

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 1 JULY 2022

**REPORT TITLE: BUS SERVICE IMPROVEMENT PLAN AND
ENHANCED PARTNERSHIP SCHEME**

**DIRECTOR: ALISTAIR KIRK, INTERIM DIRECTOR OF
INFRASTRUCTURE**

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Purpose of Report

To secure Committee approvals and appropriate delegations to the current version of the draft Enhanced Partnership Plan (EPP), recognising development of the detail will be ongoing over the next three months. Approval now will enable Department for Transport (DfT) to confirm release and drawdown of funding from this point onwards. This is required to support acceleration of initial Mayoral Bus Service Improvement Plan (BSIP) priorities including fares packaging and Network Reviews, as well as detailing the next steps of the programme.

To explain the linkage between the BSIP programme, the current bus network review and the opportunities presented by the recent Committee agreement on the re-procurement of contracts for existing non-commercial bus services.

Recommendation

1. That the Committee notes the DfT indicative BSIP revenue funding allocation of £105.5m over a 3-year period, the second highest award in the country. The size of the BSIP award coupled with the more substantial City Regional Sustainable Transport Settlement provides an exciting opportunity for us to be bold in how we generate a step change in all aspects of the bus customer experience.
2. That the Committee approves the current version of the draft EPP (**Appendix A**) which was submitted to government on 30 June subject to political sign-off and delegates to the Combined Authority Director of Infrastructure, in consultation with the relevant council directors, authority to approve the final EPP.

3. That the Committee delegates to the Combined Authority Director of Infrastructure, in consultation with North Somerset Council, authority to determine any matters required by the DfT in relation to the final funding agreement, including any changes to the spend profile in **Appendix B**.
 4. That the Committee delegates to the Combined Authority Director of Infrastructure and Director of Investment and Corporate Services, in consultation with North Somerset Council, authority to spend against the BSIP delivery programme within the funding allocation from the DfT.
- *Decision requires majority agreement of Committee Members in attendance, or their substitutes (one vote representing each Authority) and including the West of England Combined Authority Mayor*

Background / Issues for Consideration

The Opportunity

1. A joint Bus Service Improvement Plan (BSIP) with North Somerset Council (NSC) was published in October 2021 and formed a bid to the Department for Transport (DfT) for a share of a national £1.1bn bus transformation fund. The funding bid was extremely successful and the BSIP attracted an indicative funding allocation of £105.5m.
2. Coupled with the £540m capital allocation to the West of England Combined Authority through the City Region Sustainable Transport Settlement (CRSTS), the funding awards represent a golden opportunity to realise the region's ambitions to transform the quality of bus services and the ability of everyone who lives and works here to access them.
3. Success will be the delivery of a set of changes that fundamentally address the long-standing issues that have prevented buses from fulfilling their potential to support inclusive economic growth, a high quality of life and a vigorous response to the Climate Emergency in the West of England.
4. Delegations will be required in order to deliver against DfT timescales – in particular the 'making' of the final version of the Enhanced Partnership and determining any matters required to secure confirmation of the DfT funding offer, including any changes to the spend profile.
5. The DfT required timescales are as follows:

Bus Service Improvement Plan funding review	May - June 2022
Enhanced Partnership drafting and revisions	May - June 2022
Enhanced Partnership statutory consultation	Summer 2022
BSIP funding finalised and awarded	Summer 2022
Enhanced Partnership adoption	October 2022 or later

Capital and Revenue scheme commencement	Autumn 2022
All BSIP DFT funded schemes delivered	Spring 2025
End of BSIP funding	Spring 2025
All CRSTS funded schemes delivered	Spring 2027

The BSIP funding allocation

6. The funding is split into 2 distinct but related parts:
 - a pooled revenue fund between the two local transport authorities of £57,505,498 to facilitate delivery of the DFT approved elements of the BSIP objectives
 - a dedicated capital improvement fund for North Somerset Council of £47,983,473 to deliver bus priority focused schemes in that area
7. The outline revenue funding allocation for the delivery of the BSIP programme is provided in **Appendix B**.

