



CABINET – 22 JUNE 2021

NATIONAL BUS STRATEGY

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to provide an overview of the recently published National Bus Strategy (NBS) and the Bus Service Improvement Plan Guidance (the guidance) concerning the development of Bus Service Improvement Plans and in accordance with the NBS and the guidance, seek the Cabinet's approval for the County Council to issue by the end of June a Statutory Notice setting out its intended approach to improving bus services in Leicestershire.

Recommendations

2. It is recommended that: -
 - a) The overview of the National Bus Strategy (NBS) and Bus Service Improvement Plan Guidance (the guidance) and the immediate implications arising, as set out in paragraphs 17 to 36 be noted;
 - b) The failure to comply with NBS and the guidance will result in the immediate loss of access to Government COVID-19 Bus Services Support Grant (CBSSG), worth in excess of £1m to date;
 - c) Of the two options available for improving bus services, approval be given to proceeding on the basis of establishing an Enhanced Partnership Scheme (EPS) for the reasons set out in paragraphs 33 to 36;
 - d) Subject to the approval of recommendation (c) above, the Director of Law and Governance be authorised to publish the requisite Statutory Notice stating that the Authority has chosen to progress on the basis of establishing an EPS to improve bus services in Leicestershire;
 - e) The work already commenced to develop a Bus Service Improvement Plan (BSIP) for Leicestershire, including engagement with operators and the public be noted; and
 - f) A further report be submitted to the Cabinet in the autumn, setting out proposals for an EPS and BSIP for Leicestershire, and identifying any

implications for the Authority's previously adopted Passenger Transport Policy and Strategy.

Reason for Recommendations

3. To comply with the requirements of the NBS and the guidance, which requires the County Council to establish which approach it has chosen to improve bus services in Leicestershire and publish a notice by the 30 June 2021 setting out its intentions. Compliance with the NBS and the guidance will ensure the Authority is still able to access COVID-19 funding, be eligible for the further £25m NBS implementation support funding and be eligible to access a further share of the £3bn funding Government is making available to fund delivery of the NSB.

Timetable for Decisions (including Scrutiny)

4. Subject to approval, the Director of Law and Governance will publish a Statutory Notice by the 30 June 2021, setting out the Authority's decision to progress on the basis of establishing an EPS to improve bus services in Leicestershire.
5. A report on the NBS and the implications arising from the Council's Commitment to establish an EPS will be considered by the Environment and Transport Overview and Scrutiny Committee prior to a further report on the matter being considered by the Cabinet in the autumn.

Policy Framework and Previous Decisions

6. In October 2018 the Cabinet approved the Authority's Passenger Transport Policy and Strategy.
7. In May 2019, the County Council declared a Climate Emergency. The updated 2020 Environment Strategy sets out how the Council will reduce the environmental impacts of travel and transport. Providing frequent, high quality passenger transport services is a key element in delivering the Climate Change commitment and the Environment Strategy.
8. In November 2020 the Cabinet approved the Leicester and Leicestershire Strategic Transport Priorities document (2020-2050), which highlights where Leicestershire County Council and Leicester City Council will work together to deliver common transport aims and objectives. Its principle aims including:
 - support the transition to a low carbon and circular economy;
 - adapting to climate change;
 - improve connectivity;
 - support and drive the economy to unlock growth;
 - support the efficient movement of both people and goods around and through the County.

