



Doncaster Council

Report

28 February 2022

To the Chair and Members of the Council

Options to Support the Delivery of the Region's Bus Service Improvement Plan

Relevant Member(s)	Cabinet	Wards Affected	Key Decision
Mayor Ros Jones		All	No

EXECUTIVE SUMMARY

1. To set out details of the South Yorkshire Mayoral Combined Authority (SYMCA) report considered by the MCA on 24 January. To also set out information to assist the Council in consideration of that report, with a view to determining a response to the MCA on the process to formally assess bus franchising as an option to deliver the Bus Service Improvement Plan (BSIP).

RECOMMENDATIONS

2. Council is recommended to consider the information presented and determine its response to the MCA on the process to formally assess bus franchising as an option to deliver the BSIP.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. Work has been ongoing with the SYMCA (which now includes SYPTE) to develop a bus service for Doncaster and South Yorkshire that will:
 - Keep the regional economy growing and moving, through well-designed bus networks enhancing access to employment and other opportunities.
 - Ensure that benefits of economic growth can be more fairly distributed and more readily accessible to all
 - Support transition towards a zero-carbon future by reducing the need for individual car use as overall CO₂ emissions are lower in places where public transport ridership is higher
 - Provide opportunities for people across urban and rural to access reliable public transport to connect communities and promote social interaction

BACKGROUND

4. The Council meeting on 21 January considered a motion entitled 'Better Buses'. In summary Council resolved the following at that meeting:

- (i) *Notes the report to the Combined Authority on 24 January entitled 'Governance of Bus Services',*
- (ii) *requests that details of this report be considered at a future full Council meeting in order that a formal response be provided to Combined Authority, ensuring the response;*
 - (a) *recognises and notes the work undertaken to progress an Enhanced Partnership and the proposed timeline for its implementation, and*
 - (b) *requests that Combined Authority determines at a future meeting if a statutory assessment of franchising should be undertaken so that any associated costs can be more accurately estimated, and*
 - (c) *that this assessment has no financial implications for the Council*

As set out in this resolution the MCA considered a report on 24 January entitled 'Options to support the delivery of the Regions BSIP' (this is the report the Council resolution refers to as the title was changed from 'Governance of Bus Services' at publication). A copy of the report presented to the MCA can be accessed from the relevant background papers section of the report.

In summary the SYMCA report sets out the following information:

- The National Bus Strategy, "Bus Back Better", published in March 2021, required the MCA to produce a BSIP by the end of October 2021. The MCA submitted an ambitious Bus Services Improvement Plan (BSIP) to the Government on 29 October 2021.
- As part of this process the MCA was also required to enter into statutory arrangements from April 2022 to be eligible for transformational funding for local bus services. In June 2021 the MCA agreed that the short-term priorities in the BSIP would be delivered through an Enhanced Partnership (EP) model, with the Partnership to be in place by April 2022. Consequently the development of an EP was progressed
- An EP is a statutory arrangement (under the 2017 Bus Services Act) between a Local Transport Authority, Local Highway Authorities, and local bus operators and has two components, a Plan and a Scheme (or Schemes).
- Consultation is required as part of this statutory process on both the EP and Scheme, before they can be formally made. Once finalised, the Plan and Scheme would form the basis of the work of the Partnership, which would become operational from April 2022.

- On 15 November 2021 SYMCA approved the issuing of a notice to operators of the proposal to make an Enhanced Partnership Plan and Scheme and enter into a period of statutory consultation with operators of qualifying local bus services, followed by a period of public consultation. The public consultation commenced on 7 January ending on 20 Feb. Now both consultations are complete, the MCA will consider the responses and determine whether to make any amendments to the Enhanced Partnership Plan or Enhanced Partnership Scheme before they are formally made.
 - When submitted, the BSIP stated that an EP was considered by the MCA as the most appropriate means of delivering initial activities and accessing future funding. It also stated that the EP would be in operation for a five year period from April 2022, matching the multi-year funding allocation through the City Region Sustainable Transport Settlement (CRSTS).
 - The BSIP also recognised that this was not the only model available for delivery of prioritised activities with the plan. As such it provided the MCA with the opportunity, to formally assess the legal and financial risks and challenges of franchising as a delivery model, should it determine to do so.
 - Consequently the MCA report of 24 January asks each constituent Council to consider the matter in order that the MCA can determine, at a future meeting, whether it now resolves to issue the notice of intention to prepare an assessment of a proposed franchising scheme.
 - The alternative option is that the MCA continues with the Enhanced Partnership proposals with a view to considering the issuing of notice of intention for the assessment of a franchising scheme at a later point in time.
5. The following section provides more detail of the Enhanced Partnership and Bus Franchising Models

Enhanced Partnership

An EP is a non-compulsory agreement between willing operators and local transport authorities. It extends what existing Bus Quality Partnerships can cover (e.g. the colour of buses, frequencies on certain routes, multi-operator ticket pricing) and gives more flexibility.

