

MID SUFFOLK DISTRICT COUNCIL

TO: MSDC Cabinet	REPORT NUMBER: MCa/23/20
FROM: Cabinet Member for Thriving Towns and Rural Communities	DATE OF MEETING: 3 rd October 2023
OFFICER: Fiona Duhamel, Director of Economic Growth and Climate Change	KEY DECISION REF NO. CAB445

MSDC RINGFENCED FUNDING FOR ELECTRIC BUS / RURAL TRANSPORT PROVISION

1. PURPOSE OF REPORT

- 1.1 Cabinet is asked to consider options and risks with regards to taking forward the ringfenced £820,000 of funding for rural transport provision, and agree next steps.
- 1.2 Cabinet is asked to agree to officers further investigating and developing one of three proposed options.

2. RECOMMENDATIONS

- 2.1 That Cabinet agrees for officers to proceed with the 'option 3' proposal outlined in section 4 of this report, whilst recognising the associated risks and the limitations with regards to evidence currently available that this investment will be feasible and offer good value for money.
- 2.2 That Cabinet informs officers of any further stipulations they wish to be added to the proposed next steps.
- 2.3 That Cabinet delegate the further development and delivery of 'option 3' to the Director for Economic Growth and Climate Change, in consultation with the Cabinet Member for Thriving Towns and Rural Communities.

REASON FOR DECISION

- 2.4 The fact that this funding has been ringfenced by MSDC has been in the public domain for a significant length of time, which has raised expectations across the district. During this time, officers have been working to research different delivery models and develop a proposal that offers a least-risk approach to how the funding is spent. Officers believe that option 3 reduces as much risk as possible, as it brings in experienced and expert delivery partners, and avoids investing capital in electric vehicles from the outset/early days of the project, which is deemed as a risky investment at this time.

3. KEY INFORMATION

- 3.1 In February 2022, a budget amendment put forward by the Green and Liberal Democrat group was agreed ““For scheduled rural community transport utilising zero carbon electric buses, set aside a budget of up to £560,000 capital and £130,000 revenue per year for a two-year period – equating to total £560,000 capital and £260,000 revenue from the Growth and Efficiency Fund.”

- 3.2 In light of this budget amendment, officers were asked to research and investigate all types of low carbon rural transport provision. An evidence base made up of case studies of existing projects or pilots happening both regionally and nationally was produced (Appendix 1). Please note that this case study/evidence base report was produced in September 2022, and therefore some information included (such as the conclusion of the Katch pilot) has been superseded by more up to date information within this report.
- 3.3 Many of the projects investigated within this evidence base were, or are, still within pilot phase, with no conclusive results yet on how financially sustainable they have become – although one local pilot has now concluded with some learnings (as detailed in section 5.3) – meaning that the attempts to assess feasibility and risk of delivering something similar have been limited.
- 3.4 This evidence, or lack thereof, as well as conclusions drawn by a cross-party cross-ward member working group, was brought to MSDC cabinet in February 2023, where the decision was made to take a 6 month pause on proceeding with any spending of the funding.
- 3.5 During this pause, officers have continued to liaise with a range of partners and key stakeholders to ascertain how to deliver on the funding within parameters that give any delivery of provision the best chance of success.

4. PROPOSAL FOR NEXT STEPS

OPTION 1 – if the preference/priority is for delivery of an electric bus ‘demand responsive transport’ provision

- 4.1 Commission delivery through an experienced delivery partner, with a tender geared towards an existing local community/rural transport operator to procure vehicles and deliver the service operationally.
- 4.2 In light of all previous research, development and engagement with partners on this topic, it is recommended that any tender should:
- Be geared towards community transport operators or similar organisations
 - Include the need for the operator to procure a minimum of two electric minibus vehicles and the subsequent management of this fleet
 - Defer the decision whether to lease or purchase electric buses to the successful tender applicant/chosen delivery partner – noting that if the choice is made to purchase the buses, they will remain the property of the operator beyond the life of the initial contract/pilot or any MSDC involvement, so long as they remain of benefit to the community/a community asset
 - Instruct that the livery of electric buses include funding acknowledgement to MSDC by way of logos and/or branding
 - Instruct that the operator manages (and recruitment, if necessary) all drivers
 - Include an instruction to undertake some consultation work to ‘test’ the effectiveness and feasibility of any potential routes or models of operation including an assessment of need across a wide range of community demographics and representatives

