

Report to: West Yorkshire Combined Authority

Date: 10 October 2019

Subject: **Future Bus Options**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Helen Ellerton

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| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | N/A |

1. Purpose of this report

- 1.1. To recommend that the Combined Authority explores options arising from the sale of First West Yorkshire including, but not limited to, potentially participating in the sale.
- 1.2. To recommend that the Combined Authority approves spending of up to £200,000 on legal and consultancy support to assist with the development of options for future bus services in West Yorkshire.
- 1.3. To recommend that the Combined Authority delegates the Managing Director of the Combined Authority, in consultation with the Chair of the Combined Authority, to engage with the process of the sale of First West Yorkshire Ltd referring any significant decisions arising from this to the Combined Authority.

2. Information

Background

- 2.1. On 29 May First Group PLC made an announcement to shareholders that it is “pursuing structural alternatives to separate our First Bus operations from the

Group” as part of a process of re-structuring the company. Deutsche Bahn have also indicated its intentions to dispose of its Arriva business in the UK.

- 2.2. Protecting, developing and improving the bus network for West Yorkshire residents is an overriding key objective of the Combined Authority. The West Yorkshire Bus Strategy 2040 sets out the vision, objectives and bus policies for the Region¹. It sets out the target to grow bus patronage by 25% in the decade up to 2027. A reliable, affordable bus network is essential to enable people to access education and employment opportunities. It is central to our key objectives of driving inclusive growth and tackling the climate emergency.
- 2.3. Journeys on First West Yorkshire buses constitute 70% of all the bus journeys in West Yorkshire, a further 18% are taken on Arriva services. The outcome of the change in ownership of these companies is of major significance to how people get around the region.
- 2.4. It is therefore recommended that the Combined Authority explores options to actively respond to this situation and considers options available to invest to secure the continuity and growth of bus services in West Yorkshire. It is understood that the sale of First West Yorkshire and the other First bus operating companies will be undertaken through an open process. There is therefore a potential opportunity to engage in the process.
- 2.5. In order to develop those options and to identify if and how the Combined Authority might engage in the sale process; technical and legal support is required. This support will assist the Combined Authority in ensuring all options are initially explored. This includes understanding how the statutory provisions set out in the Bus Services Act 2017, and the potential opportunity presented by the sale of First West Yorkshire, could support the Combined Authority’s objectives.
- 2.6. Anticipating the Combined Authority’s need, technical and legal support has been procured, in order to
 - Assess the options available.
 - Understand the legal implications of possible next steps
 - Develop a value for money case for investment in bus operations
 - Undertake market due diligence.
- 2.7. Whilst the brief for this technical support has been developed in response to the particular circumstances of the sale of the bus companies, the work will inform ongoing consideration of how the Combined Authority might influence the provision of the region’s bus services.
- 2.8. It is clear that the Combined Authority should only embark on any model if that furthers the overall bus strategy aims to increase patronage and through that secure the wider goals of inclusivity and carbon reduction. Protecting the bus network for West Yorkshire residents is an overriding key objective.

¹ <https://www.westyorks-ca.gov.uk/improving-transport/bus-strategy/>

- 2.9. On the 5th July the Voluntary Partnership Agreement for the West Yorkshire Bus Alliance was approved for signing by the Transport Committee. The legal agreement contains a number of commitments for the West Yorkshire Combined Authority, West Yorkshire Councils and the West Yorkshire Bus Operators to contribute to delivery of the bus strategy adopted by the Authority in 2017.
- 2.10. The success of the Alliance is an important first step to improving the bus offer for customers. Delivering a successful partnership is an important step to demonstrate that the Combined Authority and the bus operators of West Yorkshire can together deliver a successful bus network.

3. Clean Growth Implications

- 3.1 Maximising the bus network will encourage modal shift towards public transport, reducing the impact of transport on the environment and contributing towards the regional carbon reduction target.

4. Inclusive Growth Implications

- 4.1 The bus is vitally important to ensure accessibility for employment and training opportunities. Protecting the bus network for West Yorkshire residents is an overriding key objective in order to support inclusive growth.

5. Financial Implications

- 5.1 This report is recommending that the Combined Authority approves spending of up to £200,000 in 2019 on technical and legal advice to support the development of bus options. Commitment to any further expenditure would be subject to further approvals and the potential need to do so will be considered as part of business planning and budgeting for 2020/21.

6. Legal Implications

- 6.1 There are no legal implications directly arising from this report. However, any decision on a next step will have a legal implication for the Combined Authority.

7. Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8. External Consultees

- 8.1 No external consultations have been undertaken.

9. Recommendations

- 9.1 That the Combined Authority explores options arising from the sale of First West Yorkshire, including but not limited to potentially participating in the sale.
- 9.2 That the Combined Authority approves spending of up to £200,000 on legal and consultancy support to assist with the development of options for future bus services in West Yorkshire.
- 9.3 That the Combined Authority delegates the Managing Director of the Combined Authority, in consultation with the Chair of the Combined Authority, to engage with the process of the sale of First West Yorkshire Ltd referring any significant decisions arising from this to the Combined Authority.

10. Background Documents

- 10.1 None

11. Appendices

- 11.1 None