

SURREY COUNTY COUNCIL

CABINET MEMBER FOR TRANSPORT & INFRASTRUCTURE

DATE: 29 JUNE 2021

**LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR
ENVIRONMENT, TRANSPORT & INFRASTRUCTURE**



**SUBJECT: NEW NATIONAL BUS STRATEGY (BUS BACK BETTER): NOTICE OF
INTENT TO PREPARE A BUS SERVICE IMPROVEMENT PLAN AND
INTRODUCE ENHANCED PARTNERSHIPS WITH BUS OPERATORS**

**ORGANISATION ENABLING A GREENER FUTURE & EMPOWERING COMMUNITIES
STRATEGY
PRIORITY AREA:**

SUMMARY OF ISSUE:

A new National Bus Strategy (Bus Back Better) was published by the Government on 15 March 2021. The Strategy requires a local authority to consider its role in encouraging more people to travel by bus post-Covid 19 and sets out aspirations for bus services that are more frequent, more reliable, easier to understand and use, better-co-ordinated, cheaper to use and with high quality information for passengers.

To achieve the desired aims of the Strategy and to access to further Covid support funding and a share of other new funding from a £3bn national fund, Local Transport Authorities must agree to pursue either bus franchising or to develop an Enhanced Partnership with all local bus operators in their administrative area.

In responding to the challenge set by Government it is proposed that this council issues a formal notice of intent to introduce Enhanced Partnerships with bus operators.

RECOMMENDATIONS:

It is recommended that the Cabinet Member for Transport & Infrastructure:

1. Gives approval to proceed with the development of Enhanced Partnerships with bus operators in response to the new National Bus Strategy.
2. Agrees the required issue by the Council of a notice of intent to prepare Enhanced Partnership Schemes, as set out in section 138F of the Transport Act 2000.

REASON FOR RECOMMENDATIONS:

The Government's aspirations in the National Bus Strategy, to be delivered through Bus Service Improvement Plans and Enhanced Partnership schemes, support the

Council's own intentions within the emerging new Surrey Transport Plan, to encourage modal shift and a deliver a reduction in emissions. The National Bus Strategy requires that Local Transport Authorities commit by 30 June 2021 to preparing Enhanced Partnership Schemes, subsequently followed by the formulation of Bus Service Improvement Plans by 31 October 2021. This will enable participating Local Transport Authorities to be able to bid for new Government funding and continue to claim Coronavirus Bus Service Support Grant. Enhanced Partnerships are required to be in place by 1 April 2022.

DETAILS:

The National Bus Strategy ('Bus Back Better')

1. To address carbon emission levels and to mitigate the national decline in bus patronage, which has been accelerated by the Covid 19 pandemic and the resulting public health advice to use public transport only when necessary, the Government recognises that action is required. It also acknowledges that of all public transport modes, buses are the most adaptable and change can happen relatively quickly.
2. The Government's aspirations in the National Bus Strategy can be summarised as follows:
 - More frequent services including extension of operation to include evenings and weekends;
 - Faster, more reliable journeys, with new powers for local authorities to enforce traffic regulations which favour buses;
 - The need to introduce bus lanes and other priority measures on any road with a frequent service;
 - More comprehensive 'socially-necessary' services (further guidance awaited on a revised definition) and a new category of 'economically-necessary' services;
 - Cheaper fares, multi-journey multi-operator schemes, daily capping and more widespread contactless payment ability;
 - Better modal integration;
 - Better information by means of journey planning websites, apps, roadside and traditional printed information, with heavy promotion and marketing to non-bus users;
 - High-specification zero or ultra-low emission buses to replace older diesel buses;
 - Buses to be regarded as a 'safe' mode of travel, with CCTV at key bus stops and more Real Time Passenger Information for predicted arrival times to reduce waiting at stops;
 - The introduction of a 'Passenger Charter' that sets out what passengers can reasonably expect from bus operators and Local Transport Authorities in terms of the way services are provided, including signposting to routes for recourse.
3. The new National Bus Strategy requires a Local Transport Authority to either introduce network franchising or to enter into formal Enhanced Partnerships with bus operators, following the creation of a Bus Service Improvement Plan (BSIP). It is considered that Enhanced Partnerships would be the most productive option, building on previous and positive partnership working with operators to deliver improvements to bus services in a collaborative way,

giving the best outcomes for residents. Previous joint working with bus operators has seen large and joint investment in many parts of the county, with improvement programmes currently being delivered in Camberley, Guildford and Woking. Joint investment has seen significant improvements to passenger facilities, real time bus information, bus priority and reliability, ticketing, ultra-low and zero emission buses, alongside enhancements to bus frequencies and timings. It is also noteworthy that, pre-Covid19, three in every four bus journeys were undertaken on commercial bus services, which supports the Enhanced Partnership approach rather than franchising.

