

Report to: West Yorkshire Combined Authority

Date: 28 September 2023

Subject: **Bus Reform**

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	Paragraph 3
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1. The purpose of this paper is for the Combined Authority to note:
- final approval of the Bus Reform Assessment, as provided to the independent auditor
 - the provision of the external Audit Report by the auditor.
- 1.2. Further, the Combined Authority will consider and decide whether to:
- proceed with the proposed bus franchising scheme, by taking the following next steps in the statutory process by:
 - giving notice of the proposed bus franchising scheme, and to make copies of the proposed bus franchising scheme, consultation document, Bus Reform Assessment and Audit Report available for inspection.
 - consulting with all statutory consultees as listed under section 123E(4) of the Transport Act 2000, as well as the general public.

2. Information

Background context

- 2.1. Buses are the most widely used form of public transport in West Yorkshire and therefore provide a vital public service which is integral to the West Yorkshire Combined Authority's economic, social and environmental ambitions for the region. However, the current commercially led system faces many challenges, including variable customer satisfaction levels, declining patronage (over the long-term and

accelerated by the impacts of the Covid 19 pandemic) and a financial system increasingly dependent on public funding support to maintain current service levels.

- 2.2. The Combined Authority has worked with operators via the West Yorkshire Bus Alliance to address these challenges and deliver improvements for passengers, however it recognises changes need to go further and faster. In response to the Government's National Bus Strategy for England, the Authority set out its vision for a better bus system in its [Bus Service Improvement Plan](#) (BSIP), published in 2021. In line with line with Mayor Brabin's pledge to 'Bring buses back under public control, introduce simpler fares, contactless ticketing and greener buses', the BSIP was focussed on the outcomes for passengers and acknowledged the Authority would explore different models for delivery – including Franchising and an Enhanced Partnership (which was established in April 2022). Any new model of delivery should explore ideas for innovation in the delivery of local bus services, and how these could be harnessed for wider economic and social benefits of West Yorkshire.
- 2.3. A Notice of Intent to conduct an assessment of a Franchising scheme was issued by the Combined Authority in June 2021 in accordance with 123C of the Transport Services Act 2000, as amended by the Bus Services Act 2017 (the 'Act'), which sets out the statutory process authorities must follow. Furthermore, an internal Bus Reform programme was established to manage this process following indicative approval of an £7m budget by the Finance, Resources and Corporate Committee in [January 2022](#). The programme has since been completing an assessment in line with 123B of the Act.
- 2.4. In March 2023, the Combined Authority [approved securing](#) the conditional availability and preliminary briefing of a suitably qualified independent audit organisation ("Auditor") so that after having prepared the assessment and should the Combined Authority wish to proceed, the Auditor may then be instructed to prepare a report in accordance with section 123D of the Act.
- 2.5. In May 2023, following a [report](#) and the provision of a draft version of the Assessment, the Combined Authority noted the Assessment's draft conclusions and recommendation including that:
 - According to the assessment across all options including the reference case, the public sector will be increasingly relied on to support the bus sector over time – Franchising is identified as providing the greatest levels of control and direct influence to manage these risks.
 - The assessment concludes 'that Franchising is the preferred option for the Combined Authority to progress with subject to both the audit and the outcome of the statutory consultation, which will inform a report and recommendation to the Mayor'.
- 2.6. The Combined Authority also indicatively approved the Assessment for audit and delegated finalisation of the Assessment to the Chief Executive.

Updates and finalisation of the assessment

- 2.7. Since indicative approval of the Assessment in May, updates have been made, arising directly from:

- Ongoing discussions with local bus operators about what could be achieved under EP+
- Clarifications provided by the Auditor on review of the draft assessment.

2.8. The following sections summarise the activity that has taken place.

Operator discussions on EP+

- 2.9. As part of the development of the Assessment, the Combined Authority has engaged with operators to understand what else would be achievable under the Enhanced Partnership (EP) governance model, above and beyond what has already been agreed as part of the existing Plan and Schemes.
- 2.10. To this end, an 'Enhanced Partnership Plus' (EP+) has been included as an option with this assessment, as an alternative to the existing Enhanced Partnership (reference case) and Franchising.
- 2.11. In August, the Combined Authority received a final EP+ proposal from West Yorkshire bus operators, alongside Letters of Support. This is included as exempt appendix 3 to this report.
- 2.12. The Combined Authority has therefore updated the Assessment to incorporate commitments and aspirations set out by operators within their proposal, subject to the bounds of the methodology used within the Assessment including for the financial and economic modelling.
- 2.13. The Assessment makes clear that the EP+ offers significant improvements and advantages beyond the existing EP. However it also acknowledges that delivering it remains subject to further and ongoing operator agreement and establishment of delivery mechanisms. Furthermore, the EP+ as modelled does not negate against the increasing public sector funding needed to support the sector over time, a challenge which applies to all reform options.

