



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE – PLACES

28 July 2021

Report of the Executive Director Place

**The National Bus Strategy and the development of the Bus Service Improvement Plan
(Highways, Assets and Transport)**

1. Purpose

- 1.1 To provide information on the National Bus Strategy and an update on the development of the Bus Service Improvement Plan being produced in response to it.

2. Information and Analysis

2.1 Background

On 15 March 2021, Government published the first National Bus Strategy for England. The main objective of the Strategy is to reverse the long-term decline in bus use nationally which has been exacerbated by the impact of the COVID-19 pandemic. It aims to achieve this by making bus services more frequent, reliable, better co-ordinated and cheaper. To enable this to happen, Government wants to see major improvements in a variety of areas including bus priority measures, vehicle emission standards, the provision of service information, simplified ticketing arrangements and the joint marketing of services. Government has committed to provide £3bn of new transformation funding nationally to help drive forward these improvements.

- 2.2 Central to these changes, the Strategy expects all Local Transport Authorities (LTAs) in England, such as Derbyshire County Council, to play a much bigger role than they do currently in the way bus services operate in their area. Under the existing deregulated model of bus provision which has been in place since the 1986, most services are provided on a commercial basis. This means it is the bus companies themselves who decide the route of the service, the timetable, fares, types of vehicle used etc, based on what they think makes the best commercial proposition. It is only when bus companies feel there is not a commercial case to operate a route in a particular area, or time of day, that LTAs can become involved by specifying and funding additional services to fill gaps in commercial provision. Prior to the pandemic, approximately 80% of bus passenger journeys in Derbyshire were made on commercially operated services, with the remaining 20% of journeys taken on routes directly funded by the Council.
- 2.3 The Strategy expects all LTAs in England to replace this deregulated model in their area with one of two options Franchising or an Enhanced Partnership.
- 2.4 **Franchising** - Under a franchise model, LTAs determine all of the bus services which should be provided in their area, with bus operators bidding for the right to run them on a contractual basis. As a result there would be no specifically commercial network. Although the franchising model gives LTAs full control of where and when buses operate, the fares charged etc, it also means the LTA is required to meet the overall cost of providing all the services in their area that are not met by passenger fares and other income. Under current legislation, only Mayoral Combined Authorities (MCAs) have an automatic right to use franchising powers. For franchising to be introduced in Derbyshire, the County Council would need to develop a full business case setting out the reasons why it wanted this arrangement and then apply to the Secretary of State for Transport for permission to receive these powers. To date, no non-MCA has decided to pursue this model and the franchising system is only operational in London. Greater Manchester is, however, actively developing plans to introduce franchising, but it has taken nearly four years of work by Transport for Greater Manchester (TfGM) to reach the point where the final decision to commit to the franchise model has now been taken. It is anticipated that the first franchised services will start operating in Manchester in 2023 with the process being completed by 2025. TfGM anticipate the cost of introducing franchising in its area will be £135m.
- 2.5 **Enhanced Partnerships** - Enhanced Partnerships (EPs) are a new type of partnership arrangement between LTAs and bus operators. The

purpose of the EP is to create a formal, collaborative agreement between LTAs and bus operators to deliver bus improvement objectives. As part of an EP, the LTA and operators can set service standards, including the frequency of services along specific routes, the type of vehicle to be used and the availability of ticket products and payment methods. EPs also allow for integration between different modes, such as bus and rail, with more joint ticketing arrangements and better timetabling to allow interchange. An EP would therefore bring many of the benefits of a franchise in terms of providing a more joined up bus network, but would be cheaper to introduce for LTAs as the financial risk for running commercial services would still remain with the bus operators. EPs would, however, still place significant obligations on the LTAs, with the National Bus Strategy making it clear they would need to invest in significant bus priority measures, as well as upgrades to bus stop infrastructure. Other elements of EPs, such as establishing integrated ticketing arrangements, joint marketing of the network and improvements to information provision would also inevitably result in additional costs to the LTA.