4. An Enhanced Partnership is a formal commitment between a Local Authority and bus operators to jointly deliver the measures contained in the BSIP.
5. The National Bus Strategy and the development of a BSIP for Surrey align with one of the key themes from the emerging new Surrey Transport Plan – that of modal shift from the private car to other more sustainable modes, by making bus services a real choice for residents. Central to our response to Government will be cross-references and linkages to the aims and ambitions of the Council's Greener Futures work and the 2030 Community Vision.
6. The emerging Surrey Transport Plan will take a new approach to transport demand in the county, therefore the BSIP is a critical step within our commitment to sustainability.
7. The development of the BSIP and the future Enhanced Partnerships will seek to increase bus patronage by offering more services where required and higher quality services for our residents. The work will also seek to tackle air quality issues and to improve the local environment for residents, whilst also reducing congestion.
8. The BSIP will set out the expected local measures to achieve these objectives and their expected impact. It will propose initiatives to encourage greater bus use as part of the county's 'building back better' more sustainably. It will also act as a framework to unlock the opportunity for future bidding to secure part of the £3bn funding allocated to Bus Back Better by the Government.
9. The BSIP must be developed in collaboration with bus operators, community transport providers, local businesses and residents. It will set out the future bus network, plans for improvements and how objectives will be achieved and will be updated annually.
10. It will secure access to new powers for traffic enforcement and will contain ambitious bus priority schemes on the highway, in order to secure an improvement in journey times and bus reliability, including the setting of targets which will be monitored by Government. It will identify where priority measures are needed, set out pressures on the road network and consider air quality issues and carbon reduction targets that buses could help address.
11. Surrey County Council has developed excellent relationships with the county's bus operators over a long period and has already extensively worked in informal partnership with them to deliver a wide range of bus-related improvements of the type the Government now seeks in the National Bus Strategy, so we will be progressing this work from a good starting point.

CONSULTATION:

12. Consultation is not required prior to issuing a Notice of Intent to prepare Enhanced Partnership Schemes. However, the Council has been proactive by already holding discussions with Surrey's bus operators, who have expressed commitment to working with the Council. Initial discussions with neighbouring local authorities have also taken place, again with an intent to work together to secure better outcomes for residents. Having stated the intention of creating Enhanced Partnerships, the subsequent development of the enabling BSIP will require formal engagement with operators, neighbouring transport authorities, bus user groups, members, residents and other stakeholders in the period July to October 2021, recognising that the Government has laid down an extremely short timescale.

RISK MANAGEMENT AND IMPLICATIONS:

13. Entering into more formal, legally framed partnerships carries a degree of risk in terms of committing the Council to the outcomes and proposals it includes, compared to the current situation, which is a voluntary partnership working arrangement. This risk can be mitigated by discussion and agreement with partners to ensure that the Council does not commit itself to interventions or investment that it cannot justify or sustain. Expectations of what the partnerships can achieve will also be important to manage, notwithstanding the desire to positively respond to the ambition set by Government.
14. It should be noted that within the BSIP and Enhanced Partnerships, the Council will be unable to determine the level and structure of the commercial bus network and single-operator fare levels, although working closely with operators the Council can bring influence to this area. However, determination of the level of contracted services in Surrey will continue to be for the Council to decide in accordance with existing legislation which will remain in place.
15. The much greater risk in terms of finance, reputation and corporate outcomes, is not to follow the pathway set by Government and the requirements set out in the National Bus Strategy. A decision not to participate would result in some existing Government funding ceasing. It would also remove future opportunities to access additional Government funding to improve bus services and infrastructure, and not accord with the vision and objectives of the Council's emerging Surrey Transport Plan. It is therefore proposed to respond positively and proactively to the challenge set by the Government in the National Bus Strategy.

Financial and value for money implications:

16. The Government has identified a £3bn national budget for funding Bus Back Better and access to it will be restricted to Local Transport Authorities choosing to develop Enhanced Partnerships, as will be continued access to

Coronavirus Bus Service Support Grant after 1 July 2021. The funding allocated will depend on the quality and ambition of the BSIP to be submitted to and judged by the Department for Transport (DfT).

17. There are also likely to be financial impacts for authorities not pursuing Enhanced Partnerships, if Government proceeds with a promised review of the Bus Service Operator Grant (fuel duty rebate scheme) and of the English National Concessionary Travel Scheme (free off peak bus travel for older and disabled people scheme). However, there is no further information on either of these at present.
18. Information is still awaited on how new funding will be distributed and the purposes for which it can be used. The likely requirement for additional measures to prioritise and support bus services, including a potential requirement to provide improved 'socially or economically necessary' services is also likely to have financial implications for the Council's own budget streams.
19. The Council has already allocated £49m within the capital pipeline for the type of initiatives sought within the National Bus Strategy, comprised of £32.3m for zero emission buses, £6.3m for electric community transport vehicles, £9m for bus priority measures and £1.4m for additional Real Time Information. These are all ambitions for the future BSIP.
20. Using some of the capital pipeline allocation, a fast-track Expression of Interest to the Government's Zero Emission Bus Area Scheme (part of the £3bn Bus Back Better funding) has already been submitted jointly by West Sussex County Council and Surrey County Council in partnership with Metrobus. This is for the introduction of 54 zero-emission buses on services across the two counties.
21. Other funding may come from Local Enterprise Partnership schemes for bus improvements, developer-related funding and from the existing local bus revenue budget. The Council may also choose to allocate funding as part of the implementation of the emerging Surrey Transport Plan.
22. The initial cost of developing the BSIP and the Enhanced Partnerships will be met by a £100k grant from DfT, already secured, and from existing staff resources. Beyond this initial grant, the Government intends to offer 'further support' funding to authorities that have committed to follow the Enhanced Partnership route. Again, more details are awaited from Government.