Clarifications from the Auditor

- 2.14. Furthermore, following provision of the draft assessment to the auditors (Grant Thorntons) in July, a range of clarification questions were raised, some of which informed further updates to the assessment.
- 2.15. These updates have been documented in the audit process, and have been further reviewed by the auditors in production of their Audit Report. The full outcome of the Audit is explained more below.

Final conclusions of the Assessment

- 2.16. Following the updates to the Assessment summarised above, the Assessment has been finalised in line with previous delegations and has been provided to Combined Authority members as an exempt appendix to this report.
- 2.17. The Assessment's conclusion remains the same that Franchising is the preferred option for the Combined Authority to progress with subject to the outcome of the statutory consultation, which will inform a report and recommendation to the Mayor.

Outcome of the Audit of the Assessment

- 2.18. As outlined in para 2.4 the Combined Authority has engaged with an Independent Auditor, Grant Thornton, who have been instructed to prepare a report in accordance with section 123D of the Act.
- 2.19. To be in compliance with the Act, it is required that they provide a statement on whether in the opinion of the Auditor:
- the information relied on by the Authority in considering the matters referred to in section 123B(3)(d) or (e) of the Act is of sufficient quality;
 - the analysis of that information in the Assessment is of sufficient quality; and
 - the Authority had due regard to guidance issued under section 123B in preparing the Assessment.
- 2.20. An Auditor's Report on the Assessment has therefore been produced by Grant Thornton, in accordance with Section 123D of the Act. This is included as exempt Appendix 2.1 to this report.
- 2.21. The report concludes that, in Grant Thornton's opinion, in all material respects:
- the information relied on by WYCA in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality
 - the analysis of that information in the Assessment is of sufficient quality
 - WYCA had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.
- 2.22. In addition to the auditors unqualified opinion, they have also provided the Combined Authority with a number of observations that are set out in exempt Appendix 2.2. We have reviewed the observations and the impact on the assessment and the response of the Combined Authority to those is set out in exempt Appendix 2.3. Whilst the observations are welcomed and recognised, the Combined Authority is satisfied that those observations, individually or together, do not contain any grounds to not proceed to consultation.

Consultation proposal

- 2.23. Section 123E of the sets out that after obtaining an auditor's report, should the Combined Authority wish to proceed with the proposed Franchising scheme, it must:
- a) publish a consultation document relating to the proposed scheme (see section 123F),
 - b) publish the assessment of the proposed scheme,
 - c) publish the auditor's report on that assessment, and
 - d) give notice of the proposed scheme in such manner as the authority or authorities consider appropriate for bringing it to the attention of persons in the area to which it relates.
- 2.24. In order to prepare for a possible consultation, work has been undertaken by the Combined Authority to develop the required materials and approach that could be taken. These materials would include the final assessment of the scheme (provided as an exempt appendix to this report), presenting the EP+ and Franchising options for Bus Reform. Should the Combined Authority decide to proceed with the above, it is

proposed to launch the Consultation on Tuesday 10th October 2023. This would run for 13 weeks up until to Tuesday 9th January 2024.