The Enhanced Partnership (EP)

8. The delivery model for the adopted West of England BSIP will be an Enhanced Partnership (EP). A DfT condition of confirming the final BSIP funding allocation is to provide a revised draft of the EP by the end of June 2022.
9. An EP is a statutory agreement between local transport authorities, bus operators and highway authorities under which each party makes legally binding commitments to improve bus services and the facilities associated with them. It has the potential to bring about improvements quickly, and it puts in place a framework under which future bus service improvements can be delivered as the capital schemes are delivered. It comprises an overarching EP Plan and one or more EP Schemes. A description of the key features of an EP is included as **Appendix C**. The West of England draft EP is contained within **Appendix A**. This is a working document and not complete yet.
10. The draft EP Scheme sets out all the ‘asks’ of the partners - Local Transport Authorities, Highways Authorities and bus operators - to meet BSIP objectives within a defined geographical area. The EP asks for operators’ co-operation with the development of multi-operator ticketing and a recognisable brand for public transport across the region. It will include commitments to use the BSIP funding, if confirmed.
11. The West of England draft EP also contains details of the joint governance structure which will consist of an EP board, supported by an EP advisory panel.
12. A condition of the funding award is that the local transport authorities (LTAs) “memorialise” all existing agreements such as existing revenue budgets, quality partnership schemes (metrobus being a prime example of this), voluntary partnership agreements, traffic regulation conditions, traffic regulation orders for bus priorities, bus shelter maintenance expenditure etc. The EP Scheme seeks to formalise this across the whole BSIP area. Should

there be a reduction in current resources, or commitments from the LTAs, the DfT reserve the right to withdraw or reduce the funding as appropriate.

13. Once the DfT have considered the draft EP document and confirmed the funding award, the final EP will be taken through the statutory process of a 28-day period for operators to make a formal objection, then a 14-day period of consultation with statutory bodies such as the Police, Traffic Commissioner, Transport Focus and the Competition & Markets Authority. A final decision to “make” it will then be taken by the CA and NSC.
14. This report recommends that the Committee approves the draft EP Plan and Scheme and delegates signing off the final version of the EP to the Director of Infrastructure, once the feedback from DfT is received and the statutory process is complete. This will enable us to both accelerate initial Mayoral BSIP priorities and progress with confidence into Network Reviews.
15. North Somerset Council approved submission of the draft EPP and Scheme at its meeting on 22 June 2022.

Bold Ambition

16. The Metro Mayor aims to bring about a transformation to all aspects of customers experience from the opportunities available for making bus journeys and fares packages, to using the system and providing feedback after completing a journey. Key elements include:
 - a. Turn-up-and-go services on strategic corridors with more services in the evenings and at weekends.
 - b. Demand-responsive services in places that are poorly served by conventional buses.
 - c. New and innovative fare schemes to encourage multi-modal shift to increase bus patronage.
 - d. Simple, affordable fares that passengers can pay for with a contactless-cards, and with caps designed to ensure they always pay the lowest fare available.
 - e. Fast and reliable services with queue-busting priority lanes.
 - f. Modern, clean, and safe vehicles with ultra-low or zero emission power systems.
 - g. A new brand for the whole public transport network to give services the same look and feel, promoting common values and standards.
17. Our targets, as set out in the BSIP, are:
 - a. *Bus journey times*: reduce average bus journey times on designated corridors, with tangible improvements by 2025, then ramping up to 2030 following implementation of the key capital elements of the programme.
 - b. *Punctuality*: achieve very high on-time running of services, defined as 95% being no more than 1 minute early or 5 minutes late, by 2030.
 - c. *Passenger Journeys*: return to pre-pandemic patronage levels by 2025 and rapid, continuous annual growth beyond then, into the 2030s.
 - d. *Passenger Satisfaction*: a tangible increase in passenger satisfaction by

2025, followed by steady improvements to reach very high levels of satisfaction that are sustained in the long run.

- e. *Bus decarbonisation*: all buses operating in the BSIP area will meet the Euro VI emission with the next two to three years, as part of a planned pathway to a fully zero-emission fleet by 2035. We aim to bring this forward by accessing additional funding through Government funding competitions and working with operators to accelerate their plans, for example through reinvesting operating cost savings accruing to them as a result of the wider investment programme.

