



EXECUTIVE

TUESDAY 22nd JUNE 2021

Report Title	National Bus Strategy
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Lead Member(s)	Cllr Graham Lawman – Portfolio Holder for Highways, Travel and Assets

Key Decision	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974	

List of Appendices

None

1. Purpose of Report

- 1.1. To update the Executive on the current situation with regard to funding of bus services in North Northamptonshire and the Government's National Bus Strategy for England: *Bus Back Better*.
- 1.2. To seek commitment to the formation of an Enhanced Partnership scheme in order to facilitate the improvement of local bus services for North Northamptonshire's residents by being able to access Government funding which will be made available to support implementation of the National Bus Strategy.
- 1.3. To secure the delegation of authority to prepare a draft Enhanced Partnership and Bus Service Improvement Plan to the Executive Member for Highways, Travel and Assets, in consultation with the Executive Director for Place and Economy.

2. Executive Summary

- 2.1 As the Local Transport Authority (LTA), the Council has many responsibilities and duties in relation to bus services, but does not have a subsidised bus service budget. Some services have been sustained by time-limited funding which is now coming to end (see para. 4.3). The result is that this would see these particular services withdrawn as they are not considered commercial.
- 2.2 COVID-19 has led to a significant loss of bus passengers as a result of people following Government advice to 'stay at home' and avoiding public transport. Due to the need to ensure that essential journeys could still be made, the Government has supported the bus industry with the COVID-19 Bus Service Support Grant (CBSSG).
- 2.3 In March 2021 the Government published *Bus Back Better*, the National Bus Strategy for England which is backed by £3bn of funding to transform bus services and help the bus industry recover from the effects of COVID-19. The strategy encourages councils to form Enhanced Partnerships with the bus operators which will enable delivery of improvements for passengers such as improved timetables and multi-operator ticketing (see para.6.5). The step by step timescales for the formation of an Enhanced Partnership include:
- a commitment being made by the Council by 30 June 2021;
 - the publication of a Bus Service Improvement Plan by the end of October 2021; and,
 - to have the Enhanced Partnership in place by April 2022.
- By forming an Enhanced Partnership, the Council will be able to access the funding to help transform bus services.
- 2.4 Within the Strategy, Government has also included flexibility for councils to create a franchise arrangement for the provision of bus services in their area. The expectation is that councils demonstrate their ability to manage such a franchise and apply to the Secretary of State if they wish to take this option. LTAs which also wish to pursue franchising may do so, but they should commit to implementing Enhanced Partnerships in the meantime until the franchising process, which can be lengthy, is complete. Secondary legislation is required in order to establish a franchising model, unless the authority is a Mayoral Combined Authority. Government expects that the majority of LTAs will choose Enhanced Partnerships rather than franchising as their end state.
- 2.5 The Council inherited from Northamptonshire County Council the policies for the development of bus services set out in the Northamptonshire Transportation Plan, which will need to be reviewed and updated as a result of the National Bus Strategy.

3. Recommendations

3.1 It is recommended that the Executive:

- a) Note the challenges faced by the bus industry due to COVID-19 and the funding that is being provided by the Government and Council to support bus services during the disruption to normal travel patterns as a result of Covid-19, as set out in Section 5 of this report;
- b) Note the publication of *Bus Back Better*, the National Bus Strategy for England, as summarised in Section 6 of this report;
- c) Commit to the formation of an Enhanced Partnership under the Bus Service Act 2017, for the reasons set out in Section 7 of this report;
- d) Note the £100,000 capacity funding received from Government as outlined in Section 8, and
- e) Delegate the authority to prepare, for approval by the Executive, an Enhanced Partnership and Bus Service Improvement Plan, to the Executive Director for Place and Economy, in consultation with the Executive Member for Highways, Travel and Assets.

3.2 Reason for Recommendations:

- To improve bus services for North Northamptonshire communities and minimise the risk of any communities losing their bus service;
- To facilitate climate and environmental benefits through increasing bus use and the operation of more low emission buses;
- To contribute to the implementation of the Northamptonshire Transportation Plan (the Local Transport Plan);
- To enable the Council to access the funding being made available by Government to support the National Bus Strategy.

4. Report Background

4.1 The majority of bus services in Britain (outside London) are operated commercially. This means that like any commercial business, the bus operator decides when and where to run their services and the fares to be charged. However, the Council still plays an important role in ensuring communities can access bus services.

