

AGENDA ITEM 6

**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET**

13 JUNE 2017

**REPORT OF THE
HEAD OF TRANSPORT**

TEES VALLEY BUS NETWORK – BUS SERVICES ACT 2017

SUMMARY

On the 27th of April 2017 the Bus Services Act received Royal Assent. The new bus powers and obligations contained within the Act will come in to force on the 27th of June 2017. The new legislation has important implications for the Combined Authority, as we take forward our approach to improving local bus services.

At its meeting on the 22nd of March the Combined Authority's Transport Committee agreed to continue with a "twin track" approach to further investigation of delivery models for the future Tees Valley bus network; considering both franchising and partnership approaches. The Committee also proposed that the Combined Authority should develop a strategy to improve bus services, through consultation with partners and the wider public.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. Note the powers available to the Combined Authority through the new legislation;
- ii. Agree to develop a Bus Strategy, as part of the statutory Strategic Transport Plan, informed by a workshop to be held in July;
- iii. Allocate £80k from the Combined Authority's Development Fund, to support capacity to develop options as set out in the new legislation.

DETAIL

1. The Bus Services Act 2017 includes a number of provisions:
 - Automatic access to franchising powers for Mayoral Combined Authorities, with other authorities having access on a case by case basis.
 - New powers to encourage partnership working between local authorities and bus operators (Enhanced Quality Partnerships or Enhanced Partnership Plans).
 - The requirement for bus operators to provide audio and visual information, such as next stop announcements, on buses in Great Britain.
 - Open data powers to provide increased information to bus passengers.
 - A restriction on local authorities setting up their own bus companies.
2. The new legislation provides a welcome addition to the range of powers available to the Combined Authority to enhance the delivery of public transport. Up to now, the deregulated market in bus services (outside London) has created barriers to coordination and partnership, and restricted transport authorities from intervening to support the delivery of improved services. The new legislation was developed in response to proposals from transport authorities across the country, and was supported by Devolution Deals. The legislation creates a range of options, and as a Mayoral Combined Authority the Tees Valley has the widest range of options to develop a system that works best for our area.
3. So far, the Combined Authority and our partner councils have reviewed the current state of the bus network and identified key trends that are likely to affect the network in coming years.

OPTIONS FOR THE FUTURE

4. In addition to the status quo, the Bus Services Act finalises three potential new ways of working:
5. **Advanced Quality Partnerships (AQP)**
 - An area-based statutory partnership replacing Quality Partnerships.
 - Minimum five years duration.
 - The Local Transport Authority (LTA) commits pro-bus facilities and/or measures.
 - The LTA can prescribe vehicle standards, payment methods, information and publicity requirements.
 - The LTA can additionally prescribe maximum fares and service frequency/timing but only if there are no "*admissible objections*" from "*relevant operators*".

Subject to consultation, AQPs will be available where the local transport authority is satisfied they will:

- Contribute to implementing local transport policies; and
- Improve service quality; or
- Reduce/limit congestion, noise or air pollution; or
- Increase, or prevent decline in, patronage.

6. **Enhanced Partnership Provision (EPP)**

- A new area-based statutory partnership policy/objectives framework under which one or more partnership schemes is made.
- Can be indefinite, varied and/or revocable.
- There is no mandatory requirement for the LTA to commit pro-bus facilities or measures.
- The LTA can prescribe not only the same characteristics as an AQP but also entitlement passes, on-bus information equipment, vehicle and ticket appearance, ticketing arrangements (including multi-operator ticket prices, timetable change windows and other scheme facilitating arrangements).
- Plans and schemes cannot be made where a "*sufficient number*" or "*operators of qualifying local services*" object.

Subject to consultation, EPPs will be available where the local transport authority is satisfied they will:

- Improve service quality or effectiveness; or
- Reduce/limit congestion, noise or air pollution.

7. **Franchise**

- Replaces Quality Contracts.
- Initially available only to Mayoral Combined Authorities or those with devolution deals that contain the option to have Franchising Authority powers (non-delegable).
- Enables granting of an exclusive right to operate specified local services on specified terms (including frequency, fares and standards) and which may include public authority payments.
- Service permits may be granted to others to operate in a franchise area if it benefits local service users in the area and "*will not have an adverse effect*" on franchised services.
- Based on assessment, auditing, consultation and, if it proceeds, procurement.
- Authority may require local service operators to provide information to further a franchise exercise.

Subject to consultation, Franchising will be available where a Mayoral Combined Authority has:

- Compared a franchising proposal to "one or more other courses of action"
- Assessed the proposal following a "consideration" of a five-case business case covering strategic fit, value for money, feasibility, affordability, and deliverability
- Obtained an independent audit of the quality of its assessment (information and analysis) and compliance with guidance.

NEXT STEPS

8. In order to inform the development of the Strategic Transport Plan the Transport Committee have requested that a standalone bus strategy for the Tees Valley is produced. It is recommended that a vision for bus services in the Tees Valley is developed in the first instance in order to inform a buses workshop.

9. A range of partners will be engaged via the buses workshop, with a view to using the event and feedback on the initial vision for the bus network to produce a draft Bus Strategy for consultation as part of the wider Strategic Transport Plan process.
10. A Bus Strategy will provide a reference point for future discussions with operators about the partnership options contained within the Bus Services Act, or a guiding document for franchising arrangements. At this stage, before analysis is complete, the Combined Authority does not have a position on which option is likely to best deliver an improved service and offer value for money.
11. The Combined Authority team does not currently have dedicated expertise on bus services, and the work so far has been developed through the good will of individual officers within our partner authorities, overseen by lead officers on the Transport Advisory Group. In order to understand all of the options in the Bus Services Act and how they might contribute to improving the bus network in the Tees Valley, it is proposed to set aside up to £80k from the Development Fund. The funding will be used to second a bus service expert from Darlington Council to develop options, alongside a small budget for external support as necessary.
12. The options appraisal will include an investigation in to the potential for initiatives such as community and rural transport and improved interface with the local rail network.

FINANCIAL IMPLICATIONS

13. Further development work is supported from within existing resources through the Development Fund. Assessment of any financial implications arising from the options for bus services will be assessed as part of that work. Very few existing services in the Tees Valley are funded from public subsidy, and the work will progress with an assumption of no or limited additional funding; unless a compelling business case can be established.

LEGAL IMPLICATIONS

14. The Combined Authority will have new powers via the Bus Services Act as outlined in sections 4, 5 and 6 of this report.

RISK ASSESSMENT

15. The work being undertaken on the review of bus network delivery models is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION

16. Consultation on a bus vision will be undertaken at a workshop in July, any Bus Strategy will be consulted upon as part of a wider consultation on the emerging Strategic Transport Plan.

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