- 2.6 At the Cabinet meeting of the 17 June 2021 it was agreed that Derbyshire County Council would enter into an EP arrangement with all of the bus operators who provide services in Derbyshire. To meet the government's requirements a formal notice of intent to do this was then published on the County Councils website and in a number of local newspapers.
- 2.7 **Bus Service Improvement Plan** - Prior to the EP starting on the 1 April 2022 the Council must publish a Bus Service Improvement Plan (BSIP) by the end of October 2021. A BSIP needs to set out a high level vision for bus services in Derbyshire, the key interventions needed to deliver it and how these will achieve the overarching goal of increasing bus patronage after the pandemic, as set out in the National Bus Strategy. The BSIP will also be used by the DfT to judge how much of the £3bn Transformation Fund each LTA in England will be allocated for future bus projects and support. In assessing the overall quality of BSIPs, the DfT will give particular weight to measures which support local bus markets as they emerge from the pandemic, such as proposals to improve service reliability.
- 2.8 As the DfT has given LTAs less than 6 months to produce a BSIP its guidance has made it clear that these do not need to be a very long or detailed documents. Therefore information on issues such as timetable and route changes to specific services, proposed works at particular groups of bus stops or the introduction of a bus lane between point A and B should not form part of the BSIP. Instead its main purpose is to

get everyone thinking about what issues need to be addressed in the LTA area, to explore possible answers, and to provide an early basis for funding decisions in the autumn and winter in preparation for the financial year 2022/3 when transformational funding begins.

2.9 Officers from the County Councils public transport team are now working in collaboration with bus operators, specialist transport consultants Systra, borough and district councils, passenger groups and other stakeholders to produce the BSIP. From the work undertaken so far the key interventions identified for potential inclusion in the BSIP are –

- Priority measures to improve bus service reliability and journey times such as smart traffic signals and bus lanes
- Better bus stop facilities including modern well-maintained shelters
- Improved information including more electronic real time information displays at bus stops and an app covering all bus services in the county.
- A range of affordable flexible ticketing options including day, weekly and monthly passes which can be paid for using contactless cards, online and through retail outlets and which would allow travel on all bus services including those which cross from Derbyshire into neighbouring areas.
- Lower cost travel for specific groups such as young people
- Improved connectivity between different bus services and between bus and rail allowing people to interchange easily
- More demand responsive transport such as the Derbyshire Connect service where passengers can pre book flexible journeys
- Better on bus facilities such as Wi-Fi, USB charging points and next stops announcements
- More environmentally friendly buses.

2.10 How and when these different elements are introduced in Derbyshire has yet to be agreed but it is inevitable that the interventions will take a number of years to fully implement. Whilst the BSIP document is being developed through the County Council it is not something which we can impose on different groups particularly the bus operators. Without their full and active support many of the proposals will be difficult if not impossible to implement. The BSIP and EP arrangement must therefore be a true partnership between the various organisations with give and take on all sides.

2.11 To support the development of the BSIP a process of wider public and stakeholder consultation has recently started with the publication of a

questionnaire on the County Councils website at [Derbyshire bus service improvement plan - Derbyshire County Council](#) . Links to this are also being made available via the various bus operator's websites. Because of the very restrictive timetable set by the DfT for the BSIP it will not be possible to do more detailed public consultation prior to submission in October 2021, however we hope to undertake further consultation work prior to the EP starting in April 2022.

- 2.12 To manage the delivery of the BSIP and the EP more generally it is proposed that a Partnership Board should be set up with representatives from the Council, bus operators and users groups which will be chaired by an independent person. Work to agree the precise makeup of the board is now ongoing.
- 2.13 The BSIP will be a living document, and the DfT guidance makes it clear that it should be revised at least every 12 months to ensure it remains relevant and that plans within it are working as intended.

3. Alternative Options Considered

- 3.1 **Do nothing and continue with current arrangement** – The National Bus Strategy made it clear that unless an LTA agreed to introduce an EP or franchising by the 30 June 2021, it would not continue to receive discretionary funding from the DfT, for bus related activities or other transport projects more generally. Doing nothing is therefore not considered a practical option.
- 3.2 **Introduce franchising rather than an enhanced partnership** – Franchising would bring with it considerable financial risks for the County Council as it would be responsible for meeting the overall cost of providing all the bus services in Derbyshire not covered by passenger fares and other income. Currently, estimating this cost would be very difficult due to the significant impact of the pandemic on bus passenger numbers over the last 15 months. In addition, the County Council does not have the automatic right to introduce franchising as, under the existing legislation, only MCA have these powers. To gain this authority from the Secretary and start the process by the end of March 2022 is not considered a practical option.