An Enhanced Partnership is underpinned by an EP Plan (EPP) and Scheme (EPS). Together these documents form a legally binding agreement between SYMCA and local bus operators. The agreement should give SYMCA a way to deliver the actions set out in the SY Bus Service Improvement Plan (BSIP), subject to funding availability.

If bus operators running 75 per cent of local bus services support an EPS, the scheme is compulsory for other bus operators. Authorities also become the traffic commissioner, responsible for the registration of bus services.

Franchising

Franchising, sometimes referred to as local control, gives combined authority mayors similar powers to the Mayor of London over buses. On-the-road competition ends and this is effectively a commissioning model. Mayors, working with the constituent authorities' leadership, specify the bus service in their region, and the routes, fares, frequencies and quality of bus services. This is based on data from operators on ridership and profitability of the existing network. Operators bid to run services in return for a fixed fee paid by the Combined authority (CA). Fares are set and collected by the CA.

6. To explore the benefits and risks of franchising versus the Enhanced Partnership model SYMCA commissioned DLA Piper to produce a report which analysed how each could deliver the 40 bus improvement measures mapped out in the BSIP. The DLA Piper report, advised that, whilst in theory a Partnership can deliver the BSIP ambitions, the operators always have the right to object and veto any aspect that they do not agree with. The report stated that, in their view, a franchise gives the control to deliver what is required at a cost and with risks. Consideration of the DLA Piper report and its findings by the MCA board has led to the proposal from SYMCA which Council is now asked to consider.
7. The process of assessing a franchising scheme would enable the MCA to fully consider whether such a scheme could be the preferred model to support the delivery of the BSIP. However the bus network has faced significant operational challenges as a consequence of Covid and any South Yorkshire preference for a model to deliver the BSIP needs to recognise:
 - (i) The likely reduction and ending of government Covid subsidy support for buses,
 - (ii) Timescales for passenger levels to recover to pre-COVID levels,
 - (iii) Anticipated significant costs inflation pressures within the system, particularly in relation to salaries, fuel, and fare rises.

It is clear that the combination of these issues is likely to place pressure on the level of services operated in South Yorkshire without additional public funding support. Consequently the significant cost implications of any changes to bus services, as a whole or part of the network will need to be considered and identified within the assessment process.

OPTIONS CONSIDERED

- 8.. Council is asked to consider the content of this report in order that the Mayor can reflect the authorities' position at a future meeting of the MCA, when it will determine whether to issue the notice of intention to prepare and assessment of a proposed franchising scheme. As part of its consideration Council is also advised to note its previous resolution as set out previously in this report in order that this is reflected in any agreed response from the Council.
9. The preparation of an assessment of a proposed franchising scheme will analyse whether a franchising scheme could deliver additional benefits over an Enhanced Partnership. It will also set out the resources required to realise these benefits. This would enable the MCA (and its constituent local authorities) to make an informed decision on the best model for future

governance of bus services in South Yorkshire. It is likely that point of implementing franchising could take 4 years or more likely and the process could technically be stopped at stages within the overall process.

10. When making a decision at a future meeting the MCA could determine to:

Retain the EP and not explore franchising as an option: The EP has already been set up and will run the buses from April 2022 onwards. However, towards the end of 2021, DfT advised SYMCA that the national BSIP funding available (to replace Covid Bus Service Support grant SSG) would be much less sizeable than originally suggested. This would have an impact on the viability of delivering the key measures mapped out in the BSIP. In November, the Spending Review informed SYMCA that the Levelling Up Fund bid (totalling £50 million) to support Bus Infrastructure improvements bid was not successful. This led to significant and late revisions in the early delivery commitments under the BSIP. It is likely that SYMCA will resubmit the BSIP improvements scheme under Levelling Up Round 2, should it be announced in budget process in March 2022. The EP will continue to operate from April 2022 onwards.

Further explore the franchising option: This proposal enables the MCA and Local authorities to gather detailed information and analysis on the benefits and disadvantages of a franchising model, as well as understanding the full financial and legal implications of the model. The preparation of a franchising assessment will determine whether the full suite of benefits in the BSIP can be delivered through a franchising model and will also model the costs. It is essential to consider this as an alternative to the EP model which will operate from April 2022.