Resource Implications

9. Each Local Transport Authority (LTA) in England has so far been offered £100,000 by the DfT to support initial work towards the implementation of the NBS; the Authority has taken up this offer and the monies have already been received which has been used to commission consultancy support.
10. Post June 2021 there is a promise from DfT of further NBS implementation support funding (£25m nationally); but this is only available to those authorities who publicly commit to its implementation, including the DfT requirement to publish a Statutory Notice by the 30 June 2021. Further information concerning the contents of the Statutory Notice can be found in paragraphs 37 to 39 of the report.
11. The actual total resource and cost implications of implementing a Leicestershire BSIP and EPS cannot be established at this time because they are subject to ongoing discussions with bus operators and the outcomes of public engagement. This matter is further discussed in paragraphs 35 and 36 and more information on such implications will be presented to the Cabinet in the autumn.
12. At this point in time, however, it should be noted that however ambitious the Authority (and bus operators) might want to be in improving bus services to meet the needs and wants of the residents and businesses of Leicestershire, the costs of delivering on those ambitions will not be affordable to the Authority in either revenue or capital terms.
13. Accordingly, the Authority will be expecting Government to provide:
 - consistent and sustained *revenue* funding for the resources that it currently does not have (and the DfT acknowledge many other LTAs do not have) to enable the implementation of; ongoing operation of; and monitoring and review of the EPS and BSIP;
 - consistent and sustained *revenue* funding to enable it, if and as required, to continue to provide any financial support for bus services; and
 - the levels of *capital* funding required to deliver on the Authority's ambitions.
14. Whilst there are significant financial implications arising from seeking to deliver on the NBS, there are likely to be equally significant consequences arising from any failure to do so. Were the Authority not to publish the Statutory Notice by the end of June, then it would:
 - Lose access to Local Transport Authority CBSSG funding (worth in excess of £1m from 17th March 2020 to date for tendered services) and any future COVID-19 funding.
 - Be ineligible to claim a share of the £25m DfT capacity funding in 2021/22 to assist within delivering BSIPs and Enhanced Partnerships.

- Be ineligible to access a share of £3bn worth of funding that Government is making available to fund delivery of the NSB. Pursuing either an ESP or BF and publishing a BSIP in accordance with the guidance timeframes (see paragraph 37) are also prerequisites for being able to access this funding.
 - The National Bus Strategy also explains that, as part of the wider reform of the Bus Service Operators Grant (BSOG), payment of the reformed grant could be linked to delivery of BSIP commitments. The Government will also take into account an authority's performance with respect to the policies set out in the NBS when considering funding allocations for wider, non-bus local transport schemes.
15. In the view of officers, not pursuing the NBS could result in the risk of withdrawal of many bus services with significant reductions not only in the subsidised network but also potentially in commercial provision. It has been estimated that the potential cost of replacing services at risk of being withdrawn could be £5m per annum (many of those services run 2 or 3 bus operations at approximately £150,000 p.a. per bus).
16. The Director of Corporate Resources and the Director of Law and Governance have been consulted on this report.

Circulation under the Local Issues Alert Procedure

This report has been circulated to all Members of the County Council

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PART B

Background

National Bus Strategy (NBS)

17. The NBS 'Bus Back Better' was published in March 2021. Whilst it does not mark a return to the nationalised world of buses that existed prior to the 1985 Transport Act (and the commercially operated and supported bus network mix that has existed since), it does mark another radical change in Government transport policy. In essence Government sees that there is no better time to act in terms of changing the relationship between LTAs and bus operators and to significantly alter the role of LTAs in the delivery of bus services than on the back of the pandemic, when LTAs and operators have already been working together in a more collaborative approach than pre-pandemic.
18. Thus, as described by Government the NBS sets out an ambitious vision to dramatically improve bus services in England outside of London through greater local leadership, to reverse the recent shift in journeys away from public transport as a result of the pandemic and encourage passengers back to buses. LTAs and local bus operators must work at pace with local communities to plan and deliver a fully integrated service with simple, multi-modal tickets, more bus priority measures, the same high quality information for all passengers in more places, and better turn-up-and-go frequencies that keep running into the evenings and at weekends.
19. Government has committed £3bn of new funding to support delivery of the NBS. However, at the time of writing Government has yet to issue any detail of how funding will be awarded, albeit as outlined elsewhere in this report it has made clear what requirements LTAs need to fulfil in order to have access to a share of it.

