

Report to: Transport Committee

Date: 8 November 2019

Subject: **Future Bus Options**

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

Author(s): Dave Pearson, Helen Ellerton

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" 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 advise the Committee of the decision taken by the Combined Authority to explore options arising from the sale of First West Yorkshire including, but not limited to, potentially participating in the sale.
- 1.2. To advise the Committee of the decision taken by the Combined Authority to approve 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 update the Committee on progress with the West Yorkshire Bus Alliance and to advise the Committee of recent Government announcements regarding funding for bus services.

2. Information

Future Bus Options

- 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. At its meeting on 10 October the Combined Authority resolved to explore options to actively respond to this situation and to consider 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. The Combined Authority delegated 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.
- 2.5. 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.

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

- 2.8. On 10 October 2019, the Combined Authority approved 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
- 2.9. 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.

West Yorkshire Bus Alliance

- 2.10. 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.
- 2.11. The Transport Committee has approved the following commitments for the Alliance

Theme	Work Stream	Commitments
Customers at the Heart	Network Legibility	A bus network clearly identifiable to users and non-users
	Ticketing and Retail	Increasing off bus sales
	Ticketing and Affordability	Simple fares structure and fare offers for young people
	Travel Information	Live journey planning information, real time and disruption collaboration
	Customer Service	Consistent customer service offer, improved on board bus customer facilities
	Communication and Engagement	Promotional engagement to encourage behavioural change
Keeping Buses Moving	Highway Infrastructure	Highway Improvement Programme to reduce journey times, congestion relief programme, improved bus waiting infrastructure
	Service Provision	Extended operating hours, Review of the bus network structure, improved network security, better emergency planning, major highway events planning and resilience
A Sustainable Bus Network	Air Quality	Delivery of a low emission bus programme
	Economy of the Bus Network	Better data availability, review of the economy of the bus network

- 2.12. The process of signing the Voluntary Partnership Agreement is underway and work has commenced on the early deliverables set out in the Alliance. These will focus activity on a fare deal for young people, bus driver customer service and ticket acceptance between bus operators.
- 2.13. 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.
- 2.14. It is important that the overall economic and environmental objectives of the Bus Alliance are part of any new bus company owner's commitments and by participating actively in the sale process, the Combined Authority will seek to use its influence to ensure this happens.

Recent Announcements On Bus Issues

- 2.15. On 30 September, the Transport Secretary announced a funding package of more than £200m for bus services for 2020/21. The announcement also stated that the Government will "commit to the UK's first-ever long-term bus strategy and funding settlement, including support for local authorities who want to create London-style franchised services in their areas".
- 2.16. The announcement indicated that the £200m will be spent on projects including: up to £50m to help a local authority and bus operators create an "all-electric bus town or city"; an extra £30m paid directly to Local Transport Authorities to procure socially necessary but commercially unviable bus services; £23m to help Cornwall County Council develop a pilot to cut bus fares; £20m for new bus express lanes in the West Midlands to help make bus services more reliable; £20m to trial on-demand services in rural and suburban areas.
- 2.17. At the time of writing, no details are available about the respective funding schemes. If the funding is to be available for 2020/21, it may be necessary for the Managing Director to submit bids into any process in consultation with the Chair of the Transport Committee.

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 The Combined Authority has approved 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.
- 5.2 It is anticipated that the Combined Authority will receive a share of the extra £30m paid directly to Local Transport Authorities to provide socially necessary bus services in 2020/21. The deployment of this funding will be considered as part of business planning and budgeting process.

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 Transport Committee be updated on the development of options for future bus services in West Yorkshire including those which might emerge from the sale of First West Yorkshire Ltd.
- 9.2 That the Transport Committee notes the recent Government announcements on funding for bus services and that a further update is provided to the next meeting.
- 9.3 That, should it be necessary, the Managing Director be delegated to apply for the additional Government funding in consultation with the Chair of the Transport Committee.

10. Background Documents

- 10.1 None

11. Appendices

- 11.1 None