4.2 Under the Transport Act 1985 the Council, as the Local Transport Authority (LTA), has a statutory duty to provide the level of subsidised bus services which it considers appropriate. While having no specific subsidised bus service budget, the Council seeks to identify opportunities to support the provision of bus services and uses a combination of support funding secured from parish councils, Section 106 developer funding contributions, and Bus Services Ring Fenced Grant to continue to subsidise some services. However, the Section 106 funding which was used initially to support these services is a finite amount

and recently services have primarily been supported using the one-off Supported Bus Service Fund received from Government in 2020.

- 4.3 Further services are subsidised using only Section 106 funding to ensure that new developments can receive bus services when they are being built out, with the intention that as demand increases they become commercially viable, and therefore will continue without additional financial support.
- 4.4 In addition to duties as the LTA, as the Local Highway Authority the Council is also responsible for providing the infrastructure on which buses run. It is responsible for providing many bus stop flags and some shelters. It helps ensure timetable data for all services is available for use in on-line journey planners and administer a real-time information system with displays at some stops and also available more widely through mobile phones. The Council also administers the English National Concessionary Travel Scheme in North Northamptonshire, issuing passes to eligible older and disabled people, and reimbursing operators.
- 4.5 Until such time as they are amended, the Council has inherited the policies for the development of bus services set out in the Northamptonshire Transportation Plan, particularly the Bus Strategy which was last updated in April 2018. The current strategy includes policies such as for further development of the multi-operator Northampton Buzz Card ticket, real time information and a multi-modal journey planner, bus stop improvements, bus priority measures and the introduction of hybrid and electric buses. These policies will be reviewed and updated by the Council including where updates are required as a result of the National Bus Strategy.

5. Impact of COVID-19

- 5.1 COVID-19 has had a significant impact on the bus and coach industry. At the height of the first lockdown, the number of people using local bus services declined to 15% of normal passenger numbers. All school bus contracts were suspended, as were most coach tours and private hire operations, with alternative arrangements made to convey the children of key workers. Since that time passenger numbers have increased, reduced and increased again during the various cycles of lockdown relaxation and restriction. However, the number of passengers being carried have remained below the level required for the bus services to be financially viable, particularly when on busy routes more buses have been required to ensure passengers can be carried in a socially distanced manner. By the latter part of April 2021, overall patronage on local bus services has recovered to around 65% of pre-COVID levels. However, this figure disguises significant variation among different types of passenger, with around 72% of fare-paying adults, 71% of child passengers and 44% of concessionary pass holders compared to the pre-COVID situation.
- 5.2 The Government has provided financial support to bus operators since the first set of national COVID restrictions in March 2020. The majority of this money has been paid direct as a 'COVID-19 Bus Service Support Grant' (CBSSG), with the remaining funding paid to councils to make up for the loss of revenue on subsidised services and provide COVID-related safety signage.

- 5.3 The Council has provided additional support to operators during this period of lower passenger numbers in response to guidance from the Department for Transport which enabled local authorities to maintain concessionary fare reimbursement to bus operators and new legislation allows such payments to be continued until 5 April 2022 (the Mandatory Travel Concession (England) (Amendment) Regulations 2021).

6. *Bus Back Better, the National Bus Strategy for England*

- 6.1 The Government published Bus Back Better, the National Bus Strategy for England (outside London) in March 2021. The strategy builds on previous commitments and funding for improved bus services made in February 2020 and also provides assistance for bus services to emerge from COVID-19 during 2021-22.
- 6.2 Backed with transformational funding of £3bn during the current Parliament, the strategy sets out a vision to make buses more frequent, more reliable, easier to understand and use, better co-ordinated and cheaper so that increased passenger numbers lead to reduced congestion, carbon and pollution, and encourages motorists to use a bus rather than their cars.
- 6.3 To enable this to happen, the strategy envisages major changes to the current largely commercial model of bus operation which has existed since 1986, and foresees Local Transport Authorities, such as North Northamptonshire Council, pursuing either Franchising or an Enhanced Partnership under the Bus Services Act 2017.
- 6.4 The franchising option is not widely used in England - only bus services in London are franchised. Transport for London determines the network of services which are provided, under contracts for specific routes, by private sector operators. Franchising does not necessarily have to replicate this route-by-route tendering. Less onerously, contracts can be let for different parts of a city or to a single operator for a whole network, with significant co-design opportunities for that operator. This is the model of the successful Liberty Bus franchise on the Isle of Jersey. Franchising powers are only available automatically to Mayoral Combined Authorities but can be provided to other local transport authorities through secondary legislation.
- 6.5 An Enhanced Partnership is a statutory arrangement under the Bus Services Act 2017 which can specify, for example, timetables and multi-operator ticketing, and allows the Local Transport Authority to take over the role of registering bus services from the Traffic Commissioners. The main difference compared to franchising is that operators in an Enhanced Partnership have a much greater role, working with Local Transport Authorities to both develop and deliver improvements for passengers and having a real say on how bus services should be improved. Enhanced Partnerships also offer significantly more flexibility around the role of both operators and local authorities than franchising.
- 6.6 The Government has set a timescale of June 2021 for Local Transport Authorities to commit to establishing an Enhanced Partnership across their entire area under the Bus Services Act 2017 and all bus operators to cooperate throughout the process. From 1 July 2021 only Local Transport Authorities and

