

Report to:	EXECUTIVE CABINET
Date:	18 December 2019
Executive Member:	Councillor Warren Bray: Executive Member – Transport & Connectivity
Reporting Officer:	Jayne Traverse: Director of Growth
Subject:	DOING BUSES DIFFERENTLY - CONSULTATION ON PROPOSED BUS FRANCHISING SCHEME
Report Summary:	The report provides a summary on the proposed Bus Franchising initiative for Greater Manchester.
Recommendations:	<p>It is recommended that Executive Cabinet:</p> <ol style="list-style-type: none"> I. Consider and give approval to the attached draft Tameside MBC letter from the Leader of the Council in response to the Mayor of GMCA “Doing Buses Differently: Proposed Franchising Scheme for Greater Manchester” as attached at Appendix 1. II. Delegate to the Director of Growth in consultation with the Executive Member for Transport and Connectivity making the formal response to all 64 questions contained in the long consultation questionnaire attached at Appendix 2 before the close of the formal consultation at midnight Wednesday 8 January 2020 in support of the proposed bus franchising initiative.
Corporate Plan:	The schemes set out in this report support the objectives of the Corporate Plan.
Policy Implications:	In line with policy.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	There are no direct financial implications as a result of this report. It must be noted that any costs in relation to the ‘proposed Bus Franchising initiative’ have been considered and reported separately by the GMCA.
Legal Implications: (Authorised by the Borough Solicitor)	Buses are England's most used form of public transport, accounting for more than 60% of all public transport trips. For millions of people, the bus is a fundamental part of each and every day. While bus patronage has increased in London, other areas have seen a decline in passenger numbers. The benefits of a reliable and innovative bus service are clear: less congestion, greater productivity and communities that are connected rather than apart. The Bus Services Act 2017 presents local authorities with new powers to bring about change, and unlock the potential for the bus industry to achieve more for passengers than it does today. It was to give metro mayors the same powers as the London Mayor. The Bus Services Act 2017 (the 2017 Act) was introduced on 19 May 2016 in the House of Lords and received Royal Assent on April 27 2017. The aim of the Act is to improve bus services for passengers by providing local authorities, the Secretary of State and bus operators with a new toolkit to enable improvements to be made to bus services in their areas. In

particular, the 2017 Act:

- strengthened arrangements for partnership working between bus operators and local authorities in England, introducing new Advanced Quality and Enhanced Partnership schemes;
- introduced, in England, bus franchising powers to replace previous Quality Contract Schemes;
- modernised previous ticketing legislation and
- provided the powers necessary for a step change in the information available to passengers through audio and visual on-board information (across Great Britain) and through the provisions of open data on timetable, fares and bus service arrival times (in England).

As required under the Act, authorities looking to implement a bus franchising proposal must consult widely about their proposals. Tameside Council as a constituent of the GMCA is a statutory consultee and should respond.

Risk Management:

It would be reputation ally damaging not to respond as a statutory consultee and would not serve residents well.

Access to Information:

Appendix 1 – draft letter of response from Executive Leader

Appendix 2 – consultation questionnaire

The background papers relating to this report can be inspected by contacting Nigel Gilmore



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1. BACKGROUND

- 1.1 Buses are vital for Greater Manchester. Forming the backbone of public transport provision, they're used for three out of four public transport journeys and thousands depend on them to get to work, the shops or local services such as GP surgeries or hospitals. But bus use is falling.
- 1.2 Since 1986 bus services in Greater Manchester have been deregulated. They are run by commercial bus companies who decide the routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits. For passengers this means that:
- Standard tickets can only be used on buses run by the same operator
 - Having a ticket to travel on buses run by different operators costs more.
 - Ticketing and fares is complex.
 - Bus companies decide which routes to run based on commercial reasons meaning some routes are well served and others less so.
- 1.3 Around 20% of services would not run if not for the Greater Manchester Combined Authority's (GMCA) intervention. In the 2018/19 financial year, the total expenditure on subsidised services in Greater Manchester was approximately £27m. Since April 2014, over £250m has been spent on bus priority measures, bus stations and interchanges, including interchanges at Ashton, Altrincham and Wigan.
- 1.4 In addition, the public sector pays for concessionary fare schemes for free or low-cost travel. For bus travel this cost approximately £46m in the 2018/19 financial year.
- 1.5 Alongside this, central government funds the Commercial Bus Services Operating Grant (BSOG). This refunds some of the fuel duty incurred by operators. In the last financial year 2018/19, across Greater Manchester this came to approximately £16m.

2. GREATER MANCHESTER BUS REFORM¹

- 2.1 Buses can be improved and Greater Manchester is now taking the initiative to change how they are operated. The GMCA is proposing a franchising scheme for the whole of the conurbation. This would mean that bus services would be under Greater Manchester's control and Greater Manchester would decide which services would be provided. The GMCA would be able to set the routes, timetables, tickets and standards, while the bus operators would be contracted to run the services.
- 2.2 The process of bus reform is set out in the Transport Act 2000 (as amended by the Bus Services Act 2017). The Act gives Mayoral Combined Authorities, including Greater Manchester, powers to improve bus services by reforming the current bus market. The options available include:
- Do Minimum: Bus services in Greater Manchester would continue to be deregulated, with bus operators choosing the services they provide. The Do Minimum option does not contribute to the achievement of the GMCA's objectives but carries no additional cost or risk.
 - A New partnership: Working with the bus operators in different ways to improve services, either through a voluntary agreement or through a legal scheme
 - The Proposed Franchising Scheme: Taking bus services under Greater Manchester's control, whereby Transport for Greater Manchester on behalf of GMCA would set routes, timetables, fares and standards. The bus companies would competitively bid for contracts in order to run services on the GMCA's behalf.

