

Report to: West Yorkshire Combined Authority

Date: 24 June 2021

Subject: **Bus Reform Next Steps**

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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input 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:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1. The Mayor has pledged to “*bring buses back into public control, introduce simpler fares, contactless ticketing and greener buses*” This report sets out the next steps towards delivering this pledge.
- 1.2. Government has published its National Bus Strategy and has established a timescale and process for Local Transport Authorities including the Combined Authority to take advantage of the £3bn funding made available for bus. This requires the Combined Authority to make a decision to utilise powers under the Bus Services Act by 1 July 2021.
- 1.3. This report recommends initiating the process to start an assessment of how a franchising scheme would deliver long term change. This will be undertaken alongside a formal Enhanced Partnership with bus operators as a means of enabling public direction of bus provision from April 2022 in line with Government timescales. The Combined Authority is therefore recommended to publish the required notices for both processes.
- 1.4. Government also requires all Local Transport Authorities to prepare and submit a Bus Service Improvement Plan jointly with bus operators by the end of October as a process of bidding for funding. This report sets out the vision

and objectives of the Bus Service Improvement Plan and the process for its approval.

- 1.5. Bus services have been supported through Covid by a combination of local authority and Government funding. This report updates members on the current position and next steps.

2. Information

National Bus Strategy

- 2.1. The national bus strategy, Bus Back Better, was published by the Government on Monday 15 March. It sets out a key role for the bus, outlines the future of bus funding and the commitments needed from Local Transport Authorities and bus operators. The strategy can be accessed here: [Bus back better - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/bus-back-better).
- 2.2. There is a close alignment between the Government's strategy and the twenty-year West Yorkshire Bus Strategy which the Combined Authority adopted in 2017. The Government strategy has an emphasis on a number of key themes including more frequent, faster and reliable bus services, with the delivery of bus priority being cited as a key part to achieving this.
- 2.3. The strategy also places emphasis on lower, flat fares and setting the price of multi-operator tickets to be competitive 'at a price little if at all higher than single-operator tickets'.
- 2.4. The strategy seeks to strengthen the role of Local Transport Authorities (LTAs) through devolution of funding. £3bn for bus was first announced by the Government in February 2020 and confirmed in the National Bus Strategy. Government has set very specific requirements and timescales for accessing this funding as follows:

As stated in the Strategy, by the end of June 2021, to be eligible for continued access to COVID-19 Bus Services Support Grant (CBSSG) every LTA must have: Published a statutory notice that they intend to prepare an EP Plan and Scheme1 ; and/or

Mayoral Combined Authorities (MCAs), may publish a statutory notice that they intend to prepare a franchising assessment. Non-MCAs can apply for franchising powers from the Secretary of State. All franchising powers requests will be subject to the requirements in para 8 above.

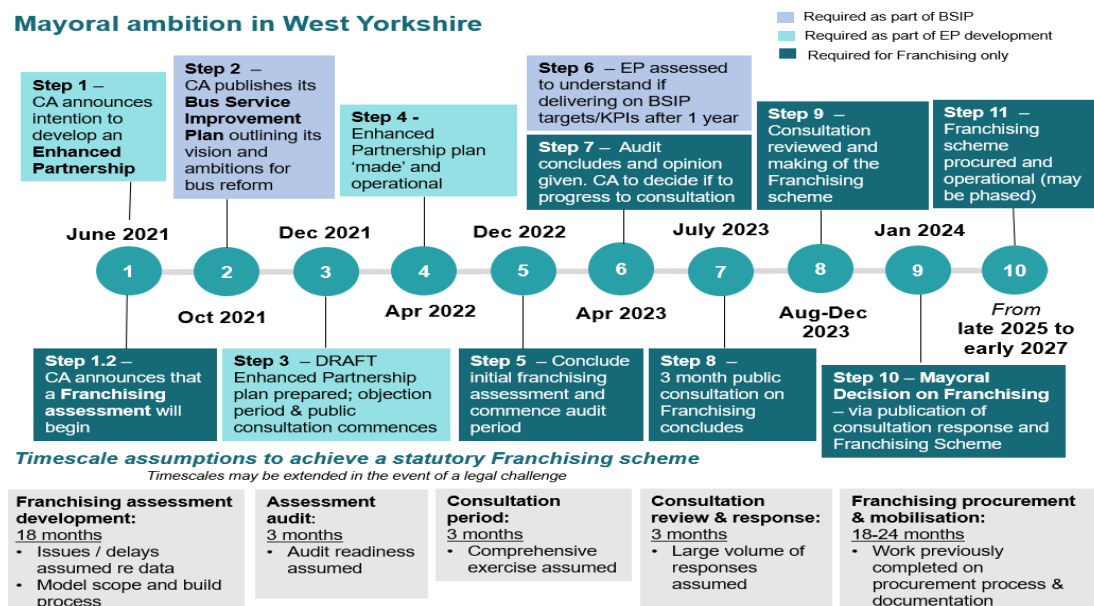
The Strategy sets a clear blueprint for improving bus services and it will be for LTAs to decide whether it is best achieved via an EP or preparing a franchising assessment and publishing a statutory notice to that effect.

