

SURREY COUNTY COUNCIL

MR MATT FURNISS, CABINET MEMBER FOR TRANSPORT AND
INFRASTRUCTURE

DATE: 26 APRIL 2022

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

**SUBJECT: NATIONAL BUS STRATEGY – ENHANCED BUS PARTNERSHIP FOR
SURREY**



SURREY

**ORGANISATION
STRATEGY
PRIORITY AREA:**

Growing A Sustainable Economy So Everyone Can Benefit/Enabling A
Greener Future

SUMMARY OF ISSUE:

This paper follows the 26 October 2021 Cabinet report that approved the Council's Bus Service Improvement Plan (BSIP) and its submission to Government. This paper moves us to the next stage of delivering the requirements of the National Bus Strategy, namely agreeing a draft Enhanced Partnership (EP) Plan and draft EP Scheme.

The EP Plan is a legal agreement between the Council and our bus operators, setting out at a high level the obligations of each party. This report explains how the EP Plan will work and the responsibilities of the Council and bus operators. The EP Scheme sets out the specific initiatives that may be delivered through the EP Plan and funded through the BSIP. Both the draft EP Plan and draft EP Scheme have been developed in partnership with bus operators.

Rather than submitting a final EP Plan and a final EP Scheme, the DfT has requested LTAs to submit drafts by the end of April for their review. These drafts can be amended following DfT feedback, with the formal start of the EP to follow in late Spring or early Summer dependent upon when feedback is received.

The much-delayed BSIP funding announcement from the Department for Transport (DfT) was made on 4 April, with zero funding awarded from Government for our BSIP. Whilst hugely disappointing for this Council and the many other Local Transport Authorities (LTAs) that also failed to secure any BSIP funding, it is still important that the Council progresses the EP Plan and EP scheme in preparation for joint working with bus operators and further bids to Government for funding.

RECOMMENDATIONS:

It is recommended that the Cabinet Member:

1. Agree that the draft Enhanced Partnership Plan and draft Enhanced Partnership Scheme be submitted to the Department for Transport for their review, inclusive of delivery priorities

2. Agree that once Department for Transport feedback has been received, a report be taken to Cabinet proposing that the Council enter into an Enhanced Partnership with bus operators, inclusive of governance arrangements.

REASON FOR RECOMMENDATIONS:

Responding to the challenge set by Government, the Council issued a formal notice of intent to introduce an EP building on our existing and strong partnership working with bus operators. Doing so has secured continued access to Bus Recovery Grant funding that compensates for Covid depressed patronage, whilst enabling the Council to be bid for future Government funding using the BSIP.

The next step is to approve our draft EP Plan and draft EP Scheme, submitting both to the DfT for their review. The draft EP Plan and draft EP Scheme combined aim to grow bus patronage by improving bus services and infrastructure, whilst enhancing bus user experience.

Government's aspirations align closely with the Council's own aims and objectives as set out in Enabling a Greener Future, our Climate Change Delivery Plan and the emerging new Surrey Transport Plan. A core feature of the latter is to prioritise public transport in the hierarchy of modes, whilst delivering a reduction in carbon and other emissions from the transport sector.

DETAILS:

Bus Recovery Grant (formally Covid Bus Service Support Grant)

1. In respect of current bus services, the Government has been providing a Bus Recovery Grant over the course of the pandemic, which has effectively supported operators to continue operating despite the reductions in patronage as a result of Covid. There had been some uncertainty from LTAs and the bus industry as to whether any further support for current operations would be forthcoming from Government beyond the financial year 21/22, and Surrey County Council along with LTAs across the country and operators have pushed the Government to extend that grant given the continued challenges facing operators and LTAs in a post-pandemic environment.
2. Thankfully, on 1 March 2022 the DfT wrote to all LTAs setting out an extension of recovery grant, extending the grant to cover April to October 2022. The letter is attached to this report as Annex 1. Government state that they have allocated £150m in support and the *"funding is dependent on local areas and operators co-designing a financially sustainable and passenger-focused public transport network, that works for changing travel patterns post-pandemic."*
3. The DfT also state that this will be the final tranche of recovery grant. Although the final amount to be allocated to the Council has yet to be confirmed, in total approaching £5m will have been allocated to the Council as covid support funding for the bus industry. Ahead of receiving this letter, officers had already started planning a Surrey wide bus network review. This work is at an initial stage and will require close working with all bus operators in Surrey, followed by a full public consultation process. Operators have

indicated their support for the Council's approach. Further DfT guidance has been promised on this issue, however, discussions and planning is taking place in advance of this being issued.

