

Report to: Lead Member for Transport and Environment

Date of meeting: 21 June 2021

By: Director of Communities, Economy and Transport

Title: East Sussex County Council response to Government Bus Strategy

Purpose: To consider the Government's new Bus Strategy and decide whether to establish an Enhanced Partnership for East Sussex.

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Approve the development of an Enhanced Partnership for East Sussex and the giving of a notice of intent to prepare an Enhanced Partnership Plan and accompanying Enhanced Partnership Scheme, as required and set out in section 138F of the Transport Act 2000.**
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1. Background Information

1.1. On Monday 15 March 2021 the Government launched "Bus Back Better", a new bus strategy for England outside London. It aims to rejuvenate local bus services, making them attractive for passengers, cheaper, easier to understand and use, faster and more reliable, and greener. It acknowledges the decades-long decline in bus patronage nationally and points to towns and cities which have bucked the trend, increasing passenger numbers with coordinated services and investment. Greater use of buses, and more buses being zero emission, will contribute to Government's central objectives: carbon net zero and levelling up.

1.2. Central to these proposals for the National Bus Strategy are new requirements for Local Transport Authorities (LTAs) to have a much stronger role in specifying and organising local bus services.

1.3. LTAs are expected to use the powers available in the Bus Services Act 2017 to achieve the aims of the Strategy. Two potential routes are available – the development of a statutory Enhanced Partnership (EP) between LTAs and bus operators, or a franchising scheme. By the end of June 2021, Government expects all LTAs to commit to establishing an Enhanced Partnership across their entire areas and for all operators to be in co-operation with the process.

1.4. The strategy places new requirements on LTAs to develop Bus Service Improvement Plans (BSIPs) and set up EPs with local bus operators, to tight timescales, with actions on networks and services, fares and ticketing, passenger facilities, and highway bus priority measures. The strategy states that if a local authority fails to take this forward, then they will lose out on their share of the £3billion of funding announced. They will also lose their current allocation of bus service operators grant (East Sussex County Council (ESCC) receives £426K pa), as well as expected revenue grants to support operators in maintaining services whilst passenger numbers recover post-COVID.

1.5. Government are making available a £100k flat payment to assist local authorities, who request it, towards progressing an EP or franchising arrangement. ESCC received this capacity funding in April 2021. Further capacity funding will be available from the end of June once they have received the notices of intent.

1.6. Key actions for local authorities are set out on page 40 of the newly announced bus strategy report (Appendix 1):

- By the end of June 2021 commit to an EP or begin statutory process towards franchising. Further details will be sent out on EPs but it will be based on the Hertfordshire model referred to on page 39 (Appendix 1).

- By the end of October 2021, a local BSIP is to be published, to be updated annually and reflected in the Local Transport Plan and in other relevant local plans such as local Cycling and Walking Infrastructure plans. Further details will be sent of items for inclusion in the BSIP. Referred to in Appendix 1 on pages 41 and 42 of the appendix. A passenger charter is also required (page 64).
- From April 2022 the EP should be in place or a decision to implement a franchising scheme in order to access the new discretionary streams of bus funding. This is the only way to access this funding.

1.7. Following the ESCC Public Transport Strategic Commissioning Strategy review in 2014 the Council re-prioritised its support of bus services not provided by operators on a commercial basis. The services we now subsidise are predominantly rural services, based on the need to access to education, employment, health and shopping. Our 2021/22 budget for subsidising bus services is £1.75m.

2. Supporting Information

2.1. The difference between a bus franchise and an EP is that in a franchise it will be down to the local authority to specify all aspects of the service in fine detail, rather than the authority and the operators working in partnership. In doing so the local authority will take on the financial risk. There is a rigorous process that authorities must follow before they can introduce franchising and Government expects local authorities which are interested in the franchising model to enter into an EP first. Franchising would therefore be a very significant legal and financial undertaking, requiring several years to bring about. Given the very significant commitment to do so, without guaranteed benefit, it is therefore not proposed to plan for a franchising scheme.

2.2. The Department for Transport (DfT) 2017 guidance (Appendix 2) explains the statutory process that must be followed in setting up an EP. An EP, once formed, is a legally binding agreement between a local transport authority (LTA) and local bus operators to work together to improve local bus services. It includes a clear vision of the improvements that the EP is aiming for and accompanying actions to achieve them. The LTA has formal responsibility for making the scheme, but at set points in the process they can only proceed with their proposals if they have the support of a defined proportion of local bus operators. Until now, only a few local transport authorities have entered into an EP.

2.3. Government has said it will publish updated guidance on EPs 'in the coming weeks'. Guidance for BSIPs was published on 17 May 2021 and a summary of its implications is provided in Appendix 4. As the statutory requirements for EPs are framed in legislation, through the 2017 Act, it is not expected the updated guidance will significantly change. Given the time constraints, ESCC is in the meantime using the 2017 guidance, although Officers believe that elements of the 2017 guidance have been superseded by the guidance for BSIPs, such as the requirement for an EP 'Plan' (including the 'clear vision' mentioned in paragraph 2.2 above).

2.4. The Government's ambition for EPs is that their creation and investment will deliver a transformed bus offer. They envisage coordinated, more comprehensive bus networks, with better coverage and services operating for longer hours at higher frequencies than now.

2.5. Government wants to see simplified, lower fares, consistent across a city, town or county network, with flat fares or maximum single fares lower than current levels. The strategy encourages multi-operator tickets to be offered at the same or similar prices to single-operator equivalents and suggests LTAs and operators introduce daily and weekly capping. The Government has committed to continuing to fund free off-peak bus travel for disabled people and pensioners and free school travel for pupils living 'beyond walking distance'.