- Include an instruction to administer bookings for the journeys undertaken by the electric buses, including the provision of both an app and a phone line for passengers wanting to book
- Include an instruction to continue an ongoing dialogue/work with Workmen and The Range who are both working on plans to deliver transport provision for commuters to the emerging Gateway 14 site in Stowmarket, to see if there are any opportunities collaborate in order to enhance (or reduce costs of) the MSDC funded delivery, including but not limited to increasing patronage or the effective usage of vehicles already being procured by them
- Include an instruction that all and any scheduling should reflect dead mileage being limited as much as possible (with the recommendation that a scheduling tool or integrated app is utilised for this)
- Include flexibility so that the project can change and evolve operationally and react to it's success or lack thereof in terms of patronage

OPTION 2 – if the preference/priority is to spread risk around long term sustainability of service provision and offer a variety of potential solutions

- 4.3 Commission further work on a range of sustainable transport interventions.
- 4.4 Given the scale and variety of the issues around rural transport, it is possible that a mixed package of interventions – rather than a single one pilot provision – could be more effective for local people.
- 4.5 Further work would need to be carried out but a mixed package could include: grants for existing community transport operators to allow them to develop further services, subsidise existing local services, or establish community electric car clubs or multi-modal transport hubs.
- 4.6 Investment could be divided up into smaller scale interventions, meaning less funding is at risk – and funding can be diverted to other interventions - if some things work better than others.
- 4.7 Careful monitoring of such interventions with effective KPIs could enable assessment at the end of a set period to establish which of the interventions has been most effective and could form the basis of longer term investment discussions

OPTION 3 – a ‘hybrid’ of options 1 & 2 – a grants scheme to enhance existing rural transport provision with set routes

- 4.8 MSDC would give grants to existing operators to deliver set/specified routes, covering as much of Mid Suffolk as possible, creating a network of rural to urban routes giving the widest possible coverage.
- 4.9 Develop the network with both ‘virtual’ and existing bus stops and a multi-accessible booking facility.
- 4.10 Each separate grant/provision would be allocated to cover a set area of Mid Suffolk, each providing some definitive stops (for example, Eye, Debenham, Stowmarket could be one route circuit) with two buses continually looping around in opposite directions, and demand responsive pre-booked and virtual app pick ups from rural locations within the loop.

- 4.11 The routes chosen to allocate grants to would have a focus on strategic places such as rail stations, colleges, and population bases with high densities of 65+ and young people – for example, Thurston, Elmswell and Woolpit, Stowmarket, Claydon and Barham, Eye, Debenham.
- 4.12 The grants awarded can also be caveated with an instruction to continue an ongoing dialogue/work with Workmen and The Range who are both working on plans to deliver transport provision for commuters to the emerging Gateway 14 site in Stowmarket, to see if there are any opportunities collaborate in order to enhance or support the MSDC grant funded delivery, for example providing a commuter service.
- 4.13 Given the known lead time for electric vehicle procurement (currently up to 24 months), the grants would be given with an instruction to deliver in a greener and most sustainable way as possible – for example utilising HVO or Biofuel to start with and minimising ‘dead mileage’, with the scope to incentivise provision to go electric as soon as able. The grants would also come with an instruction to encourage and enable multi-modal sustainable transport.
- 4.14 Officers developing the grant scheme would work with partners to scope opportunities for the grant scheme, and the delivery resulting from grants awarded, to be further enhanced and to move to low carbon vehicles in the future. This would include making an approach SCC to see if there is scope for BSIP+ funding to support the provision/scheme as it grows. The ambition to move to low carbon vehicles being used for grant funded provision could be supported by holding back some of the ringfenced funding to contribute to a partnership bid to ZEBRA2 funding – please see section 5.11 for further detail.
- 4.15 Officers will need to further develop an idea of costings – to ascertain how much each grant would need for the desired services to be deliverable, and therefore how many grants can be allocated within the ring fenced funding.
- 4.16 If option 3 is approved and feasible, the grant scheme could be up and running by the start of 2024.