4. Implications

- 4.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

5. Consultation

- 5.1 Detailed consultation with bus operators, passenger groups and other stakeholders including borough and district councils is already underway. A questionnaire to get public and other stakeholders views on what should be included in the BSIP has also recently been launched on the County Councils website at [Derbyshire bus service improvement plan - Derbyshire County Council](#) .

6. Background Papers

- 6.1 Bus Back Better, the National Bus Strategy for England https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/980227/DfT-Bus-Back-Better-national-bus-strategy-for-England.pdf
- 7.1 Appendix 1 – Implications.

7. Recommendation(s)

That the Committee:

- a) Notes the new National Bus Strategy and the increased responsibilities that this places on the Council in relation to bus services
- b) Notes the work being undertaken by the County Council with partners to develop the BSIP in time for its submission to the DfT by 31 October 2021

8. Reasons for Recommendation(s)

- 9.1 The new National Bus Strategy sets out the long-term policy direction for bus services in England and the Committee needs to be aware of the increased role this places on the County Council.
- 9.2 To ensure that the committee is aware of the type of measures that are likely to be included in the BSIP and that the measures selected will need to be agreed with stakeholders including the bus operators.

Report Author: Chris Hegarty

Contact details: 36721

Implications

Financial

- 1.1 The Council has a total of around £35m committed revenue expenditure per annum across all transport services, including statutory Home to School (HTS), Special Educational Needs or Disabilities (SEND), and Adult Social Care Transport. This includes around £10m of concessionary fare payments which is a statutory duty. In 2021/22, the Council is also committing £1.2m from its capital programme on public transport infrastructure schemes. At the moment, it is difficult to anticipate what changes are needed to Council funding arising from the creation of an EP as this will depend on the measures introduced in the BSIP, the funding received from Government to support it and the spending commitments of the various bus operators. In the short term the current Covid Bus Service Support Grant (CBSSG) provided to bus operators and the Council by the DfT which helped make good the loss of fares revenue during the various lockdowns will be ending in September 2021. This will be replaced by recovery funding up until April 2022 when EPs begin. Whilst the precise level of funding this will provide to individual operators and LTAs is not yet clear, from the total sum being made available nationally it seems likely that the amount of support available will reduce which may impact the level of service provided in the short term. In the longer term there will need to be an ongoing revenue and capital funding commitment from the Council to support the process over the life of the initial EP agreement which is anticipated to be 5-10 years.

Legal

- 2.1 Section 63(1) of the Transport Act 1985 places a duty on Derbyshire County Council to secure the provision of '*such passenger transport services as the Council considers appropriate to meet any public transport requirement within Derbyshire which would not, in its view, be met, apart from any action taken by them for that purpose*'. As part of the Strategy the government is proposing to issue further guidance to expand the definition of this duty to include services which are "socially or economically necessary"

Human Resources

- 3.1 Using funding provided by the DfT specialist transport consultants Systra have been employed to work with the Passenger Transport Unit to produce the BSIP and EP. There is likely to be a long term need for additional resources to deliver the BSIP, however this can only be fully considered once the BSIP has been submitted and DfT funding to implement it confirmed. There will also be a requirement for staff from the rest of the Place Directorate to become more fully engaged in the development of the EP and BSIP. For example, it is essential the new Local Transport Plan currently being developed by the Transport Strategy Team reflects the objectives for bus services in the EP. The development of bus priority infrastructure will also require the active involvement of the highways teams to design and implement schemes. More generally, the Council will also need to ensure that none of the other schemes being developed by the authority create a significantly adverse effect on bus services.

Information Technology

- 4.1 There are no direct information technology implications to this report.

Equalities Impact

- 5.1 Bus services are particularly important to a variety of disadvantaged groups such as young people, older people, women, and those from economically deprived communities, all of which make a higher proportion of journeys by bus than the population as a whole. The introduction of an EP and the measures associated with the BSIP will not only enhance the quality of bus services available but will support our wider levelling up agenda across all communities and ambitions for driving 'good growth'. It will particularly improve the opportunity for these people to access a variety of key opportunities such as education, employment and health care provision.

Corporate objectives and priorities for change

- 6.1 This proposal is helping deliver the following Council Plan priorities: Resilient, Healthy and Safe Communities; High Performing, Value for Money and Resident-Focused Services; A Prosperous and Green Derbyshire. Specifically, creation of an EP and the associated BSIP will also enable the delivery of Place Directorate priorities around sustainable transport and travel.

6.2 The following issues have also been considered: environmental sustainability and property.