

<b>Subject:</b>	<b>The National Bus Strategy – “Bus Back Better”</b>		
<b>Date of Meeting:</b>	<b>22 June 2021</b>		
<b>Report of:</b>	<b>Executive Director Economy, Environment &amp; Culture</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Government published its National Bus Strategy, Bus Back Better, on 15 March 2021. This sets out the Government’s ambitions for the future of bus travel and focuses on recovering from the Covid-19 pandemic, improving services and growing usage. The strategy includes a number of immediate actions for councils. This ETS report provides recommendations for the council’s initial response in order to comply with deadlines set by the Department for Transport (DfT). Further updates will be provided in future ETS meetings.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee notes the National Bus Strategy and receipt of the £100k funding officers have applied for.
- 2.2 That the Committee agrees to publish a notice of intent to form an Enhanced Partnership with bus operators.
- 2.3 That the Committee notes the new opportunities available for an Enhanced Partnership and franchising and the potential benefits this could bring to the city’s bus services.
- 2.4 That the Committee agrees to commission a feasibility study on franchising to be presented to a ETS meeting in Autumn 2021.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The National Bus Strategy aims to improve bus services across the country and grow passenger numbers. This is in response to low usage and poor services in some parts of the country. The Strategy includes aspirations to increase service frequencies, simplify ticketing, improve bus journey times and reliability, and lower fares.
- 3.2 Brighton & Hove has consistently bucked the national trend in bus patronage and prior to the Covid-19 pandemic had the highest bus use per head outside of London. The bus network will however need support to help it recover from the pandemic and there remains significant potential for more journeys to be taken by bus. This will be an important part of helping the council to meet its

commitment to a net zero carbon city by 2030. It is also relevant to recommendations 2 and 8 of the Climate Assembly, around the need for public transport accessibility, convenience and affordability.

- 3.3 The National Bus Strategy requires all Local Transport Authorities (LTAs) to make a decision on whether to commence the processes of forming an Enhanced Partnership or franchising by the end of June. Further details on each are provided below.
- 3.4 Authorities which do not commit to this will lose Covid-19 Bus Service Support Grant (CBSSG) funding from July. CBSSG has been essential to keeping services running during the pandemic, both those operated commercially and those funded by the council. This funding is expected to be required for some time whilst passenger numbers remain lower than they were before the pandemic. Without a continuation of this funding, it is very likely supported bus services will be lost or reduced or the council will be required to find additional funding of its own.
- 3.5 In addition, LTAs which do not meet the requirements of the Strategy will not be eligible for related grant funding for service improvements, infrastructure and cleaner vehicles. The Government “will also take into account an LTA’s performance” against these requirements when assessing funding allocations for non-bus transport schemes (Bus Service Improvement Plan (BSIP) Guidance para 39).
- 3.6 An Enhanced Partnership is a formal agreement between LTAs and operators to work together to improve bus services. These were introduced under the Bus Services Act 2017; however, there was limited take-up and the DfT is now making them a stronger requirement as outlined above. The council has the benefit of a long history of working in partnership with bus operators through the Quality Bus Partnership. It is expected this will form a basis for an Enhanced Partnership; however, the difference is that commitments to improve services are included in a formal legal agreement. This may include journey time targets or commitments to introduce infrastructure schemes. There is then a requirement to report on targets every six months.
- 3.7 The first step in the Enhanced Partnership process (before the end of June) is to publish a statutory notice of the council’s intent to form one. The details of the agreement would then be developed in the coming months, beginning with the development of a Bus Service Improvement Plan (BSIP). The BSIP is required by October 2021 and an update on this is scheduled to be presented to the ETS Committee in September. The deadline for Enhanced Partnerships to be in place is April 2022.
- 3.8 Franchising is where LTAs are fully funded to issue tenders for bus companies to operate in the area. This can follow a model where authorities specify route and service standards, as in London, or could be on an area basis with operators having more influence over service design.
- 3.9 Franchising is currently only available to Combined Mayoral Authorities. The Government has said it will support other LTAs who wish to pursue franchising where they can demonstrate it will improve services and they have the resources

to implement franchising. In areas with a large number of competing services in one area and under served locations elsewhere, there is perhaps a stronger case for franchising than in Brighton & Hove. Indeed, the National Bus Strategy (page 23) cites Brighton & Hove as a positive example of partnership working.

- 3.10 The DfT's BSIP guidance (para 24) also states that "most of the outcomes from franchising can be delivered using an EP [Enhanced Partnership] if the LTA and its local bus operators work together. They also offer significantly more flexibility than franchising and can deliver benefits to passengers far more quickly".
- 3.11 Franchising would potentially give the council control over bus fares and where buses go. This could therefore help the council to address the recommendations of the Climate Assembly for affordable and accessible public transport. However, this may require additional council funding and it is recommended that a feasibility study is undertaken before a decision is taken whether to consider franchising further.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 One option is to dismiss the DfT's instructions and do nothing. However, this is likely to have significant financial consequences as outlined in paragraphs 3.4 and 3.5. As a result, it is also likely there would be a negative impact on bus services and passenger numbers.
- 4.2 Another option is to pursue franchising. However, further work would be needed to assess the feasibility and benefits of franchising. In addition, given franchising for Brighton & Hove requires a change in the law and is likely to take some time, the National Bus Strategy is advising that LTAs enter into an Enhanced Partnership initially, even if they wish to pursue franchising in future.
- 4.3 The DfT's BSIP guidance (para 21) states "if an LTA believes, after an EP [Enhanced Partnership] notice of intent has been issued and subsequent discussions with operators, that it will not deliver the outcomes set out in their BSIP or that, after initial work, a 'full' franchising assessment is unlikely to deliver its ambitions more effectively than an EP, then a switch can be considered". Therefore, the recommendations included in this report do not remove the option for the council to consider franchising in future.
- 4.4 Were the Committee to agree the report recommendations, a feasibility study covering franchising would be presented to a future ETS meeting.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Officers have undertaken initial engagement with bus operators. This is through existing partnerships and to comply with the DfT's requirements for early engagement with operators.
- 5.2 Wider engagement, including with members and bus users, will take place over the coming months as officers progress with developing the BSIP and forming the Enhanced Partnership. The process of setting up the Enhanced Partnership will follow statutory requirements and take account of additional guidance provided by the DfT.