Bus Service Improvement Plans (BSIP) and Guidance

20. The NBS explains that there can be no return to a situation where bus services are planned on a purely commercial basis with little or no engagement with, or support from, LTAs.
21. Government describes BSIPs as being how LTAs, working closely with their local bus operators and local communities, address this – by setting out a vision for delivering the step-change in bus services that is required by the NBS.
22. On 17 May, Government issued guidance on the development of BSIPs. A BSIP is the essential first step in delivering on the NBS, and it will be the extent of their ambition that will be critical when Government decides how new funding is allocated. In addition, there is an inference from the guidance that this might not just be in respect of bus related funding, but in respect of wider highways and transport funding.

23. The guidance doesn't explain how BSIPs will be assessed in respect of receiving funding (it is understood that separate guidance will be issued by Government on the assessment of BSIPs and funding), but there are a number of key elements of the guidance which have immediate implications for the Authority.

Overview of expected BSIP content

24. LTAs are required under the guidance to prepare a BSIP for their area and work is already in hand to develop one for Leicestershire.
25. Under the guidance, it is expected that BSIPs will be comprehensive, living documents that will evolve over time. In summary, a BSIP is expected to cover:
- basic information about an area's current bus network(s) and the roads they run on, including:
 - bus patronage levels and trends, including mode share;
 - the density of service and the proportion of people in walking distance of a frequent service;
 - average fares;
 - road congestion and traffic levels and how they have changed in recent years;
 - data on average bus speeds and how they affect bus operation and use;
 - how readily comprehensive information is available;
 - size and age of bus fleet;
 - what if any common ticketing or partnership and coordination arrangements there are
 - information about the area's local bus operators and the LTA, including:
 - is there one dominant operator or a mix of operators;
 - to what extent are services (including branding and ticketing) specified centrally by bus operators or are they designed with local people in mind;
 - how many staff does the LTA have working on buses and how much funding does the LTA provide for supported services, other than school services.
 - what and where are the main barriers to bus usage and growth in the area, including for example:
 - congestion;
 - lack of bus priority;
 - a confusing bus network;
 - lack of easily accessible information and common ticketing;
 - an elderly bus fleet;
 - whether services connect with each other easily or there are long waits.
 - Proposals for improvement, including for example making bus services:

- more frequent, with turn-up-and-go services on major routes and feeder or demand-responsive services to lower-density places;
 - faster and more reliable, with bus priority wherever necessary and where there is room;
 - cheaper, with more low, flat fares in towns and cities, lower point-to-point fares elsewhere, and more daily price capping everywhere;
 - more comprehensive, with overprovision on a few corridors reduced to boost provision elsewhere and better services in the evenings and weekends, not necessarily with conventional buses;
 - easier to understand, with simpler routes, common numbering, coordinated timetable change dates, good publicity, and comprehensive information online;
 - easier to use, with common tickets, passes and daily capping across all operators, simpler fares, contactless payment and protection of bus stations;
 - better integrated with other modes and each other, including more bus-rail interchange and integration and inter-bus transfers.
26. The guidance sets out that it is mandatory that BSIPs seek and report the views of passengers and third parties on the merits and demerits of bus services locally and the performance of the LTA and the local operators. These should include local transport users' groups, MPs, local services and business organisations, etc. Passenger survey data, if any, should be reported.
27. It is also a requirement that BSIPs include targets and monitoring regimes, which will include regular reporting to the DfT.

Paths available to LTAs under the NBS for delivering improved bus services in their area

28. LTAs must in order to comply with DfT requirements for delivery of the NBS choose from one of only two paths for progressing improvements to bus services in their local area: Enhanced Partnership Scheme (EPS) or Bus Franchising (BF); no other options are available to LTAs in order to deliver the NBS.
29. In essence an EPS is a formal agreement between an LTA and local bus operators to work together to improve local bus services.
30. Franchising (most notably in place in London), is where the LTA specifies the bus services to be provided, determining the routes, timetables and fares. Services are then operated under contract by private companies through a competitive tendering process.
31. The consultants commissioned by the County Council have carried out an independent assessment as to which of an EPS or BF would be the most appropriate to pursue in Leicestershire.

