – consultation outcome and response:

- Successful services
- At Risk Services
- Low Use Services
- General Comments

Appendix B – successful services to be procured for four years plus one plus one;

Appendix C – successful services to be direct awarded for one year with a commitment to retain the service for four years plus one plus one;

Appendix D – at risk services to be procured for two years plus one plus one;

Appendix E – at risk services to be direct awarded for one year with a commitment to retain the service for two years plus one plus one;

Appendix F – services to be replaced with DigiGo services;

Appendix G – ECIA.

9 List of Background papers

Local Bus Services Priority Policy
 Essex County Council Bus Service Improvement Plan 2021 to 2026
 Essex Enhanced Partnership Plan and Scheme 2022 to 2027
 Local Bus Consultation Report

<p>I approve the above recommendations set out above for the reasons set out in the report.</p> <p>Councillor Tom Cunningham, Cabinet Member for Highways, Infrastructure and Sustainable Transport</p>	<p>Date</p> <p>22 December 2023</p>
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In consultation with:

Role	Date
<p>Mark Ash, Executive Director for Climate, Environment and Customer</p>	<p>20 December 2023</p>

Stephanie Mitchener on behalf of Executive Director, Corporate Services (S151 Officer)	20 December 2023
Director, Legal and Assurance (Monitoring Officer) Paul Turner	20 December 2023