REASONS FOR RECOMMENDED OPTION

11. As set out in the report Council is asked to respond to the MCA report of 24 January. This is in order that the MCA can determine whether to issue the required notice of intention to assess a proposed franchising scheme at this point in time, or at a later stage. Given the time required to complete a franchising assessment the work to establish and implement the EP between the MCA and bus operators will continue.
12. If the MCA determines to formally assess a franchising scheme it will have resource implications and these are set out later in this report. These resource implications relate to the MCA only at this stage. At this point the potential costs of financing any agreed franchising scheme are unknown, and therefore a major part of the assessment would look to determine these with more certainty.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

13. The commissioning of this assessment would potentially move South Yorkshire as a region towards an improved bus service with better connectivity between our principal towns, town centre and nearby Cities. If franchising were determined to be the suitable delivery model, a well-managed scheme could contribute to a range of the Councils key outcomes summarised as follows:

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The commissioning of the assessment could potentially move South Yorkshire towards an improved bus service with better connectivity between our principal towns, town centre and the nearby core cities. If franchising were determined to be the suitable delivery model, a well-managed scheme could contribute to Doncaster Working, by giving more people access to opportunities across the borough and in the region.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>A well-managed bus service and bus infrastructure is essential to maintaining safe bus routes and travel for residents. The SYMCA assessment will go some way to determining whether the Bus Service Improvement Plans proposed 40 improvement measures can be best delivered.</p> <p>At present the region does not have any zero emission buses and the BSIP identifies the trajectory, costs and initial projects that could begin the transition from diesel to alternative fuels. These initial projects are included in the Enhanced Partnership scheme and these could be transferred to a Franchising Scheme.</p> <p>Transport represents 39% of the region's carbon footprint as well as being a large contributor to poor air quality in our urban centres, whilst zero emission buses will not on their own meet our collective reduction targets, a clean and reliable public transport system is vital in achieving the required modal shift.</p>

	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>Improved bus services would enable SYMCA to tackle transport poverty and improve transport accessibility to learning and employment. This proposed assessment will enable the SYMCA to explore the optimal operating model to do this and the potential impacts.</p>
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RISKS AND ASSUMPTIONS

14. At this point the risks and implications of any proposed franchising scheme are not fully known. The process of assessing a franchising scheme would enable the MCA to fully consider whether a bus franchising scheme would be the preferred model to support the delivery of the MCA's Bus Service Improvement Plan.
15. If the MCA decide to progress the assessment of franchising the indicative timeline for issuing a notice is within 1 month of the decision having been made. It would then take around 12 months for the assessment to be completed. Considerable time is required to complete the required stages for a franchising model. Further details of the assumed timeline for the assessment and independent audit of a proposed franchising scheme is set out in the appendix to the MCA's report of 24 January. That report is available via the links within the background papers section of this report.

LEGAL IMPLICATIONS [Officer Initials NJD..... Date 14th February 2022]

16. Section 123B of the Transport Act 2000 requires an authority that proposes to make a franchising scheme covering the whole or any part of their area, to prepare an assessment of the proposed scheme. Before it can undertake an assessment that authority must publish, in such manner as they consider appropriate, a notice stating that they intend to prepare such an assessment. In undertaking the assessment, the authority would have to comply with the provisions of s. 123B and any statutory guidance issued.
17. As the decision to issue the notice of intention lies with the MCA there are no direct implications for the Council at this point.

FINANCIAL IMPLICATIONS [Officer Initials JC Date 17/02/22]

18. Currently, there are no direct financial implications for the Council resulting from the consideration of the franchising assessment.
19. The assessment of a proposed franchising scheme would carry some significant costs to the MCA, estimated to be in the region of £3m. As set out in the MCA report of 24 January these costs are not currently budgeted in-

year or in longer term budget forecasts. The MCA report also sets out that a further estimated £2m of resource would be required to complete the development of proposals for franchising activity. The MCA does not have budget to cover these initial costs and they would be met from the MCA's reserves. The use of reserves may impact on the MCA's ability to manage known risks and potential future budget pressures reducing their financial resilience.

