

## **Prosperous Overview and Scrutiny Committee - Thursday 06 July 2023**

### **Staffordshire Bus Strategy**

#### **Recommendation**

I recommend that the Committee:

- a. Considers and provides comments on the proposal to complete the process for the creation of an Enhanced Partnership (EP) and to undertake a full review of the previously agreed Bus Service Improvement Plan (BSIP) in advance of a recommendation to County Council Cabinet.

#### **Local Member Interest:**

N/A

**Report of Councillor David Williams, Cabinet Member for Highways and Transport and Councillor Robert Pritchard, Cabinet Support Member for Highways and Transport**

### **Summary**

#### **What is the Overview and Scrutiny Committee being asked to do and why?**

1. It is recommended that the Committee considers and provides comments upon the creation of an Enhanced Partnership (EP) and the request to undertake a full review of the previously agreed Bus Service Improvement Plan (BSIP) in advance of a recommendation to County Council Cabinet.
2. In June 2021, Cabinet received a report that outlined the governments approach to Bus Back Better, following the recent publication of the National Bus Strategy (NBS). The report detailed the implications and options for Staffordshire County Council and our local bus operators. The report followed strong messaging by central government that those Local Transport Authority's (LTA) that are not fully engaging in the EP/BSIP agenda could find their funding streams for highway maintenance and bidding opportunities impacted.
3. Several actions were agreed at Cabinet including confirmation of a commitment to developing an EP, as outlined within the NBS. As a consequence of this, the Council was required to submit a BSIP to DfT by

the 31 October 2021 and Cabinet approved this on the 20th October 2021.

4. Although the County Council does not run buses, the authority has a role in shaping public transport provision in Staffordshire acting in its role as Local Transport Authority (LTA). This role is one of coordination to encourage the development of a sustainable bus network for the benefit of Staffordshire residents. Through undertaking innovative marketing, analysis of their markets and users to facilitate a growth in patronage, operators in Staffordshire must play their role in developing the Staffordshire bus network.
5. This report provides an update on the development of an EP which is proposed to be presented to Cabinet for a decision in July alongside a proposal to undertake a full review of the existing Staffordshire BSIP.

## **Report**

### **Background**

6. To recap, the BSIP provides the overarching framework for the EP and Enhanced Partnership Scheme (EP Scheme). The aim of BSIP's across England was to improve bus public transport recognising that a strong, successful, low emission bus network will help support the decarbonization of the transport sector, support the economy and minimise traffic congestion.
7. The Staffordshire BSIP was developed in partnership with the public bus providers operating in Staffordshire, to deliver outcomes which were shaped by a public engagement exercise and comments from the Prosperous Overview and Scrutiny Committee at the meeting held on the 16 September 2021. The financial ask of the BSIP to the DfT was £106m which was to be delivered over 3 years and a further £7m to cover lifetime costs, however the Staffordshire BSIP bid was unsuccessful. A link to the current BSIP is available in the documents list on page 8 whilst the key items from the document are available in Appendix 1.
8. A full review of the existing BSIP is required based on feedback received from the DfT. In addition, Midlands Connect have formed a Regional Bus Forum with the aim of sharing EP/BSIP best practice for all LTAs in the West Midlands area and this opportunity will be maximised.
9. The EP Plan summarises the main themes of the BSIP in setting out an analysis of local bus services in Staffordshire, the objectives for the quality and effectiveness of bus services and how the EP Scheme or Schemes are intended to achieve these objectives. The EP Scheme

describes the Facilities, Measures and Obligations to be implemented to meet those objectives and how the partnership is constituted and operates.

10. An EP is a formal agreement between the local authority and bus operators setting out what is expected of each party, and the standards that will be met. The basis for an EP is set out in the Bus Services Act 2017 and associated guidance. Franchising is not recommended for Staffordshire as it is very resource intensive, and it is felt that growth can be delivered by adopting the partnership model which retains the ability for our local bus operators to innovate without the significant market intervention that franchising entails.
11. During 2022/23, local buses in Staffordshire carried circa 8.3 million adult passenger journeys (based on concessionary returns from local operators), making the bus our most important means of public transport. The bus network in Staffordshire has seen a notable decline in patronage over the preceding decade, from 22 million passenger journeys made in 2009/10 to pre-pandemic levels of 12.6 million passengers in 2019/20.
12. Since the pandemic, an increased number of bus services have required support from the authority for them to remain viable. To date, this has been achieved through the authority supporting and maximising the government grants that have been issued for this purpose.
13. Partnership working with bus operators has prevented a significant level of service loss. Mitigation in this instance has been either through the use of S106 funds, transfer of eligible school students for transport from closed contracts to local bus, or a combination of both. Notwithstanding the substantial achievements arising from these mitigations, there remains a portion of the Staffordshire bus network that will still be lost, with consequent impact on our residents and the economy, unless this decline can be reversed. Growing patronage to enable the majority of services to operate on a commercial basis is vital to ensuring a sustainable bus network for Staffordshire.
14. A revised BSIP for Staffordshire would have wide ranging benefits for our urban and rural areas alike. It offers the opportunity to reverse the long-term decline in bus passenger numbers that has occurred over the past decade; and through robust measures, a public transport network set on a strong and sustainable footing can be restored.

