

# CABINET



Report subject	<b>Bus Operator Enhanced Partnership (National Bus Strategy)</b>
Meeting date	1 September 2021
Status	Public Report
Executive summary	<p>Cabinet is asked to note that the Service Director for Transport and Engineering has used delegated authority to indicate to the Department for Transport (DfT) that the Council intends to enter into a statutory Enhanced Partnership (EP) with the local bus service operators from 1 April 2022. Local Transport Authorities and bus operators were asked to commit to forming an EP by 30 June 2021 with the EP being operational from 1 April 2022.</p> <p>This report also seeks Cabinet approval to formally enter into the EP with the BCP local bus service operators under the Bus Services Act 2017 and in line with the National Bus Strategy for England.</p> <p>Failure to form an EP will result in no new sources of bus funding from the government's £3bn budget and cessation of the COVID-19 Bus Service Support Grant (CBSSG).</p> <p>Robust and ambitious Bus Service Improvement Plans are required by 31 October 2021 setting out a roadmap to better services for passengers and communities, fully informed by local needs.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"><li><b>(a) Cabinet supports the formation of an Enhanced Partnership with the bus operators as a replacement to the existing voluntary Quality Bus Partnership.</b></li><li><b>(b) Cabinet delegates authority to the Service Director for Transport and Engineering in consultation with the Portfolio Holder for Transport and Sustainability to negotiate, seek stakeholder views and then publish a Bus Service Improvement Plan (BSIP) on behalf of the Council by the end of October 2021 in line with the requirements of the National Bus Strategy for England.</b></li></ul>

Reason for recommendations	<p>The recently published National Bus Strategy for England sets out an ambition for every local transport authority and bus operator in England to be in a statutory Enhanced Partnership or a franchising arrangement (entering into an EP does not preclude franchising in the future, however, achieving franchising is lengthy and complex with significant financial risk).</p> <p>Improving bus services to attract more passengers is a joint aim of the bus operators and the Local Transport Authority (LTA).</p> <p>An Enhanced Partnership will build on the good work undertaken through the voluntary Quality Bus Partnership over the last two decades.</p> <p>Not entering into an Enhanced Partnership will result in a significant financial funding loss for the council and for the bus operators.</p>
Portfolio Holder(s):	Councillor Mike Greene, Cabinet Member for Transport and Sustainability
Corporate Director	Kate Ryan, Chief Operations Officer
Report Authors	<p>John McVey, Sustainable Transport Policy Manager</p> <p>Richard Pincroft, Head of Transportation including Sustainable Travel</p>
Wards	Council-wide
Classification	For Decision

## Background

1. The local bus service industry has been deregulated (outside London) for 35 years and as a result the bus operators have largely determined the bus network. Bus operators have been free to operate routes wherever and whenever they consider there is a commercial case. They provide the vehicles, drivers and some of the infrastructure. Bus shelters, raised bus stop kerbs and bus priority measures are provided and funded by the LTA. Bus information (including Real Time), publicity and data provision are provided jointly.
2. The LTA has the power to provide non-commercial bus services considered 'socially necessary' and currently does so through its bus subsidy budget. These predominately operate in the evenings, on Sundays and away from the main routes outside the peak hours.
3. The Council, as the Travel Concession Authority, has the statutory duty to reimburse bus operators for journeys undertaken through the English National Concessionary Travel Scheme. This is a subsidy to the passenger and not the bus operators. The intention is for the bus operators to be no better or worse off as a result of the concessionary travel scheme. This means that they are compensated for the loss of revenue sustained from passengers who would otherwise be paying the full fare and

for their costs associated with carrying the additional passengers generated by the scheme including extra buses where required.