32. A copy of their report is included as the appendix to the report. The options available and the summary of the key views and recommendations of the consultants are set out below:
33. **Continue as present, i.e. do not seek to deliver the NBS nor comply with its requirements:** Requires no action by the Authority and Local Bus Operators would continue to be responsible for most aspects of service provision. The Authority would lose access to Government funding and as a consequence likely see significantly increased pressures on its budgets as a result of needing to support greater numbers of bus services and possibly also arising from the loss of any highways and transport funding. This option is not recommended.
34. **Pursue the NBS BF path:** Gives the Authority control over the planning, design and delivery of bus services and of the setting of fares and ensures that it can continue to access Government funding. It would require significant additional technical and administrative resources to oversee planning and management, possibly likely to cost in excess of £500,000 (revenue) per annum. The Authority would also be responsible for paying operators to run the services it specifies (as happens in London) with potentially significant cost and financial risks to the Authority. This option is not recommended.
35. **Pursue the NBS EPS path:** This does not give the Authority the same level of control over bus service design nor fares as the BF path. But, through formally established collaborative working with LBOs, it would give the Authority far greater control than just continuing as present. At possibly £75,000 per annum the technical and administrative resource costs to oversee planning and management are considerably less than the BF. This is the recommended option.
36. Officers agree with the consultants' independent views and recommendations. There is no option that is without potentially significant financial implications for the Authority but seeking to continue as is also likely brings with it the great risk of withdrawal of bus services across the County affecting many peoples' everyday lives and undermining efforts to lead a green recovery from the pandemic. Thus, of the two only paths available under the NBS, then in comparison to BF an EPS is likely to expose the Authority to the lesser degree of financial costs and risks whilst at the same time giving it far greater ability than at present to seek to deliver better bus services for the residents and businesses of Leicestershire.

DfT requirements and timeframes for implementing the NBS

37. The guidance is very prescriptive in placing significant requirements on LTAs in very short timeframes.
- **Step 1 - by the end of June 2021:** Decide which statutory path to follow - pursue an EPS or develop a BF assessment.
 - **Step 2 – by the end of October 2021:** Publish a BSIP for its area.
 - **Step 3 – by the end of March 2022:** Have either an EPS in place or be following the statutory processes to develop a BF assessment.

38. In respect of Step 1, the guidance requires LTAs to publish a Statutory Notice setting out which path it has chosen and provides a model notice to use. The publication of the Notice will commit the Authority to establishing an EPS by the end of March 2022.
39. The guidance sets out that publication of such a Notice is a requirement for LTAs to be eligible for continued access to CBSSG funding and also, inter-alia, to gain access to a share of the £3bn of funding available to deliver the NSB. Were the Authority not to publish the Statutory Notice by the end of June and then to lose access to CBSSG (which has been worth in excess of £1m to date) and any future COVID-19 funding.
40. In respect of Step 2, given the incredibly tight timeframe and the considerable amount of work required, the commissioned consultants are already working with local bus companies to develop a BSIP for Leicestershire. Wider 'public' engagement work has also already started to inform its development.

Equality and Human Rights Implications

41. The Equality Act 2010 requires the Authority to have due regard to the need to eliminate discrimination and to promote equality of opportunity between different protected groups.
42. An Equality and Human Rights Impact Assessment (EHRIA) screening exercise is currently in development and will be informed by the outcome of the engagement
43. A full EHRIA, if appropriate, will be presented to the Cabinet in the autumn alongside proposals for a Leicestershire EPS and BSIP, to assist the Cabinet with its decision on the exercise of its Public-Sector Equality Duty under the Equality Act 2010.

Environmental Implications

44. Delivery of improved bus services should help to deliver mode shift away from the private car and would therefore be anticipated to deliver air quality and carbon reduction benefits.

Background Papers

Report to the Cabinet on 16 October 2018, Draft Passenger Transport Policy and Strategy

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5184&Ver=4>

Report to the Cabinet on 20 November 2020 'Leicester and Leicestershire Strategic Transport Priorities':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5999&Ver=4>

Appendix

Consultants options appraisal report