operators who meet these requirements will continue to receive CBSSG or any new sources of bus funding from the Government's £3bn budget.

- 6.7 Local transport authorities which also wish to pursue franchising may do so - but they should commit to implementing Enhanced Partnerships in the meantime until the franchising process, which can be lengthy, is complete. Authorities which are not Mayoral Combined Authorities and wish to pursue franchising will need to satisfy the Secretary of State that they have the capability and resources to do so, and that it will better deliver service improvements for passengers.
- 6.8 By the end of the October 2021, if the Council agrees to form an Enhanced Partnership, the Council is expected to have published a local Bus Service Improvement Plan, detailing how we propose to use our powers to improve services. Government expects actual delivery of Enhanced Partnerships by April 2022. From that date, the new discretionary forms of bus funding from Government will only be available to services operated, or measures taken, under an Enhanced Partnership or where a franchising scheme has been made.
- 6.9 The Department for Transport expect that the Bus Service Improvement Plan will be reflected in the Local Transport Plan, and this is likely to require an update of at least the Bus Strategy which forms part of the Local Transport Plan. The Local Transport Plan forms part of the Council's policy framework and it is likely that a report will be brought to the Executive later this year to agree a timetable for preparing a new North Northamptonshire Local Transport Plan.

7. Issues and Choices

- 7.1 As explained in Section 5 of this report, bus patronage is below the levels required for the local bus network to be commercially viable and currently, services are only being maintained through Government support. It is expected that it will take some time (perhaps several years) for patronage to recover to pre-COVID-19 levels once travel restrictions and social distancing are removed. Without ongoing financial support, operators will have no alternative but to reduce their services, which is likely to result in some communities losing their services entirely.
- 7.2 The formation of an Enhanced Partnership for North Northamptonshire will enable bus services to be improved for residents by securing funding which will be used to help support the continuation of bus services. Therefore, it is recommended that the Council commit to forming an Enhanced Partnership and producing the associated Bus Service Improvement Plan.
- 7.3 The details of the Enhanced Partnership will need to be developed in consultation with bus operators and other key stakeholders, including MPs, elected members, town and parish councils and major employers. In addition, the Bus Service Improvement Plan will involve public consultation. However, Government expects that there will be a strong commitment to the introduction of bus priority measures (including use of the Council's traffic management powers), together with more comprehensive subsidised and demand responsive services. In order to meet the timescales set by Government, if the Executive agrees to commit to forming an Enhanced Partnership, the Bus Service

Improvement Plan will be brought to the Executive for approval in October 2021 and the Enhanced Partnership scheme in March 2022.

- 7.4 The Council also has an option to establish a franchise model. Government has made clear in the National Bus Strategy that due to the lengthy process involved in developing and approving a franchise model, Local Transport Authorities should develop an Enhanced Partnership in the meantime. Therefore, the Council could decide at a later date to progress to a franchise arrangement if they thought it was beneficial and had the resources to do so.
- 7.5 Under the Bus Services Act 2017, an Enhanced Partnership must contribute to the implementation of an authority's local transport policies - the Northamptonshire Transportation Plan (Local Transport Plan) previously prepared by the County Council.