## 6. CONCLUSION

- 6.1 The recommendation to begin the process of forming an Enhanced Partnership responds to the instruction provided by the Government in the National Bus Strategy. Agreement to this will be necessary if the council is to retain access to discretionary DfT bus funding, including Covid support. It will also be needed to avoid negatively impacting on bids for non-bus transport funding, assessment for which will take into account progress against the requirements included in the National Bus Strategy.
- 6.2 Further updates will be provided to ETS throughout the formation of the Enhanced Partnership.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The DfT has made £100k of funding available to LTAs to support with implementing the immediate actions of the National Bus Strategy. This includes preparing the BSIP and forming an Enhanced Partnership. The council has applied for and received this funding.
- 7.2 Some of the ambitions outlined in the National Bus Strategy to improve services, including more frequent services where needed, lower fares and infrastructure improvements are currently unfunded. Further guidance is awaited from the DfT and this will be taken into account when entering into commitments through the BSIP and Enhanced Partnership.
- 7.3 The Enhanced Partnership process will require more ongoing administration than the current Quality Bus Partnership, for example, the need to report progress every six months. The cost of this in officer time is currently unclear; however, this will be less than the amount of funding the council could miss out on were it not to comply with the DfT's instructions.
- 7.4 Were the council to choose not to agree to the requests contained in the National Bus Strategy it would no longer receive CBSSG funding for council funded services. This amount will be dependent on how quickly passenger numbers return and if these reach pre-pandemic levels. It is not possible to predict this but, based on current levels of support, were passenger numbers to reach 75% of pre-Covid levels this would be approximately £900k per year. This will be lower were passenger numbers to return at a quicker rate. In addition, savings may be obtained as a result of the re-tendering of some routes. Recommendations for the latter are included in a report to Policy & Resources Committee on 1 July 2021.
- 7.5 However, where the process of forming an Enhanced Partnership or preparing a BSIP is not started through no fault of commercial bus operators, the DfT has said they will continue to receive CBSSG.

*Finance Officer Consulted: Paul Tucknott*

*Date: 25/05/21*

#### Legal Implications:

- 7.6 The subsidy control regime will need to be considered in relation to any grant funding. It is expected that there will be a good argument that the grant funding will not constitute a subsidy because it will not have an effect on trade or investment between the UK and its international partners.

*Lawyer Consulted: David Fairfield*

*Date: 25/05/21*

#### Equalities Implications:

- 7.7 An Equalities Impact Assessment will be produced as part of the development of the BSIP to consider the impact of different options.
- 7.8 Were ETS Members to oppose the recommendations of this report and alternative funding not identified, it is possible council-funded services would need to be withdrawn. Bus services supported by the council include those to areas with no commercial bus service. By the nature of these locations and distance to alternative services, it is more likely that older and mobility impaired residents will be more disadvantaged by a withdrawal of services.

#### Sustainability Implications:

- 7.9 Returning the proportion of trips undertaken by bus to pre-pandemic levels and growing this further will be important in helping the council to meet its targets around climate change, including commitment to a net zero carbon city by 2030, and air quality. The aspirations of the National Bus Strategy and report recommendations are consistent with these aims.

#### Brexit Implications:

- 7.10 No implications.

#### Any Other Significant Implications:

- 7.11 None identified.

#### Crime & Disorder Implications:

- 7.12 None identified.

#### Risk and Opportunity Management Implications:

- 7.13 Risks identified at this stage are covered by financial and equalities implications above.

#### Public Health Implications:

- 7.14 Reducing the number of trips made by private car has benefits for air quality whilst bus use has the potential to encourage active travel through walking to bus stops and reducing the need for car ownership.

- 7.15 Complying with the National Bus Strategy requirements will mean the council continues to be eligible for future DfT funding for cleaner vehicles and the opportunities this brings to improve air quality.

Corporate / Citywide Implications:

- 7.16 Complying with the National Bus Strategy requirements will mean the council continues to be eligible for future funding for cleaner vehicles and the opportunities this brings to improve air quality.

## **SUPPORTING DOCUMENTATION**

### **Appendices**

None

### **Background Documents**

1. National Bus Strategy – Bus Back Better (March, 2021):  
<https://www.gov.uk/government/publications/bus-back-better>
2. National Bus Strategy – Bus Service Improvement Plans: Guidance to local authorities and operators (May, 2021):  
<https://www.gov.uk/government/publications/bus-service-improvement-plan>