5. ASSOCIATED RISKS AND LIMITATIONS ON EVIDENCE TO SUPPORT INVESTMENT AT THIS TIME

- 5.1 Setting up any completely new provision for any area/route, is high risk in terms of whether it may be utilised enough to become financially sustainable.
- 5.2 MSDC officers have sought advice from SCC Passenger Transport regarding the feasibility of transport delivery utilising electric minibuses. SCC have advised MSDC officers, and all of the Suffolk community transport operators, that whilst fully electric minibuses are an ultimate goal for all they would caution anyone investing in electric vehicles to consider a number of vital and related items such as the availability of charging infrastructure, the advertised operating range versus the operating reality of battery life in the EV models currently available on the market, and the likelihood that any vehicle invested in now will be superseded by better options in the near future. This is why option 3 removes risks associated with procuring and using electric buses.
- 5.3 One pilot that has been particularly relevant to monitor in terms of investment in any similar provision has been Suffolk County Council’s “Katch” pilot in operation between Framlingham, Wickham Market, Wickham Market railway station (at Campsea Ash), Snape and Blaxhall. This was a demand responsive transport provision, with users able to book rides via telephone or an app, using two Renault ZE electric minibuses. The pilot ran from May 2021. Following one six month extension of the pilot, designed to establish a truer picture of demand as bus services recovered following the lifting of Covid-19 restrictions, it formally ceased operation on its scheduled end-date of December 23rd

2022. Suffolk County Council had found that passenger numbers had not risen to the point that the service could operate without further funding input, which was not available. SCC also had significant issues with the battery life and range of which impacted the project operationally. A full analysis of the pilot is due to take place within 2023, with lessons learned being used to help develop future rural transport across Suffolk. It may be that this analysis provides valuable information for any new pilots or projects of this nature, but MSDC does not have sight of this report yet.

- 5.4 East Suffolk Council (ESC) have since developed a replacement service, but are using diesel minibuses for this operation in order to mitigate some of the issues faced with the initial Katch pilot, and the logistical/operational complexities and additional costs this brings to any transport provision projects at this time. ESC are also utilising a different app for the new provision, which they have found to be significantly cheaper than other demand responsive transport apps currently available on the market. ESC are happy to share their feedback on this app so they can make a recommendation to MSDC as to whether it is effective or not, but the app has not been in operation for long enough yet for ESC to advise on this.
- 5.5 The situation and opportunities with regards to community transport within Suffolk are currently changing and evolving, and there are several things in development at this time which may change the overall picture of provision, and the feasibility of any new provision.
- 5.6 The existing 'Connecting Communities' contract, facilitated by Suffolk County Council and delivered by local community transport operators, is currently undergoing a re-tendering process. It is possible that this, by way of funding allocations to local community transport operators, brings about improvements in coverage and service for passengers, changing the picture of need requirements for new, additional provision.
- 5.7 Suffolk County Council have been awarded 1.8 million pounds of Bus Service Improvement Plan (BSIP) 'Plus' monies, the spending of which will be determined by the Suffolk Enhanced Partnership for passenger transport. This funding is intended to bring about improvements in provision and coverage for all of Suffolk, so may change the picture of need requirements for new, additional provision.
- 5.8 There is currently an ongoing trial of a taxi-bus service in the west of Mid Suffolk being delivered by Vertas and local Parish Councils. Vertas currently supports SCC school travel contracts serving The Priority School using wheelchair accessible vehicles with eight passenger seats, which are registered as taxis. Having identified that these vehicles are available for other uses between school runs, Vertas developed a proposal to register taxi-bus routes, charging passengers in line with regular bus fares, which could serve bus serving Beyton, Old Norton, Elmswell and Woolpit for outward & returns journeys to Bury St Edmunds market on Wednesdays and Saturdays, as well as access to Elmswell station. The administration of journey bookings is managed by the local parish councils, who have also offered to subsidise any journeys that do not break even on revenue from fares. So far, the pilot has been very successful and has therefore been extended to the end of the year. MSDC is currently engaging with parish councils around the setting up of the same type of provision in the Bacton, Haughley and Old Newton area, providing return journeys into Stowmarket on Thursdays. Both of these trials could provide more lessons in what kind of delivery models work well/are feasible and sustainable, but it is still too early for MSDC to categorically draw these conclusions.
- 5.9 Transport East, who are the [lead Sub-national Transport Body for rural mobility](#), are currently developing a regional "Rural Mobility Centre of Excellence" – which MSDC has supported with by sharing research and information as part of a literature review and a