4. BCP Council and its predecessor Local Transport Authorities (LTAs) formed the first non-statutory (voluntary) Quality Bus Partnership for South East Dorset in 1999. This helped deliver significant patronage growth and at one stage Poole and Bournemouth were recorded as having the biggest increases in passenger numbers in the country.
5. Bus patronage has been in general decline since the 1950s. Most recently in England it fell by 317m passenger journeys (6.9%) in the period between 2014/15 and 2018/19. The decline in the BCP area has been much less severe. In recognition of the importance of buses to address emissions levels and to reverse the decline in usage onto a sustainable footing, government has published its National Bus Strategy for England.
6. The Covid-19 pandemic continues to have an impact on bus patronage. Journey numbers are increasing but remain at between a half and two-thirds of pre-pandemic levels. This is due to a number of factors including continuing anxiety over using public transport following government messaging at the start of the pandemic to avoid it; home-working; and, fewer shopping trips. Government has been supporting local bus operators through the Covid Bus Service Support Grant (CBSSG) on a not-for-profit basis but this is being phased out.
7. Greater emphasis will now be placed on partnership working, where LTAs and bus operators form statutory partnerships to define bus networks, service levels, and fares strategies. The government expects all LTAs to develop Bus Service Improvement Plans (BSIPs) and set up Enhanced Partnerships (EPs), as defined in the Bus Services Act 2017. The strategy represents the greatest change since 1985 and provides the opportunity to give LTAs more control.
8. Through the strategy, LTAs and bus operators are asked to commit to forming a statutory Enhanced Partnership (EP) if not already on the route to franchising and to jointly develop a Bus Service Improvement Plan (BSIP). Dependent on how ambitious the BSIP is, LTAs and bus operators will benefit from £3bn of government funding over 5 years.
9. A number of bus services cross the council boundary to/from the Dorset Council area, with key bus passenger destinations in both areas. Dorset Council will therefore be invited to EP meetings to ensure standards are applied consistently and seamlessly when services cross into the neighbouring authority area. This aligns with the joint approach to the Transforming Cities Fund covering the South East Dorset journey-to-work area and the Councils' joint Local Transport Plan.
10. As an alternative to an EP and where partnership working has failed to achieve improvements in bus services, the legislation does permit London-style franchising to be considered. However, the route to franchising is complex and can take several years, particularly for LTAs that are not Mayoral Combined Authorities (MCAs), and bus service franchising carries significant risk. Transport for Greater Manchester is the only city region outside London committed to bus service franchising. Forming an EP does not preclude franchising in the future should the statutory partnership not deliver the desired outcomes.
11. It is possible to continue with the existing voluntary partnership working and not enter into the statutory arrangement. However, government has made it clear that this would result in a significant loss of funding for LTAs and bus operators. It is

therefore strongly recommended that an Enhanced Partnership is formed. This is the preferred arrangement of the bus operators.

12. The required government timescales are ambitious and highly challenging as set out in a DfT announcement made on 15 March 2021 with the following milestones presented:
  - i. **30 June 2021** – LTAs to commit to establishing Enhanced Partnerships across their entire areas under the Bus Services Act 2017, and all bus operators to co-operate with the LTA throughout the process. If this requirement is not met LTAs and operators will no longer receive Covid-19 Bus Services Support Grant (CBSSG), Bus Service Operators Grant (BSOG) or any new sources of bus funding from the £3bn budget. (**Note:** Due to the DfT timescale this decision was delegated to the Service Director for Transport and Engineering in consultation with the Portfolio Holder for Transportation and Sustainability on 23 June 2021 and published on 29 June 2021).
  - ii. **31 October 2021** – LTAs and bus operators to have jointly developed and published a robust and ambitious Bus Service Improvement Plan setting out a roadmap to better services for passengers and communities, fully informed by local needs.
  - iii. **1 April 2022** – Fully structured Enhanced Partnerships must be up and running.

#### Bus Service Improvement Plans

13. Plans must be developed in collaboration with local bus operators, community transport bodies and local businesses, services and people. These will be living, transparent documents, with targets. LTAs will need to routinely publish six-monthly progress reports against these targets. Plans will need to:
  - i. Cover the LTA's full area, all local bus services within it, and the differing needs of any parts of that area (e.g. urban and rural elements).
  - ii. Consider how the network should serve school, health, social care, employment and other services.
  - iii. Drive improvement in accessibility for all.
  - iv. Set targets for journey times and reliability improvements (for the LTA as a whole and in each of the largest towns in its area) – to be reported against publicly at least every six months.
  - v. Identify where bus priority measures are needed, including consideration of Bus Rapid Transit routes to transform key corridors and how traffic management can be improved to benefit buses.
  - vi. Demonstrate how bus services are integrated with other types of transport in their area such as connectivity to train stations and cycling and walking schemes, complementing these forms of travel and not competing with them.