2.6. "Bus Back Better" sets expectations for the passenger experience, including comprehensive, updated information at bus stops and online, covering fares and real-time running information. Vehicles should be high-quality with at least 2 wheelchair spaces per full-size vehicle and audio and visual 'next stop' announcements.

2.7. The strategy gives a strong push towards zero-emission vehicles (electric or hydrogen) and the DfT has launched an open consultation on when the sale of new diesel-powered buses should be stopped. It sets an expectation for LTAs to work with energy providers and bus operators to coordinate

the efficient delivery of fuelling and charging infrastructure. Bus companies are expected to provide or secure most of the finance required, as part of their normal asset management and renewal cycles.

2.8. LTAs are expected to make or secure significant investment in on-street bus priority measures, including bus lanes, bus gates and signal priority schemes. LTAs are encouraged to introduce bus lanes quickly (subject to consultation). Part 6 of Traffic Management Act 2004 will be brought into effect in 2021, allowing highway authorities to enforce moving traffic offences.

2.9. The Government expects all LTAs to publish a local BSIP, detailing how they propose to use their powers to improve services. The BSIP will:

- Need to be developed by LTAs in collaboration with local bus operators, community transport bodies and local businesses, services and people.
- Need to cover the LTA's full area, all local bus services within it, and the differing needs of any parts of that area (e.g. urban and rural elements).
- Focus on delivering the bus network that LTAs (in consultation with operators) want to see, including how to address the under provision and overprovision of bus services and buses integrating with other modes.
- Set out how they will achieve the objectives in this strategy, including growing bus use, and include a detailed plan for delivery.
- Be updated annually and reflected in the authority's Local Transport Plan.
- Influence the share of the £3bn of transformation funding each LTA receives.
- Set targets for journey times and reliability improvements.
- Include significant increases in bus priority, matched with robust enforcement.
- Set out pressures on the road network, air quality issues and carbon reduction targets.
- Statutory traffic management guidance will be updated to expect enhanced bus reliability as an integral part of highway authorities' Network Management Duty (page 46 of Appendix 1).

2.10. The Government are asking LTAs to make a statutory declaration of their intent to commit to an Enhanced Partnership or begin statutory process towards franchising by the end of June 2021 (see Appendix 3 for sample draft). Under the current guidance an Invitation to Participate in the Partnership, which includes setting out its geographical limits (assumed to cover the whole of East Sussex) and a contact point at the authority, would be sent to every public service vehicle operator providing services within it. Formal discussions cannot take place before this, which is a statutory requirement.

2.11. The National Bus Strategy states that the COVID-19 Bus Services Support Grant (CBSSG) is discretionary, as will be future bus funding from the £3billion of funding announced for bus improvements. From 1 July 2021, CBSSG and any successor funding to it; funding to transform services as outlined in the Strategy; and potentially reformed Bus Service Operators Grant (ESCC receives £426K pa), will only be available to LTAs who have committed to entering into Enhanced Partnerships or started the statutory process of franchising services, and to operators who co-operate with the process.

2.12. There would therefore be a very significant impact of not complying with the requirements of the Strategy, potentially leading to a collapse of the commercial East Sussex bus market and a call on unsustainable levels of Council funding to replace it. As well as this, Government has also stated that LTAs who do not comply may encounter future difficulty in obtaining funds for non-bus related transport schemes.

2.13. At this time, it is not clear what the financial revenue or capital implications will be for ESCC in establishing an EP, nor is it clear what level of additional funding the authority may receive. However, at this stage the authority is only giving its intent to establish an EP. The financial implications for the authority will need to be clearer before formally entering into the EP in April 2022. There is concern regarding the risk of not meeting the tight timescales being set by Government. The Strategy states that plans must be developed in collaboration with "*local bus operators, community transport bodies and local businesses, services and people*". Informal discussions to date have been taking place with East Sussex's two main operators, Stagecoach South East and Brighton and Hove Bus Company. Formal consultation will be required in the future development of the EP plan and scheme. In setting out and developing the proposals, views and input would be sought from a wider range of partners including District, Borough and Parish Councils, Transport Representatives, the Local Enterprise

Partnership, Rail Operators and Active Travel Groups. This will require a clear and jointly agreed communications plan to be in place.

3. Next Steps

3.1. Subject to a commitment to enter into an EP being given, the next steps are to:

- inform the Department for Transport, by statutory notice, of this commitment by the 30 June deadline;
- give formal notice of the Council's intention to prepare an EP with the agreement of all participating local bus operators (same timescale);
- develop and consult/engage on the proposals for an Enhanced Partnership Plan / Bus Service Improvement Plan and Enhanced Partnership Scheme (summer 2021); and
- report to Lead Member for Transport and Environment on the proposed EP and East Sussex Bus Service Improvement Plan prior to submission of the BSIP (by 31 October).

4. Conclusions and Reasons for Recommendations

4.1. Lead Member for Transport and Environment is recommended to approve the development of an Enhanced Partnership for East Sussex and the giving of a notice of intent to prepare an Enhanced Partnership Plan and accompanying Enhanced Partnership Scheme, as required and set out in section 138F of the Transport Act 2000. The establishment of the Enhanced Partnership together with required additional funding from Government is an opportunity to make significant improvements to the bus service for our community. From 1 July 2021, CBSSG and any successor funding to it; funding to transform services as outlined in the Strategy; and Bus Service Operators Grant (ESCC receives £426K pa), will only be available to LTAs who have committed to entering into EPs or started the statutory process of franchising services, and to operators who co-operate with the process. There would therefore be a very significant impact of not complying with the requirements of the Strategy, potentially leading to the collapse of the commercial East Sussex bus market and a call on unsustainable levels of Council funding to replace it.

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LOCAL MEMBERS

All Members

BACKGROUND DOCUMENTS

None