- 2.5. The Combined Authority has obtained legal advice and has confirmed with Department for Transport officials that it can trigger both the Enhanced Partnership and Franchising processes and meet the requirements for continued access to funding.

A Process for Bus Reform

- 2.6. Since becoming a Mayoral Combined Authority earlier this year, the Combined Authority now has mayoral powers to make a bus franchising scheme. To do so, the Combined Authority would need to prepare and publish an Assessment of the need for a Franchising Scheme (essentially a business plan), subject the Assessment to independent audit and instigate a public consultation. This process will take around two years to arrive at a decision point on franchising with procurement and implementation to follow. Based on experiences of other Local Transport Authorities it is likely to cost the Combined Authority £5m to £7m to reach a point where a formal decision can be taken to make a Franchising scheme.
- 2.7. To initiate this process, the Combined Authority is recommended to serve a Notice to Prepare An Assessment of the need for a Franchising Scheme (Appendix 1).
- 2.8. The National Bus Strategy sets out that for Local Transport Authorities to access funding from April 2022 there is a requirement to be in an Enhanced Partnership by the end of March 2022. The Notice of Intent must be agreed with bus operators and submitted to the Department for Transport by 1 July 2021. To meet these timescales a Notice of Intent for an Enhanced Partnership is included with this report in Appendix 2. The Combined Authority is recommended to approve the publication of the notice.
- 2.9. By publishing the notice to Prepare an Assessment of the need for a Franchising Scheme, the Combined Authority is setting out a “roadmap” to bringing buses back into public control. The process of franchising and a draft timescale to deliver the Mayoral manifesto pledge is set out in Figure 1. Figure 1 the time needed to meet the requirements of the legislative process.

Figure 1: Proposed Timescale for Enhanced Partnership and an Assessment for a Bus Franchising scheme



- 2.10. In parallel the recommendation to approve the notice of intent to develop an Enhanced Partnership will deliver benefits to passengers in the short term.
- 2.11. The Enhanced Partnership will set clear targets and standards to ensure it furthers the overall bus strategy aims increasing patronage and through that securing the wider goals of inclusivity and carbon reduction. As the assessment for Franchising will be developed alongside the Enhanced Partnership then if the Enhanced Partnership does not achieve its aims, then this would provide evidence to support a decision to progress with a Franchising Scheme. It is expected that the Enhanced Partnership will be included as part of the assessment for a bus franchising scheme.
- 2.12. The notice to progress an assessment of a bus franchising scheme is included with this report in Appendix 1. The Combined Authority is recommended to approve the publication of the notice.

Bus Service Improvement Plan

- 2.13. The Government requires all Local Transport Authorities to submit a Bus Service Improvement Plan (BSIP) by the end of October 2021. It is intended to arrange a workshop for Transport Committee members to shape the Plan over the summer period ahead of a process to finalise the Plan in the Autumn. The Bus Service Improvement Plan will be presented for approval at its meeting in October.
- 2.14. The Bus Service Improvement Plan will set the ambition and aspiration of the Combined Authority for bus services in West Yorkshire and their customers; irrespective of the regulatory framework used to deliver it.
- 2.15. The Bus Service Improvement Plan will build on the West Yorkshire Bus Strategy adopted by the Combined Authority in 2017. The vision for the Bus Strategy sets out:
To create a modern, integrated and innovative bus system, which puts customers first and contributes to the delivery of the economic, environmental and quality of life ambitions as set out in the Strategic Economic Plan and the West Yorkshire Transport Strategy.
- 2.16. To deliver the Bus Strategy vision, the Bus Service Improvement Plan seeks to:
- Contribute to improved economic productivity in West Yorkshire.
 - Provide cleaner, greener buses supporting sustainable travel and contributing to the environmental targets of West Yorkshire.
 - Support inclusive growth and social well-being ambitions of West Yorkshire.
- 2.17. To achieve this, the Bus Service Improvement Plan requires a set of objectives for delivery. It is proposed the objectives are as:
- Establish bus as a key mode of choice for travel in West Yorkshire.
 - Establish a financially sustainable bus service.

- Improve operational delivery to provide the passenger with a service they can feel confident in using.
 - Improve connectivity for communities facing deprivation, inequality, and exclusion.
 - Ensure the bus service is integrated to deliver sustainable connectivity
- 2.18. It is recommended that the Combined Authority approves this vision and objectives for the Bus Service Improvement Plan enabling its development in line with Department for Transport guidance. The Bus Service Improvement Plan will provide the core content of an Enhanced Partnership Plan which will be developed with bus operators setting out how the Bus Service Improvement Plan will be delivered from April 2022.