## **National Bus Strategy**

15. On 15th March 2021, the government published its National Bus Strategy for England "Bus Back Better". The Strategy set out a significant step change in the government's approach to funding and delivering the bus network. Whilst the market remains deregulated, a more co-ordinated partnership approach between operators and local authorities is now required.
16. The Strategy represented a change for the delivery of bus services with the opportunity to develop and grow our bus network to benefit communities, the local economy, and the environment. Delivery of the measures contained within Bus Back Better strongly support many of Staffordshire County Council's Strategic Plan priorities and principles.
17. There is a commitment within the Strategy for long term increased funding for bus services, both for local authorities and bus operators alike which is why the DfT, over the last 3 years has invested over £3bn in bus services in England outside of London. Most of this funding has been provided to support the sector following the COVID-19 pandemic focused on helping our bus network return to pre-pandemic levels.
18. The DfT has outlined that the existing funding model, reliant on funding from the Government, must adapt to changed travel patterns so bus services are sustainable in the long-term. On the 18th May 2023, a long-term approach (BSIP+) was announced with an additional £150 million provided between July 2023-April 2024 and another £150 million between April 2024-April 2025. This additional funding of which the authority was allocated £1,327,673 for the first year will help support and improve bus services for passengers, delivering on our priority to grow the local economy. However, to receive the full allocation, the DfT has announced in their BSIP and EP Bulletin dated the 18th May, that LTAs will need to have an up-to-date Enhanced Partnership (unless they are following the process for franchising). LTAs will be able to receive half of their 2023/24 allocation in advance of their EP being in place, to avoid gaps in funding. The remaining half of the allocation will be received once the EP has been formalised. To be eligible for funding in 2024/25, the DfT expect LTAs to have an up-to-date BSIP.
19. As part of this long-term approach, an EP will further demonstrate to the DfT that there is a clear and agreed plan for any funding applications in Staffordshire. The result of which will ensure that the bidding process is easier and that we will be in a better position than those LTAs without an EP.
20. Local authorities may use this BSIP+ funding to support existing services, enhance these services, or provide new ones. Funding must be used in a

way consistent with the DfT's guidance on BSIPs and is why a revised BSIP is required.

## **Staffordshire Approach**

21. The existing Staffordshire Bus Operators' Forum (SBOF) has formed the basis of our partnership working in recent years. However, work on the EP documentation had stalled following our unsuccessful BSIP bid in October 2021. It should be noted that the following LTAs in the Midlands Connect area were also unsuccessful in their BSIP bids, Herefordshire, Leicester City, Leicestershire, Lincolnshire, Rutland, Shropshire, Telford and Wrekin, Warwickshire, and Worcestershire. Nationally, only 34 out of 79 applications for BSIP received funding (43%).
22. Meetings with bus operators have recently taken place to move the EP forward to create a partnership that builds on the work of the SBOF and provide a formal basis on which to expand collaborative working with our local operators. A 28-day formal consultation on the proposed EP with all local operators concluded on the 11th May and no objections were received.
23. A list of the elements that are proposed to be included within the EP are available in Appendix 2. Many of the elements are stipulated within the national guidance and the nature of their implementation would be guided by baseline data analysis and stakeholder consultation.
24. The proposed EP will apply during the period of 1 August 2023 to 31 July 2033 and will be reviewed by Staffordshire County Council in August 2024 and then every three years. In the years that it is reviewed, it will follow Staffordshire County Council's review of its BSIP in October of each year, starting in October 2023.
25. The authority engages in frequent dialogue with bordering LTAs to discuss cross-boundary transport issues. This engagement will continue throughout the EP period to ensure consistency and continuity of bus service provision across local authority boundaries.