call for evidence. The work of the Centre of Excellence will progress the 'Energising rural and coastal communities' pathway in Transport East's [Transport Strategy](#), and will identify new opportunities for improving rural transport in the East for development with partners. It could be that, when fully developed, the centre of excellence becomes a useful tool in terms of comprehensive feasibility studies for rural transport provision, which could provide new and better insights that assist in decision making around financial investment than the council currently has.

- 5.10 Currently, a national government scheme (which several Suffolk operators are taking part in) to [cap single bus fares at £2 is in place until the end of October 2023, and then a £2.50 fare cap until November 2024](#). It is hoped that this will increase passenger transport use. However, there are concerns, highlighted by the [Rural Services Network](#), that more rural services may be cut when this scheme, and other associated covid-recovery and cost of living subsidy schemes currently supporting bus service provision, ends. We will not know the impacts of this until November 2024 and beyond, but if the end of such funding does indeed lead to more cuts in services, it may be that Mid Suffolk District Council finds there are other priorities in terms of investing funding in passenger transport.
- 5.11 Very recently, the Department for Transport has announced a second tranche of [zero emission bus funding \(ZEBRA 2\)](#). The district council would not be eligible to apply for this funding themselves, but local transport authorities (i.e. Suffolk County Council) are able to apply. SCC will be completing the expression of interest ahead of the deadline for this on 20th October. The fund only supplies 75% of the difference in cost between a standard diesel and electric/ hydrogen vehicle and 75% of any infrastructure costs, leaving a substantial local contribution requirement. MSDC officers are currently liaising with SCC passenger transport colleagues to scope out whether there are opportunities around this for Mid Suffolk, and it could be that this funding – if secured - paired with a match funding contribution from MSDC could help to turn the fleet being utilised for any existing or emerging new provision (proposed by option 3) electric.

If MSDC were to fund the significant local contribution required for the cost of a standard diesel bus plus the remaining 25% difference in vehicle costs and 25% of infrastructure costs, then it is recommended that approximately £171,000 amount of MSDC funding would be required to match fund two electric 17 seater wheelchair accessible buses and two EV charging points with two charging sockets. Consideration should be given to 'holding back' this amount (or more, if more vehicles are desired, and to allocate some reserve) of the MSDC ringfenced electric bus/rural transport provision funding for this use. Officers cannot offer any certainty or guarantee about this at this time, and ultimately any application, securing and spending of any ZEBRA2 funding would in partnership with SCC.

6. FINANCIAL IMPLICATIONS

All funding invested is at risk – whether that be the full £820,000 currently ringfenced, or a smaller amount if MSDC decides to reduce the amount of funding allocated to a grants programme.

Further development of a grants programme will need to be informed with research into how much funding any community transport operator would need to undertake the routes that are being asked for.