- vii. Focus on delivering the bus network that LTAs (in consultation with operators) want to see, including how to address the under provision and overprovision of bus services and buses integrating with other modes.
  - viii. Be updated annually and reflected in the authority's Local Transport Plan and in other relevant local plans such as Local Cycling and Walking Infrastructure Plans (LCWIPs).
  - ix. Set out pressures on the road network, air quality issues and carbon reduction targets which improved bus services could address.
  - x. Set targets for passenger growth and customer satisfaction.
  - xi. Set out plans and costs for fares, ticketing and modal integration. Ultimately the strategy aims to see multi-modal ticketing. It is a local ambition for TfL-style daily fares capping (subject to financial considerations).
  - xii. Set out how the objectives of the national strategy will be achieved, including growing bus use, and include a detailed plan for delivery.
14. **Note:** Changes to bus services that are **subsidised by the council** are **not** included within the BSIP. Any decisions relating to such services would be taken outside this process.

### Options Appraisal

15. The council has three potential options with regards to bus services and its relationship with the bus operators:
- i. **Continue with existing non-statutory Quality Bus Partnership (QBP)**  
**For:** The existing voluntary QBP has resulted in notable improvements for bus passengers and at one stage had the biggest increase in bus patronage in England.  
**Against:** Successful though not transformational. This route would not attract any new government funding and would result in the loss of some existing funding.  
**Not recommended**
  - ii. **Form a statutory Enhanced Partnership.**  
**For:** Provides opportunity for step change in bus patronage and mode share. Opens up future government funding opportunities and secures existing funding. Does not preclude consideration of franchising in the future should partnership working not deliver the desired outcomes.  
**Against:** None identified.  
**Recommended**
  - iii. **Commence proceedings towards franchising.**  
**For:** Would give the council complete control of bus routes, timetables, vehicle standards, fares/ticketing, information etc.  
**Against:** High risk (financial, passenger impact, reputational). Lengthy process requiring secondary legislation. No evidence that partnership

working cannot deliver the required outcomes. The council does not currently have the experience, resources or expertise to operate local bus services on the scale required. Would not meet government's National Bus Strategy timetable so not an immediate option.

### **Not Recommended**

#### **Summary of financial implications**

16. Failing to form an Enhanced Partnership with the bus operators will preclude the LTA and bus operators from receiving any new sources of bus funding including the £3bn budget announced by government earlier this year. It will also be an end to the annual ringfenced BSOG grant currently received by the Council for subsidised services of £294,368.
17. DfT provided funding (Capacity Grant) of £100k to BCP Council for developing local bus proposals as outlined in the National Bus Strategy (NBS). In particular, it is being offered to help LTAs towards the development of their Enhanced Partnership Scheme (or where appropriate franchising scheme), and Bus Service Improvement Plans work, and to meet the timescales that go alongside that work.
18. BCP Council is using the £100k grant to fund consultancy support as well as a temporary member of staff. The new staffing structure includes a Public Transport Officer post replacing a retiring member of staff.
19. A further £177,498 Capacity Grant funding has been allocated to BCP Council to support this process.
20. The Enhanced Partnership is a statutory version of the previous voluntary Quality Bus Partnership and it is not expected there will be any revenue pressures as a result of the change. Budgets are already in place to cover staffing, bus subsidy and concessionary fares reimbursement.
21. In terms of funding the initiatives that are developed through the partnership, government has announced £3bn for buses outside London. Initially this will be invested across the rest of England as follows (with details to follow):
  - Supporting new and increased services – with at least £300m of funding to support the sector recover from the pandemic in 2021/22.
  - Giving LTAs the skills and people they need to deliver this strategy – with £25m of the £300m allocated in 2021/22. £100k has already been offered to each LTA.
  - Bus priority schemes to speed up journeys – with the first schemes delivered in 2021/22.
  - Accelerating the delivery of zero emission buses with £120m in 2021/22.What we receive will depend on our ambition as shown by our Bus Service Improvement Plan (currently under development).
22. It is expected that some of the funding will continue to go to the bus companies direct as currently. For example, for the local bus services they operate commercially they are paid Bus Service Operators Grant (BSOG) which is a rebate of duty paid on fuel used. Other funding is expected to come via the Local

### **Summary of legal implications**

23. Enhanced Partnerships are statutory arrangements created by the Bus Services Act 2017. All parties have a stronger commitment to joint working than the voluntary Quality Bus Partnership arrangement previously in place.