National Bus Strategy – Bus Service Improvement Plan

4. Looking to the future of bus services, the Council has been engaging with the Government's Bus Back Better programme, and in so doing, submitted a Bus Service Improvement Plan (BSIP) to the Government last year seeking funding for the implementation of that plan. The Government specifically encouraged all LTAs to be ambitious in the development of those plans, and Surrey's BSIP was certainly ambitious – seeking £120m of funding in total.
5. However, the DfT announced on 4 April that zero funding had been secured from Government for our BSIP. The Council is one of over 40 LTAs that also have received no funding from the Government for their BSIPs (out of a total 79 LTAs nationally).
6. The Council has asked both the DfT and their appointed consultants, Arup, for clarification on both the process for decision making. This detailed feedback is awaited. Discussions with Surrey Members of Parliament are also taking place, alongside a planned meeting with the Secretary of State for Transport.

National Bus Strategy – Enhanced Partnership

7. The DfT have asked those transport authorities who had not started their statutory consultation process to wait until the BSIP funding announcement had been made. The DfT stipulated approach for the statutory consultation and broader stakeholder engagement are covered later in the report.
8. Once this statutory process is complete, the Council will be engaging to a wider set of stakeholders, particularly disability groups, to help shape what focus the partnership takes on targeting investment.
9. In advance of this the Council completed a legally required 28 day Operator Objection Period. This provided operators covered by the EP a stand still period during which they could formally object to any element in the EP Plan and / or EP Scheme. The Council did not receive any objections from operators.
10. The Council has also responded to statutory consultations held by neighbouring LTAs or those where routes travel into Surrey, namely Kent, Hampshire and Slough.

Enhanced Partnership Delivery Priorities

11. By working with the operators, the Council has developed an outline set of priority areas for implementation. These will be consulted on as part of the statutory consultation process and as part of wider stakeholder engagement. More on this is covered later in this report.

12. All the potential deliverables are listed in the Enhanced Partnership Scheme. These are broken down into three different elements of Facilities, Measures and Requirements.
13. The full list of all Scheme elements in the full EP Plan and Scheme as Annex 2.
14. Depending on the funding allocated to Surrey in future bidding rounds to Government, the EP Board will make the decisions on what Facilities, Measures and / or Requirements will be implemented, all with the intention of growing patronage.
15. A key area for investment will be bus priority. This council is already investing £9m in bus priority measures to support the investment in zero emission buses.
16. Although Surrey did not receive any BSIP funding, there are still elements within the EP Scheme that the Council will still want to implement, such as the Passenger Charter. This will be supported by the investment that the Council has already allocated for zero emission buses, zero emission community transport minibuses, more Real Time Passenger Information (RTPI) and bus priority measures on the zero emission bus routes.

Enhanced Partnership Governance

17. An EP Plan and EP Scheme, as part of Annex 2, sets out in detail the governance and decision-making arrangements, with a proposed Enhanced Partnership Board, Delivery Group and Stakeholder Reference Group. The Terms of reference for each group are set out in Appendix D of the EP Plan and Scheme.
18. It is proposed that the EP Board be chaired by the Cabinet Member for Transport and Infrastructure, with representation from the County Council and bus operators. The representatives from the bus industry are from Metrobus and Stagecoach, as large operators in the county, and from Safeguard Coaches, Whitebus and Hallmark Coaches, as SME operators. Transport for London (TfL), as a major neighbouring transport provider, will be a member of the EP Board.
19. The bus operator membership of the EP Board can change at the request of the operators covered by the scheme. This can happen if someone on the EP Board needed or wanted to step down. To keep the size of the EP Board manageable, if another operator wishes to join, another operator will need to stand down. However, the larger bus operators that provide the majority of bus mileage in the county will need to be represented on the EP Board.
20. Decisions made by the EP Board for implementation are legally binding. However, it may not be appropriate for every operator to implement. In those instances, the EP Board may also decide to exempt specific operators, locations or services from what is being implemented. For example, because

of how TfL operate it is not possible, at this time, to obligate them to enter into a ticketing or fares scheme that covers part of or the whole of Surrey.