20. The costs of franchising cannot be estimated accurately until a "notice of intent" has been released and the associated statutory powers to access bus operators' commercial data employed
21. If the assessment is undertaken options for financing the delivery of a franchising scheme would need to be fully considered and agreed prior to implementation. It is anticipated this will likely present significant ongoing resource implications for the MCA and consequently on-going financial implications for the four constituent authorities. Any increase in resource required by the MCA will impact on the Transport Levy payment made by the Constituent Authorities.
22. In addition, although the ongoing financial risks of moving to a franchising model can't be accurately determined at this stage, Members should be aware that the financial pressures to address declining patronage, and other issues, in the current financial year may exceed £20m. It is not unreasonable to expect that these pressures would continue into a future franchising model.
23. The Government's impact assessment of the Bus Service Act (2017) highlighted that bus franchising (public control) would better address six out of seven local transport authority objectives compared to an enhanced partnership and was the only method likely to deliver a "significant increase in patronage."
24. The "South Yorkshire Bus Review," published in June 2020, recommended that the "legal and financial investigation of franchising in South Yorkshire begin immediately" and that a decision be made no later than 3 years after publication of the review.
25. The review also indicated the four main areas of costs which Franchising may incur. These are:
 - a) The administrative cost of managing a franchise
 - b) The contractual cost of reimbursing an operator to deliver the service
 - c) Possible increased staffing costs if the necessary harmonisation upwards of wages and pensions costs is to be delivered
 - d) Taking assets such as the bus depots and the fleet in public ownership
26. Based on experience elsewhere there are likely to be substantial transition costs as well as significantly increased financial risk exposure / costs related to ongoing service delivery. Transition costs in the Transport for Greater Manchester bus franchising model were in the region of £134m, including an additional £18m ask of constituent local authorities.

HUMAN RESOURCES IMPLICATIONS [Officer Initials: AC Date: 15/02/22.]

27. As the decision to issue the notice of intention lies with the MCA there are no

direct implications for the Council at this point. Any future changes that may have workforce implications would require HR engagement and be subject to separate approval as appropriate.

TECHNOLOGY IMPLICATIONS [Officer Initials...PW..... Date...15/02/22]

28. The BSIP has been drafted to map out how bus services to customers across SY could be improved and enhanced. This assessment would begin a process to determine how these improvements can be best delivered, either through the Enhanced partnership or the franchising model and customers would need to be at the heart of this assessment.
29. Should a Smart Ticketing option be introduced either through EP or Franchise model, this would require new hard and soft digital infrastructure. This would need to be funded by SYMCA and the bus operators themselves.
30. As the decision to issue the notice of intention lies with the MCA there are no direct implications for the Council at this point. However, any emerging technology requirements to support the delivery of the BSIP will require Digital & ICT engagement at the appropriate time.

HEALTH IMPLICATIONS [Officer Initials.....CTDate ...15.2.22.....]

31. As the decision to issue the notice of intention lies with the MCA there are no direct implications for the Council at this point. However, good quality public transport systems are vital to enable people and communities to build and maintain social networks. In short, transport is an essential resource for creating and maintaining positive health in populations.
32. Therefore, as improved bus services are likely to have a positive impact on health inequalities. As Health Impacts Assessment would be required as part of the franchising assessment, a recommendation would be that Public Health are involved in the Health Impact Assessment process.

EQUALITY IMPLICATIONS [Officer Initials DS Date 14/02/22]

33. As the decision to issue the notice of intention lies with the MCA there are no direct implications for the Council at this point. A full equality impact assessment would need to be carried out as part of the franchise assessment process.

CONSULTATION

34. As set out in this report the MCA has undertaken consultation with operators and the public on the proposed EP. If the MCA determines to issue the notice of intention and consequently adopt a franchising scheme then public consultation will likely be undertaken in late 2023 or early 2024. This would follow a period of statutory consultation with bus operators on the proposals. The MCA have indicated this would carry further resources implications,

BACKGROUND PAPERS

35. The following reports to the MCA and its Transport and Environment Board set out relevant background information.

[\(PUBLIC PACK\)AGENDA DOCUMENT FOR MCA - TRANSPORT AND THE ENVIRONMENT BOARD, 02/09/2021 10:00 \(SOUTHYORKSHIRE-CA.GOV.UK\)](#)

[\(PUBLIC PACK\)AGENDA DOCUMENT FOR MCA - TRANSPORT AND THE ENVIRONMENT BOARD, 21/10/2021 10:00 \(SOUTHYORKSHIRE-CA.GOV.UK\)](#)

[\(PUBLIC PACK\)AGENDA DOCUMENT FOR MCA - TRANSPORT AND THE ENVIRONMENT BOARD, 16/12/2021 10:00 \(SOUTHYORKSHIRE-CA.GOV.UK\)](#)

[\(PUBLIC PACK\)AGENDA DOCUMENT FOR MCA - MAYORAL COMBINED AUTHORITY BOARD, 24/01/2022 10:00 \(SOUTHYORKSHIRE-CA.GOV.UK\)](#)

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

SYMCA – South Yorkshire Mayoral Combined Authority

BSIP – Bus Service Improvement Plan

EP – Enhanced Partnership

CRTS – City Region Sustainable Transport Scheme

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