Bus Funding

- 2.19. Since April 2020, Government has issued emergency funding to bus operators and Local Transport Authorities, the Coronavirus Bus Services Support Grant (CBSSG), and continued to pay Bus Services Operators Grant (BSOG) at pre pandemic rates. It requested that Local Transport Authorities (LTAs) continue to make concessionary fare and tendered service payments to operators at pre pandemic rates. As previously reported, the Combined Authority has paid operators based on 2019 concessionary fare patronage and will continue to do so until the end of the emergency CBSSG funding.
- 2.20. The Government emergency CBSSG funding is being provided under a rolling 8-week notice period. At the time of writing, this notice had not been given and is expected by the end of June and will end in September. A Government announcement to this effect is awaited in late June.
- 2.21. The Government has said that further funding will be available to support the recovery of bus fare revenues for September 2021 until March 2022. Whilst details of the value and mechanism of this funding are awaited, it is anticipated that Government will ask LTAs to continue to make concessionary fare payments at pre pandemic rates. If the accumulated value of this funding is insufficient or if revenues do not recover at the rate anticipated, then there exists a risk that bus operators may reduce or withdraw services.
- 2.22. It is uncertain whether Government will devolve the deployment of the September until March funding direct to LTAs or will require that LTAs must agree to bus operator claims to Government. In either case, it is appropriate for the Combined Authority to establish the principles under which this funding would be deployed. The following principles are recommended:
- To maintain connectivity to communities currently served by buses
 - To maintain the integrity of the current bus network for the remainder of 2021/22 in advance of reviewing it from April 2022 under the Enhanced Partnership

- 2.23. In the event that Government devolve funding for deployment by the Combined Authority, a further report will be presented to the July meeting of the Combined Authority setting out the assurance process for utilising this short term emergency funding.

3. Tackling the Climate Emergency Implications

- 3.1. Ensuring that the bus network continues to provide access to employment, training and leisure opportunities across West Yorkshire will ensure sustainable travel and mode shift to public transport can happen.

4. Inclusive Growth Implications

- 4.1. It is important that the bus network continues to provide access to employment and training opportunities across West Yorkshire.

5. Equality and Diversity Implications

- 5.1. It is important that the bus network continues to provide access to communities across West Yorkshire, particularly areas listed as high in the Indices of Multiple Deprivation Index.

6. Financial Implications

- 6.1. There are no immediate financial implications arising from the publication of the notice of intent for the Enhanced Partnership and the Notice of Intent to Progress an Assessment for a Bus Franchising Scheme. The resource and financial implications of establishing each will be presented to the Combined Authority at a future meeting to inform a decision on the next steps.
- 6.2. Government has set aside £25 million for LTAs to assist with the costs of adopting the Bus Services Act provisions with an initial payment of £100k to each Local Transport Authority which has now been received by the Combined Authority. This funding will support the legal and technical work necessary to develop the Bus Service Improvement Plan, which will seek to draw down further on the £25m.
- 6.3. Whilst the Combined Authority is paying for concessionary journeys that are not being made, the spend has remained within the budget set aside for this purpose.
- 6.4. Similarly, spend on supported bus services remains within budget however, if recovery funding arrangements are insufficient leading to the risk of service withdrawal, the Combined Authority may need to spend more to maintain community connectivity whilst fare income recovers from the effects of the pandemic.

7. Legal Implications

- 7.1. Approval of the Notice of Intent to develop an Enhanced Partnership will commit the Combined Authority to being in an Enhanced Partnership with bus operators by March 2022.
- 7.2. Whilst the approval of the submission of a notice to progress with an assessment for bus franchising has no legal implications in the short term, but there will be a requirement for legal support in the preparation of the Enhanced Partnership and the assessment for bus franchising.

8. Staffing Implications

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

9. External Consultees

- 9.1. This report has been prepared in consultation with bus operators and local Council officers.

10. Recommendations

- 10.1. That the Combined Authority and the Mayor approve the publication of the Notice To Prepare An Assessment of the Need for a Franchising Scheme.
- 10.2. That the Combined Authority approves the publication of the Notice of Intent for the Enhanced Partnership
- 10.3. That the Combined Authority notes the Government's publication of the National Bus Strategy, the requirement for the Bus Service Improvement Plan and endorses the vision and objectives for the Plan as set out in this report.
- 10.4. That the Combined Authority endorses the approach to the deployment of emergency funding for bus services for the remainder of 2021/22 as set out in this report pending further guidance from Government.

11. Background Documents

- 11.1. The National Bus Strategy can be accessed here: [Bus back better - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/bus-back-better).
- 11.2. Bus Service Improvement Plan guidance can be accessed here: [Bus service improvement plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/bus-service-improvement-plan)
- 11.3. The West Yorkshire Bus Strategy can be accessed here: [Bus strategy - Combined Authority | Unlocking potential, accelerating growth \(westyorks-ca.gov.uk\)](https://www.westyorks-ca.gov.uk/bus-strategy)

12. Appendices

Appendix 1 – Notice of Intent to progress an Assessment of a Bus Franchising

Appendix 2 – Notice of Intent for an Enhanced Partnership