### **Summary of human resources implications**

24. In recognition of the requirement for specialist knowledge and relevant experience to develop a Bus Service Improvement Plan and establish an Enhanced Partnership with the Bus Operators, the Department for Transport has made available to Local Transport Authorities grants of £100k. BCP has used some of this funding to cover the costs of a temporary Public Transport Officer as well as external consultancy support. Account has also been taken through the Smarter Structures project of the need to ensure adequate public transport professional expertise to continue to develop and deliver bus service initiatives and improvements.

### **Summary of sustainability impact**

25. In its recently published Decarbonising Transport Plan, the government set out its vision for a net zero transport system which will benefit us all. In the plan, public transport and active travel will be the natural first choice for our daily activities. We will use our cars less and be able to rely on a convenient, cost-effective and coherent public transport network. The bus is the most efficient user of road space and a vital part of an environmentally friendly local sustainable transport system. Actions taken by the council that negatively impact on bus service provision will make it more difficult to achieve this vision. It would also be contrary to the Council's own 2030 zero carbon priority set out in the Corporate Strategy.

### **Summary of public health implications**

26. Urban traffic speeds are falling by on average 2% every year, causing NOx emissions to rise. Diesel cars are the single biggest contributor to NOx levels, responsible for 41% of all NOx emissions from road transport. Buses are amongst the cleanest vehicles on our roads with many now achieving Euro VI emissions standards.
27. An Expression of Interest in the government's zero-emission bus fund (ZEBRA) was submitted to DfT. £8.4m was requested to support the purchase by Go South Coast of 43 electric buses and associated charging infrastructure. Unfortunately this application was unsuccessful, however, a further submission will be made when the opportunity arises.

### **Summary of equality implications**

An EIA conversation/screening document has been completed on 8 June 2021 and been approved by the EIA panel.

EIA Summary:

The recommended decision to enter into an Enhanced Partnership between BCP Council and local bus operators is the first required step in our obligations under the government National Bus Strategy. The decision in itself has no specific impacts but the progression of the Enhanced Partnership from April 2022 as a result of the decision will have equality impacts. As the overall aim of entering into the partnership is to improve local bus services, when developed there are significant anticipated positive equality impacts – based on the profile of people that use bus services. These benefits will not just affect existing people who use buses but also potential users as the strategy aims to encourage people that have not necessarily used bus before to do so. The profile of people that use buses from both national and local evidence are groups the Equality Act is intended to benefit by advancing equality of opportunity between people who share a protected characteristic and those who do not. Much older, much younger age groups, people with a disability, women, other ethnic groups, other religions, other sexual orientations and residents from more deprived areas are all more likely to use buses, compared to others in their protected groups. When the strategy is developed improved bus services will give wider transport choice to all, but notably improve opportunities for the groups listed above. Wider benefits to our communities through improved transport to access employment, education, healthcare, retail and leisure opportunities will also result in positive equality implications. Visitors to our area will also benefit from an enhanced public transport network. The initial intended recommendation to decide to enter into an Enhanced Partnership is the first stage in realising the equality benefits suggested above. Further assessment will be needed as the partnership formally starts and develops to determine equality impacts when specific actions are discussed, agreed and implemented.

### **Summary of risk assessment**

No hazards identified.

### **Background papers**

1. [Bus Back Better - A National Bus Strategy for England](#)
2. [Bus service improvement plan - GOV.UK \(www.gov.uk\)](#)
3. [The National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership \(publishing.service.gov.uk\)](#)

### **Appendices**

None