Scope of work

18. The £57.5m of BSIP revenue funding will be used to deliver a range of initiatives that will increase the number of bus services, improve the fares offer, improve customer engagement, and build local capability in the West of England CA area and North Somerset. These are set out in detail in the published BSIP, together with our targets.
19. While the indicative award is significant, it has been necessary to consider the relative priority to be given to different aspects of the programme (covering the 33 initiatives in the published BSIP) and in particular to the balance between the Government's two highest priorities:
 - a. reducing and simplifying fares.
 - b. increasing service frequencies and creating new/expanded routes.
20. The longer-term funding environment is uncertain, so we aim to build financial sustainability through investing in measures that enable growth in patronage and fares revenue through the development of the base of commercial bus services.

Bus Network Review

21. As per the Committee agreement on 14 June, a speedy Network Review with external expert support will take place in two parts to be completed by August 2022 to inform development of a more holistic operating environment. This will look at all services - supported and commercial - as well as where there could be new services and aim to better integrate both supported and commercial bus networks.
22. There are two stages to the Network Review. The **first stage** will be completed by **1 July**. This will identify the shape of the bus network when emergency funds end in October 2022.
23. The **second stage** of the Network Review will be completed by **August**. These will be used to inform the procurement of replacements (where appropriate) for existing contracts, where supported services using transport levy will be awarded; and where BSIP-funded new and enhanced services will be awarded in April 2023. All supported services will be subject to a value for money criteria.

Network Review Timetable

24. The timetable for the Network Review and subsequent procurement is:
 - By 8 July – technical work to complete network map complete
 - From w/c 11 July – meetings with UA officers and Lead Members to review and consider options and additions

- July – August – market engagement with bus operators and Community Transport sector
- 26 August – Completion of technical work
- 31 August – Chief Executive sign-off of proposals for procurement
- Early October to late November – procurement process
- 4 October – End of Government recovery funding. Expected reductions to commercial network.
- 23 December – contract award decision
- 3 January 2023 – contracts awarded (after 10-day standstill period)
- 20 January – changes to bus services registered
- 2 April – new contracts start

Setting ourselves up for success

25. Key to success will be ensuring that the delivery of capital and revenue investment is fully aligned and resourced. This will ensure that the benefits achieved from the capital investment are effectively captured and reinvested in the network for the long term via commitments made in the EP Scheme.
26. The capital programme will be delivered through established processes and governance structures, after which responsibility for the operation, maintenance and renewal of the infrastructure will transfer to the relevant local highway authorities.
27. The Combined Authority and North Somerset Council are working increasingly in tandem to ensure consistent coverage of resource to deliver the revenue award. Regular updates will be taken to the Infrastructure Directors to ensure continued alignment with the CRSTS programme.
28. The obligations of the EP stakeholders, including the Local Highway Authorities, are set out in the EP Scheme, which details how the objectives of the BSIP, and associated EP Plan are to be delivered. The governance arrangements for the EP are included in the document.

Monitoring

29. The BSIP has to be refreshed and updated every year with progress against targets published every six months. The EP will set up new processes - or build on existing ones where possible – to provide the relevant data.
30. The EP Plan will be reviewed every year in conjunction with the BSIP. The EP Scheme will be reviewed every six months by the EP Advisory Panel.

Consultation

31. The lead Transport members have been regularly briefed on the progress with the BSIP and EP in the lead up to this report. This will continue throughout the delivery of the BSIP programme.
32. Extensive public consultation was carried out on the West of England Bus Strategy in February / March 2020 with nearly 2,000 responses being received. In view of the short timescale, public consultation was not required for the BSIP, but the views of passenger groups, MPs and the business sector were sought and reported. We invited views from these stakeholders in July / August

2021 and received 55 responses. The results helped inform the priorities for investment in the published BSIP and have thus been integral to development of the EP.

33. Regular dialogue has taken place with UA highways officers and bus operators in development of the EP. Operators were given an opportunity to make a formal objection to the EP in December 2021 and will have another opportunity to do so after approval of the updated draft by DfT.
34. Once the EP has been formally made, governance will be formalised. Guidance suggests the use of an Advisory Panel of the relevant parties and stakeholders that makes recommendations to a Board consisting of the LTAs and representatives of the bus operators. Decisions on varying the content of the EP Scheme will require agreement from bus operators that are directly affected.
35. Engagement has taken place with officers of neighbouring authorities on cross-boundary issues. There will be an ongoing need for officers to continue to liaise closely with them, especially around new and enhanced bus services.

