

**Report to:** Transport Committee

**Date:** 10<sup>th</sup> January 2020

**Subject:** **Bus Services Act Update**

**Director:** Dave Pearson, Director, Transport Services

**Author(s):** 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 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:	

## 1. Purpose of this report

- 1.1. To endorse the West Yorkshire Combined Authority response to the Greater Manchester Consultation, *Doing Bus Differently*.
- 1.2. This report will also provide an update on developments with delivering the Bus Services Act in West Yorkshire.

## 2. Information

### Greater Manchester *Doing Bus Differently* Consultation Response

- 2.1. On the 30 June 2017, Greater Manchester Combined Authority set out to prepare an assessment of a proposed franchising scheme. Transport for Greater Manchester have consulted on the proposed scheme to franchise the bus operations across Greater Manchester, taking a phased approach across three sub-areas.
- 2.2. In summary, the scheme proposes that Greater Manchester Combined Authority would own the depots whilst the provision of buses would remain a franchisee's responsibility. Franchising would see services and frequencies determined by Greater Manchester Combined Authority and operated under local service contracts awarded to bus operators by Transport for Greater Manchester, on behalf of Greater Manchester Combined Authority.

- 2.3. Circumstances allowing, the first franchise contracts would be awarded in April 2021, with the operation of franchised services commencing in January 2022.
- 2.4. The West Yorkshire Combined Authority was invited to respond to the consultation, which closed on the 8th January 2020. Appendix 1 contains the Combined Authority's response to the Consultation.
- 2.5. Protecting, developing and improving the bus network for West Yorkshire residents is an overriding key objective of the Combined Authority. The bus is the biggest public transport mover of people in West Yorkshire and has a critical role in our transport network: it is essential for providing access to jobs and training.
- 2.6. The West Yorkshire Bus Strategy 2040 sets out the vision, objectives and bus policies for the Region<sup>1</sup>. 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.
- 2.7. Therefore, the Combined Authority is keen to make sure the proposed scheme in Greater Manchester does not materially impact on the provision of services in West Yorkshire, particularly on services that are cross boundary.
- 2.8. The response to the Consultation seeks to ensure that:
  - cross boundary services are maintained and others are not prevented from being established
  - a collaborative approach to marketing and cross boundary ticketing is created
  - a clear plan to mitigate and manage disruption to customers is developed
  - data is shared to ensure that the impact of franchising on cross boundary movements is monitored

#### Update on the Sale of First and Arriva

- 2.9. 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.
- 2.10. Protecting, developing and improving the bus network for West Yorkshire residents is a key objective. At its meeting on 10 October 2019, the Combined Authority resolved to explore options arising from the sale of First West Yorkshire Ltd and to commission legal and technical advice in this regard.
- 2.11. On 16 December 2019, First plc announced a change in its disposal strategy for its companies in North America and that, for First Bus, it had commenced a "comprehensive efficiency programme .... prior to any launch of a formal sale process". It is therefore anticipated that a sale would take place after the close of the current financial year.

---

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

2.12. Earlier in 2019, Deutsche Bahn indicated its intentions to dispose of its Arriva business in the UK by means of a private sale. However, on 6 December, DB announced its plans to float shares in the company over a three year period starting in May 2020.

### Active Participation in the Sale of First Bus

2.13. Anticipating the Combined Authority's need, technical and legal support has been commissioned, 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.

2.14. 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 has considered how the Combined Authority might influence the provision of the region's bus services.

2.15. West Yorkshire Combined Authority remains committed to the on-going partnership work with bus operators for the benefit of West Yorkshire communities. This partnership helps to ensure communities get the best from the net £70m of public funding that goes into buses in West Yorkshire each year.

2.16. Alongside this, it will be important to learn from the experiences of Greater Manchester in developing bus franchising and the emerging position in Merseyside. In actively looking at options to acquire elements of local bus operations, consideration will also be given to how other publicly funded transport such as that provided in the health and social care sectors might be integrated.

2.17. 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 being the overriding objective.

2.18. Bus franchising will feature in the context of continued conversations regarding a devolution deal for this region. The lessons learnt from Greater Manchester and Merseyside and the outcomes of the work commissioned to inform the options to take in the sale of First, will assist the Combined Authority as it develops the best approach to secure bus services for the region.

## **3. Clean Growth Implications**

3.1 The report identifies the work currently ongoing to develop the bus network in West Yorkshire. Improving the bus offer to customers will increase bus

patronage, encouraging modal shift to clean public transport and thereby reducing carbon emissions by reducing car use.

#### **4. Financial Implications**

- 4.1 At its meeting on 10 October 2019, the Combined Authority approved expenditure of up to £200,000 on technical advice to inform the Authority's options in response the current situation. Further funding will be required to progress on any acquisition or franchise options.

#### **5. Legal Implications**

- 5.1 There are no legal implications directly arising from this report.

#### **6. Staffing Implications**

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

#### **7. External Consultees**

- 7.1. No external consultees have been included.

#### **8. Recommendations**

- 8.1 That the Committee notes the updates provided in this report
- 8.2 That the Committee endorses the response to the Greater Manchester consultation *Doing Buses Differently*.

#### **9. Background Documents**

- 9.1 <https://www.gmconsult.org/strategy-team/gmbusconsultation/>

#### **10. Appendices**

- 10.1 Appendix 1 –Greater Manchester *Doing Buses Differently* Consultation Response