CONSULTATION:

21. To develop the EP Plan and EP Scheme, officers have engaged with all bus operators affected by the EP, alongside neighbouring LTAs and TfL.
22. Cabinet has also been engaged via formal and informal meetings. The Cabinet Member for Transport & Infrastructure has also been engaged in the development of the draft EP Plan.
23. On 16 September 2021, the Communities, Environment & Highways Select Committee considered a report on the development of the Bus Service Delivery Plan (BSIP).
24. The Cabinet Member has written to all Surrey Members of Parliament asking them to support our EP Plan, as well as to seek their support in lobbying Government to extend (or replace) Bus Recovery Grant (BRG) funding.
25. A further legal requirement is consultation on the EP Plan and EP Scheme with statutory consultees. These are:
 - All operators of local bus services that would be affected by any of the proposals
 - Organisations that represent local passengers
 - Other local authorities that would be affected by the proposals
 - The Traffic Commissioner
 - The chief officer of police for each area to which the plan relates
 - Transport Focus
 - The Competition and Markets Authority (CMA)
26. As set out in the report presented to Cabinet last October, future engagement will play a key part of the success of the EP. This will take place using the Stakeholder Reference Group being created as part of the proposed governance arrangements, plus through regular passenger and wider resident surveys. By listening to residents and addressing these issues through the BSIP, there is an opportunity to grow bus patronage and deliver on the ambition set out in Bus Back Better.

RISK MANAGEMENT AND IMPLICATIONS:

27. With no funding secured from Government for our BSIP, there is an obvious risk associated with creating a level of expectation with bus users and residents that the Council may not be able to meet. Particularly on having network wide service enhancements and blanket reductions in fares. This will need to be managed through the Stakeholder Reference Group, bus user groups, social media and other information available to the public.
28. Another risk is around planning the delivery of interventions and the impact that capital investment has on bus route reliability. For example, road works,

even those that will ultimately support bus services, may cause delays to bus services whilst they are underway. This could be compounded if there are other residential development or utility work in the same area.

29. To mitigate this risk, the delivery of the capital investment plan will need to be well managed. For example, prioritising off carriageway capital investment, such as RTPI or bus stop accessibility improvements, in areas where on carriageway works are already planned.
30. Longer term risks are around the availability of revenue to support service enhancements and / or discounted fare schemes. This could be from further BSIP investment opportunities after the life of the current Parliament or through increasing patronage to a level where services can become fully commercial, noting that the operating landscape for the bus industry is still extremely challenging as long-term travel patterns continue to emerge.
31. In some areas the expansion of the Digital Demand Responsive Transport (DDRT) and other Community Transport offers will help support areas that may see changes to timetabled bus services.

Financial and value for money implications:

32. A network-wide review of services, working with operators, over the course of this spring and summer will help design a sustainable network within our current funding envelope.
33. The Council has also allocated £47m of funding for zero emission buses, zero emission community transport minibuses, more RTPI and bus priority measures.
34. New infrastructure delivered will require future maintenance, for example increased costs to support the operation of an expanded Real Time Passenger Information system. These costs will need to be fully understood and subsumed within the relevant Group Budget.

Section 151 Officer commentary:

35. Although significant progress has been made to improve the Council's financial position, the medium term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding 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.
36. The Section 151 Officer supports the recommendations. The County Council provides financial support to socially necessary bus services where they are not commercially sustainable. The bus sector in Surrey continues to suffer from reduced patronage due to the pandemic and ongoing changes in travel

behaviour, and has received additional financial support from the Government. The Council is awaiting confirmation of funding for the period from April to October 2022, after which bus recovery funding is expected to end. In the meantime the Council has started working with bus operators to undertake a Surrey wide review of the bus network to adapt to changing transport patterns and ensure a financially sustainable future model.

37. Entering into an enhanced partnership with bus operators provides an opportunity to bid for future Government funding and aims to improve services, increasing patronage and therefore the financial viability of services, with associated economic benefits. The Government's decision not to allocate funding to Surrey's BSIP will mean that bus service improvements will need to be prioritised within available funding, and the speed of improvement will inevitably be slower. Improvements will include investment in low emission buses, real time information and bus priority measures, which are included in the Councils' Medium Term Financial Strategy.