## **Finances**

26. Staffing resource will be required across several key teams to support the development of an updated BSIP and implementation of our EP. The DfT have provided the authority with £874,538 towards the development costs of the BSIP and ongoing administration of the EP. This is a Capacity Grant and at the end of the 2022/23 financial year, £796,141 was still available to spend. The DfT has stipulated on how this grant funding can be spent and it is anticipated that any underspend will need to be repaid.

27. As the Capacity Grant cannot be used for capital improvements, we have been careful to make sure that the Council is not committed financially in any EP documentation. This is especially important as the EP document will be a legally binding commitment for all parties.
28. Creation of an EP will allow both the County Council and bus operators to benefit from increased levels of government funding to realise the objectives of the BSIP. If an EP is not created and implemented, the government could decide to not release funding.

### **Legal Implications**

29. We note the following legal implications:

- a. Development of Enhanced Partnerships are governed by Bus Services Act 2017, which amended the Transport Act 2000. Under an EP, the Council is legally obliged to deliver those measures it commits to, however the authority may, in exceptional circumstances, exercise a veto over Board decisions which it may reasonably believe or suspect as having anti-competitive implications or being otherwise significantly against the public interest.
- b. Multi Operator Ticketing Schemes are governed by the Competition Act 1998 (Public Transport Ticketing Schemes Block Exemption) Order 2001 (as amended) and the Transport Act 2000.
- c. The DfT intend to review the Public Service Vehicles Accessibility Regulations (PSVAR) 2000, by the end of 2023 (this will have a bearing on our Vacant Seat Policy in home to school transport).
- d. Traffic Management Act 2004 - Statutory traffic management guidance will be updated to "expect enhanced bus reliability as an integral part of the highway authorities' Network Management Duty".

### **Risks Identified**

30. Development of a BSIP with the EP does bring some risks. However, these can be managed and mitigated with the right approach.
31. The key risks and mitigating measures that have been identified at this early stage include:
  - a. Team capacity – our current teams do have sufficient capacity to develop and update our BSIP as well as to implement an EP. Teams do not have capacity to support the delivery of all of the elements within both documents although if future BSIP funding bids are successful they will include the resources necessary to implement them. In the

short term this can be mitigated by utilising external support paid for from the DfT Capacity Grant.

- b. Loss of funding – if Staffordshire does not enter into an EP and does not have an up-to-date BSIP, the authority will not receive the full allocation of BSIP+ funding and could potentially also receive reduced highway maintenance funding in the future. This can be mitigated by moving forward with the BSIP / EP.
- c. Reputational – whilst bus services are largely operated on a commercial basis, our residents are aware that the Council has the power to intervene. Without a Staffordshire EP, there is likely to be significant reputational and political risk from bus services being withdrawn. We are aware that local members and MPs receive a significant amount of correspondence on local bus service matters and that they are politically important.

## **Conclusion**

32. For large counties such as Staffordshire, buses may not provide the solution to all sustainable transport issues. This paper is not suggesting that; however, buses do have a role to play in parts of Staffordshire. The role of the authority is one of coordination, and operators must undertake activities to develop the Staffordshire bus network. An ambitious EP and BSIP should help to encourage the development of a sustainable bus network that will play an invaluable role in our Strategic Plan, providing equality of access to employment and key services, and contributing towards achieving carbon net zero.

## **Link to Strategic Plan**

33. A high quality and sustainable bus network could support Staffordshire's economy, by providing access to employment, education and training opportunities and increasing footfall in our town centres. A more reliable bus network could also encourage regular and new users, to consider public transport as a preferred travel option, increasing levels of sustainable travel across the county and supporting Staffordshire's climate change agenda.

## **Community Impact**

34. The Community Impact Assessment for the Staffordshire Bus Strategy can be viewed in appendix 3.

## **Next Steps**

35. Following consideration by the Committee, proposals will be presented to Cabinet on the 19<sup>th</sup> July noting any feedback through the scrutiny process.

### **List of Background Documents/Appendices:**

- “Bus Back Better – National Bus Strategy for England” - [Bus back better - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- “The Bus Services Act 2017: Enhanced Partnerships Guidance” - [Bus Services Act 2017: Enhanced Partnership creation - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- [Staffordshire Bus Service Improvement Plan](#)

Appendix 1: Key items from the original Staffordshire BSIP together along with the funding ask

Appendix 2: Elements that are contained within the proposed EP.

### **Contact Details**

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