8. Implications (including financial implications)

Resources and Financial

- 8.1 The preparation of an Enhanced Partnership and Bus Service Improvement Plan will require additional resource beyond that currently available. The Government is providing an initial £100,000 of capacity funding to the Council in 2021/22 which will contribute towards additional staffing or consultancy support to allow the Enhanced Partnership and Bus Service Improvement Plan to be prepared, and that additional capability funding will be made available once the commitment to form an Enhanced Partnership has been made. It is anticipated that this combined funding will be sufficient to fund the additional resource required to prepare the Enhanced Partnership and Bus Service Improvement Plan.
- 8.2 While the Government has made clear that £3bn of transformational funding will be available for improving bus services during the current Parliament, many of the details of that funding are still to emerge. It is not yet clear how much funding will be made available to the Council to support implementation of the Enhanced Partnership and Bus Service Improvement Plan, and in particular how much might be made available for on-going service support and staffing capacity and how much capital funding for improved infrastructure such as bus priority or expenditure on vehicles.
- 8.3 It is anticipated that additional staffing resource will be required in future years to implement the Enhanced Partnership and Bus Services Improvement Plan. There may also be financial implications of the proposals in the Enhanced Partnership and Bus Service Improvement Plan beyond staffing. However, it is not possible to determine the financial implications until the proposals have been developed further. The longer-term implications for funding will therefore be set out in future reports, should the Executive agree to commit to an Enhanced Partnership.
- 8.4 As explained in paragraph 7.5 above, it is anticipated that a report will be brought to the Executive later this year to agree a timetable for preparing a new North Northamptonshire Local Transport Plan, and the financial implications of such a proposal will be set out in that report.

Legal

- 8.5 The recommendation to commit to forming an Enhanced Partnership would exercise the Council's current powers under the Bus Services Act 2017. The development of the Enhanced Partnership must be undertaken in accordance with the requirements of the Act. While the Enhanced Partnership will be brought back to the Executive for approval, the Act lays down requirements for the preparation, notice and consultation while it is being drafted, and therefore delegated powers are sought to allow this to happen.

Risk

- 8.6 The most significant risk associated with implementation of this proposal is that it may not be possible to obtain additional staffing or consultancy support in order to prepare the Bus Service Improvement Plan by October 2021 and the Enhanced Partnership by April 2022. The tight timescales are exacerbated because the existing small team which deals with bus matters is a hosted service and will need to undertake this work for both North Northamptonshire and West Northamptonshire Council. In addition, obtaining additional resource will be made more challenging because other Local Transport Authorities will also be seeking additional resource for similar reasons.
- 8.7 In the longer-term, there will be risks associated with the implementation of the Bus Service Improvement Plan and Enhanced Partnership should the funding promised by the current Government not be sustained by future Central Government administrations.
- 8.8 As explained in sections 4.2 and 7.2 of this report, there is insufficient funding currently available to sustain all of the Council's current subsidised bus services to the end of the current financial year, and without further funding some of the services will have to be withdrawn, leading to communities losing their bus service if they are not commercially viable. While it is possible the funding available through the National Bus Strategy will allow these to be maintained, this is not yet certain, and the risk of service withdrawal remains.
- 8.9 As explained in sections 5 and 7.1 of this report, due to the loss of patronage following COVID-19 the commercial bus service network is only being sustained through Government support. While the National Bus Strategy indicates that this support will be maintained in 2021-22, there remains a risk that if patronage has not returned to pre-COVID levels by April 2022, services will have to be withdrawn unless alternative funding is available.

Consultation

- 8.10 In line with the Government guidance on Enhanced Partnerships, informal consultation with local bus operators and other key stakeholders is being undertaken at the time of writing this report. Should Executive agree to forming an Enhanced Partnership and develop a Bus Service Improvement Plan, formal consultation with operators, stakeholders and the public will be undertaken and the results brought to Executives in future report.

Consideration by Scrutiny

- 8.11 Given the timescales required by Government and the establishment of the new authority and the Committee timetable, it has not been possible to provide Overview and Scrutiny Committee the opportunity to consider this report.

Climate Impact

- 8.12 There is no direct climate/environmental impact from the recommendations in this report.
- 8.13 It is expected that implementation of the Enhanced Partnership and Bus Service Improvement Plan would have a positive climate/environmental impact through increasing bus use, reducing car use and potentially the introduction of lower or zero emission buses. These impacts will be further considered in future reports.

Community Impact

- 8.14 The recommendations in this report reduce risk that communities in North Northamptonshire will lose their bus service and should secure an improved bus service in future.

9. Background Papers

- 9.1 Transport Act 1985
<https://www.legislation.gov.uk/ukpga/1985/67/contents>
- 9.2 Bus Services Act 2017
<https://www.legislation.gov.uk/ukpga/2017/21/contents/enacted>
- 9.3 Bus Back Better, the National Bus Strategy for England, Department for Transport 2021
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/980227/DfT-Bus-Back-Better-national-bus-strategy-for-England.pdf
- 9.4 Northamptonshire Transportation Plan
<https://www.northamptonshire.gov.uk/councilservices/northamptonshire-highways/transport-plans-and-policies/Pages/local-transport-plan.aspx>