Legal implications – Monitoring Officer:

38. The Transport Act 2000 (as amended) (“the Act”) provides the statutory basis for a number of schemes to enable local authorities to facilitate improvements to bus services in their areas. Surrey County Council with the support of its local bus operators, has chosen to utilise the Enhanced Partnership Scheme. In drafting a proposed scheme, Officers have taken account of the requirements of S138A of the Act which sets out the mandatory requirements of any scheme. At this point the Member is not being asked to agree the adoption of the scheme but simply to agree the submission of a draft scheme to the Department for Transport for review and comment.

Equalities and diversity:

39. As stated in the October 2021 report, an Equalities Impact Assessment (EIA) was completed for the BSIP submission. This covers all the possible actions and interventions across all the protected groups.
40. Because of the lack of certainty of funding for the BSIP for the EP, the EIA was written in a general way. This means that the Council cannot properly assess the potential impacts from delivering the EP until there is clarity on what can be funded. Now the funding picture is clear, the EIA will be updated focusing on the specific actions and interventions in EP Scheme. This will then focus on local impacts and on people with protected characteristics.

Other implications:

41. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
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Corporate Parenting/Looked After Children	No direct Implications Identified.
Safeguarding responsibilities for vulnerable children and adults	No direct implications identified.
Environmental sustainability	<p>Public transport is a key pillar to building a sustainable economy and sustainable county.</p> <p>The expansion of ultra-low and zero emissions vehicles will remove tonnes of carbon from transport each year.</p> <p>Improvements to bus services, encouraging more people to use public transport rather than their car, will further result in carbon reductions from transport.</p> <p>As mentioned above, the delivery of improvements to bus services through the Enhanced Partnership will reduce emissions from transport. The Plan is a key initiative that will contribute to the county achieving its net zero carbon emissions target. Once the Council has certainty of funding and subsequent decisions on targeted investment, calculations on carbon reductions will be made to contribute towards the organisation's net-zero ambitions.</p>
Public Health	Where locations have an air quality issue, and in conjunction with other measures, reducing transport emissions will help mitigate such issues.

Environmental sustainability implications:

42. As mentioned above, the Facilities, Measures and Requirements listed in the EP Scheme, are all intended to promote bus use. If these can be afforded This in turn will have an impact on the County Council's Net Zero ambitions.
43. Alongside other measures support sustainable and active travel options, any investment in the bus sector will create a more attractive offer for residents.
44. The scale of change and improvement in sustainable transport will be dependent on the funding available.

Public Health implications:

45. The County Council is investing in zero emission vehicles in the east of Surrey to be operated by Metrobus, also in electric minibuses. These

measures will reduce public transport emissions in the areas and routes where they are introduced.

46. Investment in other infrastructure, such as Bus Priority, to promote bus use through making journey times quicker and more reliable should see reductions in emissions where there is greater use of buses.

47. However, should funding not be available our ability to improve services and target investment in AQMAs will be diminished.

WHAT HAPPENS NEXT:

48. Below sets out key dates and actions required, should Cabinet approve the recommendations in this report:

- By 30 April the draft Enhanced Partnership Plan and Scheme is submitted to the DfT for their consideration and review
- Following the BSIP funding announcement:
 - hold a three-week statutory consultation process;
 - hold a following three-week stakeholder engagement exercise
 - hold initial meetings of the EP Board, Delivery and Stakeholder Reference Groups
 - plan for the Future Bus Network public consultation process later in 2022
- As of 31 October 2022, the first round of BSIP performance reports are submitted to the DfT

Contact Officer:

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Consulted:

All bus operators. All neighbouring Local Transport Authorities. All Surrey MPs.
Surrey County Council Members.

Communities, Environment and Highways Select Committee, who considered the approach to developing the BSIP as well as engagement activity undertaken and to happen.

Annexes:

Annex 1 – Department for Transport letter to all MPs outside of London

Annex 2 – The draft Surrey Enhanced Partnership Plan & Scheme

Sources/background papers:

National Bus Strategy – Bus Back Better – A Bus Service Improvement Plan for Surrey, Cabinet Report, 26 October 2021

Bus Back Better: National Bus Strategy for England – Department for Transport, 15 March 2021.

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