Finance Implications, including economic impact assessment where appropriate:

36. The funding arrangements for the joint BSIP were provisionally outlined in a letter from the DfT on 4 April 2022 (**Appendix D**), significantly later than anticipated. The total joint award was £105,488,970 - split into a joint NSC/CA revenue allocation of £57,505,498 and a specific capital award for North Somerset Council of £47,983,473. This funding is for the three-year period 2022/23 to 2024/25.
37. The table in **Appendix B** sets out the high-level split of revenue funding proposed for each initiative in the BSIP programme.
38. The West of England Combined Authority has received a £540m capital allocation through the City Region Sustainable Transport Settlement (CRSTS) for the five-year period 2022/23 to 2026/27 and, together with a local contribution, circa £407m of this is to deliver bus priority corridors.
39. The revenue funding and leveraged commercial investment to match the CRSTS funding should result in a significant expansion of bus routes and the frequencies of the services across the region. The combined fares reduction support packages and higher frequency bus network packages in the BSIP programme will act to pump prime these services. The overall aim is to sustain a larger commercial network that does not require continued public support, ensuring that there is no cliff edge as the funding is exhausted in 2025.

Advice given by: Richard Ennis

Legal Implications:

40. The Combined Authority is the local transport authority and has the legal powers through the Transport Act 2000 (as amended by the Bus Services Act 2017) to bring forward and make Enhanced Partnership agreements. North

Somerset Council are both the highway and transport authority and so have the legal powers to amend the highway network, under the Highways Act 1980.

41. Bath & North East Somerset Council, Bristol City Council and South Gloucestershire Council in their roles as highway and planning authorities must be formal parties to any EP that places commitments on them. Any such commitment that requires the making or variation of a traffic regulation order on their part can only be given after completion of the statutory process.
42. The Combined Authority is working closely with its constituent councils as highway authorities in order to progress those aspects of the BSIP (including the delivery of highway changes in the CRSTS programme) that are needed to achieve the outcomes set out in the BSIP.

Advice given by: Stephen Gerrard

Risk management:

- 43 The principal risks associated with implementation of the recommendations and appropriate mitigations are:
 - (i) Insufficient revenue budget in longer-term to maintain enhanced bus network after the initial Transformation Funding ends in 2025.
 - *Maintain regular dialogue with bus operators through the EP governance mechanisms. Use evaluation framework to help prioritise bus revenue support if necessary.*
 - *Robustly monitor new or improved services to ensure corrective action is taken.*
 - *Promote the network to build patronage and reduce the need for public subsidy.*
 - *The EP contains mechanisms to formally postpone, vary or cancel elements of the partnership.*
 - (ii) Inability to recruit and retain staff.
 - *The Combined Authority and North Somerset Council are undertaking a review of staffing levels to support the delivery of the BSIP programme.*
 - *Use of Professional Services Framework consultants to provide short-term injection of capacity.*
 - (iii) Disruption to the network during construction impacting on operator costs and revenues.
 - *Capital works will be co-ordinated to ensure that the disruption to the network is minimised. This will include using a communications team to inform all the relevant parties of the schedule of works.*
 - *BSIP funding could be deployed to pump-prime service enhancements on the investment corridors.*

Equalities Impact

- 44 One of the key drivers of the National Bus Strategy and our published BSIP is to improve accessibility for all. This includes the need to improve the access to bus information for residents with sight or hearing impairments, physical accessibility improvements in getting to bus stops, the waiting and boarding facilities at stops and interchanges and also the vehicles themselves, such as consistent local branding of stops and services, up to date accessible timetable and route information at bus stops, same evening and weekend frequencies as day time, simplified ticketing and easy payment options, and more marketing campaigns to promote existing and new routes. These issues are considered in the BSIP.

Climate Change Implications

- 45 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.
- 46 Provision of a good public transport network is essential to help mitigate the impact of climate change by reducing the number of vehicles on the road to meet the demand for travel. Exhaust emission standards for buses have been raised progressively over recent years and bus operators have invested heavily in new vehicles.
- 47 Delivery of the BSIP will improve the bus network. If the objectives are achieved there will be a significant increase in the proportion of trips by bus, replacing trips otherwise undertaken by the more polluting (and less space-efficient) single occupancy petrol/diesel cars. The BSIP contains a road map to introduce zero emissions buses starting as early as 2025, with full zero emission fleets by 2035. All specific infrastructure projects will undertake a more detailed environmental assessment.