¹ All documentation relating to the proposed bus franchising initiative is available [here](#)

2.3 As required under the Act, authorities looking to implement a bus franchising proposal must consult widely about their proposals. There is also a requirement on the Authority to publish the consultation document relating to the proposed scheme, the Assessment of the proposed scheme and potential alternative options, and the report prepared by the auditor.

3. CONSULTATION PROCESS

3.1 In October 2019 the GMCA agreed to proceed with the proposed franchising scheme by undertaking a consultation in accordance with the Transport Act 2000 (as amended by Bus Services Act 2017). This commenced on 14 October 2019 and ends on 8 January 2020. The proposal focuses on the franchising scheme, sets out why the GMCA believes it needs to change Greater Manchester’s bus market and seeks wider views on its approach.

3.2 All responses will be independently assessed as part of the consultation process. These will be reported to GMCA when it considers its response to the consultation. The GM Mayor will also take the responses into account when taking any decision on whether to introduce the Proposed Franchising Scheme. This decision is currently expected in March 2020 but subject to change depending on the progress and outcome of the consultation and any subsequent decision-making process. It is also important to be aware that the Act allows the Proposed Franchising Scheme to be amended after the consultation closes, for example, to reflect the bus network at that moment in time or to amend the network to reflect consultation responses.

3.3 In addition to businesses, organisations and members of the public both living in and outside Greater Manchester, the Act also specifies that local authorities who would be affected by the proposed scheme must be consulted.

3.4 There are two versions of the consultation questionnaire. A short version which contains 9 questions and a long version which contains 64 questions. The questions for this consultation have been prepared around the requirements of the Transport Act. An independent agency, Ipsos MORI, has reviewed the questions to ensure they are clearly worded and neutrally constructed. A copy of the long questionnaire is appended at Appendix 2

3.5 The information provided to answer the consultation questions is structured in the following way

Proposed Franchising Scheme description	The Proposed Franchising Scheme includes the area and services covered, and how and when the Proposed Franchising Scheme would be implemented.	
The summary of the Assessment, which follows the structure in the Guidance	Strategic Case	What the case is for change and for intervening in the bus market, and what the options are for doing this
	Economic Case	How the options compare in terms of forecasts of demand, benefits and economic value for money
	Commercial Case	What the commercial arrangements would be for the different options
	Financial Case	How affordable the different options are.
	Management Case	How the different options would be implemented and managed, how risks would be managed and how transition would be managed for the different options

	Comparison of options and recommendation	A summary of the options against the objectives for bus reform set out in the Strategic Case and a recommendation for reform, being the Proposed Franchising Scheme
	Equality Impact Assessment	This sets out the potential equality impacts of the Proposed Franchising Scheme for Greater Manchester

3.6 Whilst the Proposed Franchising Scheme is the preferred option, throughout the summary of the Assessment questions are also asked about partnership options where relevant.

4. FINANCIAL CONSIDERATIONS

4.1 The Financial Case for the Assessment includes a range of funding sources which could be used to fund the costs associated with the Proposed Franchising Scheme, should a decision be taken to introduce it. In identifying these options, the Assessment concludes that the Proposed Franchising Scheme, including the transition phase, would be affordable and represent value for money for the public purse. The forecast net costs over the transition period up to 2024/25 are approximately £134.5m. This figure includes £122m for moving to a franchised bus market in Greater Manchester by 2024/2025, and £12.5m forecast increase in costs over the same period relating primarily to travel concessions and supported bus services.

4.2 Since the Assessment was completed the GMCA has approved a proposal for how these costs would be funded, should a decision be taken to introduce the Proposed Franchising Scheme. This would come from “earn back” funding, provided by central Government as part of Greater Manchester’s Devolution Agreement. Additional funding could come from the Mayoral precept and a one-off contribution from Greater Manchester’s local authorities.

4.3 Since the Assessment was completed the current Government, in September this year, indicated that it will “commit to the UK’s first-ever long-term bus strategy and funding settlement, including support for local authorities who want to create London-style franchised services in their areas².”

5. CONCLUSION

5.1 The GMCA has fully endorsed the move to explore the options of future bus franchising across the Greater Manchester Conurbation. Services are provided by commercial companies with little regard to the issues of integrated services either between bus providers themselves or with other sustainable modes such as rail and the Metrolink.

5.2 Tameside has a multitude of operators running services in the borough with the big two providers traditionally splitting the area into two distinct geographical zones with little competition or overlap of services. Profits are retained by the operators which could be used to subsidise other unviable operations.

5.3 In order to support the proposed franchising of services and achieve a service level required for a fully integrated service to support the wider needs of GM, it is proposed that the attached letter, signed by the Leader of the Council in support, is approved by Cabinet and forwarded to the Mayor of Greater Manchester.

² <https://www.gov.uk/government/news/government-takes-the-first-steps-in-a-bus-revolution>

5.4 In addition the full consultation questionnaire, consisting of 64 questions, is proposed to be completed in support of bus franchising through delegated approval to the Director of Growth and forwarded to GMCA.

6. RECOMMENDATIONS

6.1 As set out at the front of the report.