As noted throughout this report, there is no guarantee that any kind of provision will lead to long term and ongoing financial sustainability, and will not require further investment in the future to keep going, as this is dependant on passenger numbers.

7. LEGAL IMPLICATIONS

If option 3 is to be brought forward, MSDC officers will need to seek advice from;

- Procurement – with regards to the thresholds on what can be considered a grant and what would fall within the realms of a tender/procurement process
- Suffolk County Council – with regards to whether any grants scheme/offer of money to local community transport operators would have any impact or need to bear in mind any implications or timelines associated with the tender for/renewal of Connecting Communities contracts.
- Shared Legal Department – with regards to helping to prepare a form of grant agreement

8. RISK MANAGEMENT

Key risks are set out below:

Key Risk	Description	Likelihood 1-4	Impact 1-4	Mitigation Measures	Risk Register and Reference
Issues with vehicle procurement and suitability which then impact on operational delivery and value for money	If any procurement of vehicles is required, this is likely to take significant time due to issues with supply and demand on the market and long lead times	3	3	<p>The grant scheme will be aimed at existing community transport operators, who already have fleets of vehicles. This may reduce the need for any new vehicles to be procured.</p> <p>The grant scheme will not require operators to use electric minibuses. This is because Current EV minibuses on the market do not deliver the amount of battery range promised, and battery life deteriorates quickly. New and improved batteries and models are being released frequently, so models are currently superseded by better investments quite frequently. Instead, the grants will be given with the caveat that delivery must be as 'green' as possible, with scope to re-visit the idea of</p>	Climate Change Risk Register ST01

				electric provision in the future.	
Insufficient funding to deliver the desired routes or length of pilot desired	Until further work on detailed service specification is carried out it is difficult to fully understand costs of delivering the routes the council would like to commit grant funding to	2	3	Work closely with partners and procurement to understand financials	Climate Change Risk Register ST02
Lack of users	Inability to attract sufficient users to make service viable	2	3	Service must be created to be easy to use and book (e.g. provision of an app and phone line) and marketed well before launch and beyond	Climate Change Risk Register ST03
Reputational risk from working with other partner	Different needs from partnership could impact on reputation of the service from the outset	1	3	Priorities and preferred delivery methods must be outlined in the grant scheme application/eligibility process and agreed from outset	Climate Change Risk Register ST04

9. CONSULTATIONS

Some initial informal key stakeholder consultation – with parish councils and local community transport operators - has already been undertaken to gauge the areas currently completely lacking in any passenger transport provision, or with very poor, irregular, or infrequent services.

As project development proceeds, delivery will need to include an element of more in depth community consultation to ascertain whether or not the proposed routes the council wishes to allocate grant funding to are likely to be well used.

10. EQUALITY ANALYSIS

An EQIA screening has been carried out and concluded that a subsequent full EQIA is not deemed necessary. This will be reviewed again when a specific option/delivery plan is agreed.

One key principle of any new provision funded by the council, and a core remit of community transport in general, will be that the provision is accessible and inclusive for all users. This will be ensured by any community transport operator utilising grant funding to deliver routes specified by the council.

11. ENVIRONMENTAL IMPLICATIONS

The project is intended to support a number of MSDC's environmental, climate change mitigation, and carbon reduction management ambitions, particularly with regards to sustainable travel and air quality – by offering an alternative to single occupancy car journeys.

12. BACKGROUND DOCUMENTS

Please find, hyperlinked, the following:

- [The full budget amendment put forwards/agreed to ringfence this funding. \(Page 23\).](#)
- [The previous cabinet report on this topic](#)
- [The minutes and outcome from that cabinet meeting/item](#), with its outcome also noted [here underneath item 89](#)
- [The accompanying evidence base/case study report](#). Please note that this case study/evidence base report was produced in September 2022, and therefore some information included (such as the conclusion of the Katch pilot) has been superseded by more up to date information within this report.