Land/property Implications

48. None

Human Resources Implications:

49. A common challenge will be ensuring the requisite skills are available, not only to deliver the investment programme itself, but to meet the uplift in daily operational requirements that it will generate. Key to this will be coordinated, ongoing initiatives across the EP to attract and retain talent. A further vital aspect will be to maximise and grow the productivity of existing resources, through working more smartly and using technology more effectively.
- 50 The BSIP programme includes provision for an increase in staffing of up to 10 additional staff across the Combined Authority and North Somerset Council area. Recruiting to these roles is a challenge in the short term and whilst this is being done the workload in existing teams will be reprioritised to ensure progress is made on BSIP delivery.

Advice given by Alex Holly

Appendices:

Appendix A – Draft Enhanced Plan and Scheme

Appendix B – BSIP revenue funding proposed allocation

Appendix C – Features of an EP

Appendix D – DfT indicative funding award letter 04/04/2022

Background papers:

- **West of England Bus Strategy (June 2020)**

<https://travelwest.info/app/uploads/2020/02/West-of-England-Bus-Strategy.pdf>

- **Bus Back Better – a National Bus Strategy for England (March 2021)**

<https://www.gov.uk/government/publications/bus-back-better>

- **National Bus Strategy: Bus Service Improvement Plans (May 2021)**

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/985379/bus-service-improvement-plans-guidance-to-localauthorities-and-bus-operators.pdf

- **Revised EP Guidance (July 2021)**

<https://www.gov.uk/government/publications/bus-services-act-2017-enhanced-partnership-creation>

- **West of England Bus Service Improvement Plan (October 2021)**

<https://www.westofengland-ca.gov.uk/what-we-do/transport/bus-service-improvement-plan/>

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Appendix C - Features of Enhanced Partnership

- 1 The Bus Services Act 2017 updated previous legislation on partnerships between local transport authorities (LTAs) and bus operators, and it created a new model called an Enhanced Partnership (EP).
- 2 An EP is an agreement between the 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 (an EP Plan) and accompanying actions to achieve them (set out in one or more EP Schemes). It must have the support of a majority market share of local bus operators - and any relevant highway authorities if it includes measures related to traffic regulation orders, parking enforcement etc.
- 3 An EP Plan must include an analysis of the current market, the impact of congestion and local passengers' experiences. It must set out what interventions are needed to improve local bus services, but it is basically a framework within which EP Schemes can be delivered as and when funding becomes available. Much of this content is in the published Bus Service Improvement Plan.
- 4 An individual EP Scheme can set requirements that all bus services operating in the area, whether new or existing, must meet. Those requirements may include vehicle age and standards, livery and local branding, common ticketing zones and fares conditions, standard discounts for groups such as children, students, jobseekers etc, prices of multi-operator tickets and co-ordination of timetables.
- 5 An EP Scheme cannot regulate fares set by individual operators nor can it require an operator to operate loss-making services.
- 6 An individual EP Scheme does not have to contain commitments by the LTA, but it is highly unlikely that it would receive support from bus operators if it did not. The requirements on an LTA may include provision of new bus stop infrastructure, new bus priority measures, marketing campaigns to promote bus services, changes to parking provision and enhanced enforcement, commitments to restrict roadworks on key bus corridors and application to Government for powers to enforce moving traffic offences. Many of these features are within the gift of the highway authorities so their involvement in an EP is essential.
- 7 There is no prescribed model for governance of an EP but there is a statutory process to follow for amendments and additional EP Schemes. Government recommends that an advisory stakeholder forum be set up – possibly with an independent chair – to facilitate open discussion about current deficiencies in the market.
- 8 The first EP was made by Hertfordshire County Council in 2020, after two years of development work. Since then, many more have been made by LTAs in response to the initial timescale set out in the National Bus Strategy. Most of

these are basic framework agreements with little capital investment linked to them.

- 9 Government published updated guidance on EPs in July 2021. It strongly recommends that the initial EP should “memorialise” all existing agreements such as quality partnership schemes, voluntary partnership agreements, traffic regulation conditions, current expenditure on bus service support, traffic regulation orders for bus priorities, bus shelter maintenance expenditure etc.