- 2.25. The Combined Authority has identified a number of organisations it must consult with in line with section 123E(4) of the Act. These are:
- All local bus operators
 - Regional district councils (Bradford, Calderdale, Kirklees, Leeds, Wakefield)
 - Neighbouring transport authorities (North Yorkshire, TfGM, East Riding, Lancashire, South Yorkshire).
 - Yorkshire Dales and Peak District Park Authorities.
 - Trade Unions (RMT, Unite, Unison).
 - The Traffic Commissioner
 - The Chief of Police for West Yorkshire
 - The Competition and Markets Authority
 - Transport Focus
 - Bus Users UK
 - Local bus users groups – including Action for Yorkshire Transport, Better Buses for West Yorkshire, Campaign for Better Transport, Friends of Dales Bus.
 - West and North Yorkshire Chamber of Commerce
- 2.26. Furthermore, it is proposed that the Combined Authority would seek to consult widely with the general public, including regular, infrequent and non-bus users. It would do this via:
- Consultation brochure, with corresponding long and short surveys
 - 24 bus station 'drop in' information events at locations region-wide.
 - 10 'drop in' information events at non-transport locations.
 - 5 public information events
 - 10 drop in events for seldom heard groups
 - 5 qualitative focus groups
 - 5 town hall Q&A briefing sessions.
 - Over 5 focus groups with community and interest groups.
 - PR, media and digital promotional campaigns.
- 2.27. The Combined Authority would seek to ensure the Consultation is inclusive and engages a diverse range of West Yorkshire residents.
- 2.28. Should the Combined Authority wish to proceed to consultation, the Combined Authority is asked to delegate finalisation of the Consultation brochure and other material, ready for publication at consultation launch, to the Executive Director for Transport, in consultation with the Mayor and the Chair of the Transport Committee.

Next steps on the Assessment

- 2.29. Subject to a decision by the Combined Authority to proceed, following consultation, responses would be analysed and a report prepared which, in accordance with section 123G of the Act, must set the authority's:
- response to the consultation
 - decision on whether to make a franchising scheme covering the whole or any part of their area or combined area.

- 2.30. As a Mayoral Combined Authority, the power to make a final decision on whether to make a franchising schemes sits with the Mayor of West Yorkshire. This decision is currently programmed for March 2024.

3. Tackling the Climate Emergency Implications

A key aim of bus reform is to support decarbonisation of the local bus network and provide improved sustainable travel options for the region, to support West Yorkshire's response to the Climate Emergency.

4. Inclusive Growth Implications

A key aim of bus reform is to ensure the local bus network better supports the Combined Authority's inclusive growth ambitions, including by ensuring better bus connectivity in areas of economic deprivation to major employment sites.

5. Equality and Diversity Implications

- 5.1. A key aim of bus reform is to enable the local bus system to better support Equality, Diversity and Inclusion across the region, including that it is safe and accessible for all and adapted to suit individual different needs.
- 5.2. An Equality Impact Assessment (EqIA) has been undertaken on the Bus Franchising Needs Assessment scheme as part of business case development. This will be kept under review as the assessment work is further developed. The current draft of the Equality Impact Assessment is included as appendix 4 to this report.

6. Financial Implications

- 6.1. There a no financial implications directly arising from this report.

7. Legal Implications

There are no legal implications directly arising from this report. External legal support has been procured to assist in the preparation of the assessment for bus franchising and will continue to input to the development of the programme.

8. Staffing Implications

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

9. External Consultees

- 9.1. No external consultations have been undertaken.

10. Recommendations

- 10.1. This paper recommends that the Combined Authority notes:
 - I. final approval of the Bus Reform Assessment which was then provided to the independent auditor for a report to obtained of the Bus Reform Assessment,
 - II. the provision of the external Audit Report, and determination to proceed with the proposed bus franchising scheme,

- 10.2. This paper recommends that the Combined Authority determines, in accordance with the Act:
- III. to give notice of the proposed bus franchising scheme, and to make copies of the proposed bus franchising scheme, consultation document, Bus Reform Assessment and Audit Report available for inspection.
 - IV. to consult all statutory consultees as listed in section 123E(4) of the Act, and set out in this report, as well as the general public more broadly.
- 10.3. This paper recommends that the Combined Authority approves:
- V. for publication the Bus Reform Assessment, the Audit Report and a consultation document relating to the bus franchising scheme (with finalisation of this delegated to the Executive Director of Transport).

11. **Background Documents**

DfT franchising scheme guidance
The West Yorkshire Bus Service Improvement Plan

12. **Appendices**

Appendix 1 - The Bus Reform Assessment (EXEMPT)
Appendix 2.1 – Report of the Independent Auditor (EXEMPT)
Appendix 2.2 – Observations of the Independent Auditor (EXEMPT)
Appendix 2.3 – Combined Authority response to the Observations of the Independent Auditor (EXEMPT)
Appendix 3 - EP+ proposals and letters of commitment from operators (EXEMPT)
Appendix 4 – Equality Impact Assessment