Section 151 Officer commentary:
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23. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

24. The cost of developing a BSIP and the associated Enhanced Partnerships is expected to be funded from existing budgets and government grant. Further work is required to understand the financial implications of entering into an Enhanced Partnership, and how costs might align with existing Council budgets and plans, including future investment included in the approved capital programme. In the future continued access to discretionary funding, including the Coronavirus Bus Service Support Grant and £3bn of new funding nationally, will only be available to those authorities who have Enhanced Partnerships in place or who are following the process to implement franchising.
25. The financial implications of entering into Enhanced Partnerships will be reported to Cabinet once clear and before proceeding and will need to be considered as part of the Council's Medium-Term Financial Strategy. As such, the Section 151 Officer supports the recommendations.

Legal implications – Monitoring Officer:

26. Where a local transport authority, in this case, Surrey County Council, proposes to enter into Enhanced Partnerships it must comply with the provisions set out within S.138F of the Transport Act 2000. In summary there is an obligation to give appropriate notice of the intention of entering into the partnership and to invite local transport operators to participate in the formulation of the plan.
27. Once it is finalised the Council has an obligation to put the Plan into effect and it is not open to the Council to deviate from it without the necessary notices being given.
28. When considering any type of partnership, the Council must consider competition issues and the possible consequences for its residents. An Enhanced Partnership scheme cannot be made unless the Council is satisfied that it will bring benefits to those persons who use local services or reduce or limit traffic congestion, noise or pollution. It will therefore be important to preserve as far as possible the aspired passenger benefits of lower fares, quality services and innovation that competition between operators will help foster. Such considerations will be assessed in finalising any Enhanced Partnership plans and further guidance is expected from the Government on these aspects.

Equalities and diversity:

29. Buses are nationally the most-used mode of public transport, including by those of the protected characteristics. In some areas, users are disproportionately from less advantaged social groups and places. Improved services should strengthen communities, sustain town centres and connect disabled and isolated people to services and to their communities. Strengthening the Council's commitment to buses should directly benefit these objectives as well as providing wider benefits within Surrey's 2030 Community Vision.

30. In addition, the Government is proposing to publish new guidance on the meaning and role of 'socially-necessary' services and to introduce a new category of 'economically-necessary'. This could include better provision for economically disadvantaged areas.

Environmental sustainability implications:

31. Buses should not be seen only as transport for those without an alternative. As part of an overall transport strategy, a comprehensive, effective and affordable bus network can draw people away from car travel and lead to long-term modal shift, thus supporting the delivery of our Climate Change Strategy and tackling emissions from transport. To achieve this, it is proposed that the BSIP would essentially form the Bus Strategy within the emerging Surrey Transport Plan.
32. To counter the Government's messages on public transport use during the pandemic and the subsequent changes to work and shopping patterns that may result, it will be important to provide a strong response on behalf of Surrey residents to the Government's National Bus Strategy.

Public Health implications:

33. In the UK, air pollution is the largest environmental risk to public health and the main source of pollutants is road traffic. In Surrey, 46% of emissions emanate from transport activities. The BSIP will assist the Council to deliver against the county's carbon emission reduction targets. A commitment to Enhanced Partnerships means the Council will be able to access Government funds for zero emission buses, to supplement the funding already allocated within the capital pipeline. Such buses could make a significant contribution to improving air quality and reducing emission particulates, especially in designated Air Quality Management Areas (AQMA).
34. The BSIP will contain measures to attract people onto low-emission or zero emission buses rather than using their cars, which will further contribute to improving air quality in town centres and AQMAs.

WHAT HAPPENS NEXT:

The next steps are:

- Inform Department for Transport via a statutory notice by 30 June 2021 of the council's commitment to make Enhanced Partnerships with bus operators
- Develop and consult on proposals for partnerships and the Bus Service Improvement Plan (BSIP) – summer 2021
- Report to Cabinet for approval of the BSIP on 26 October 2021

- Submission of BSIP to Department for Transport by 31 October 2021
- Enhanced Partnerships commence 1 April 2022 subsequent to a further Cabinet report

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Consulted:

Cabinet Member for Transport & Infrastructure, Executive Director of Environment, Transport & Infrastructure, Surrey's local bus operators, adjoining local transport authorities

Sources/background papers:

- Bus Back Better – a National Bus Strategy for England
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