



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Agenda No: 4.1

## Emerging Bus Strategy

- To: Cambridgeshire and Peterborough Combined Authority Board
- Meeting Date: 19 October 2022
- Public report: Yes
- Lead Member: Mayor Dr Nik Johnson
- From: Steve Cox, Associate Director, Tim Bellamy, Interim Head of Transport
- Key decision: Yes [Special Urgency]
- Forward Plan ref: KD2022/065
- Recommendations: The Combined Authority Board is recommended to:
- a) Recognise Mayoral Decision Notice MDN39-2022 (attached at Appendix 6) that asked officers to commence a procurement exercise to seek to replace some or all those services due to be withdrawn (as outlined by Stagecoach on 15<sup>th</sup> September).
  - b) Agree the outcomes from the procurement process and authorise officers to continue to investigate any gaps in service provision.
  - c) Agree that Combined Authority officers work with the operators of the services outlined in Paragraph 2.33 to ensure those services can continue in the short term, in order that decisions about on-going support are taken at the same time as decisions on other routes.
  - d) To note the proposed outline programmes for the preparation of the Bus Strategy, the review of the Bus Franchising business case, and refreshed Bus Service Improvement Plan programme and the additional resources being used to accelerate this work.

# 1. Purpose

- 1.1 To outline the programme of work necessary to develop an appropriate Bus Strategy for the region. This Strategy will be strongly aligned to the vision, aims and objectives of the Local Transport and Connectivity Plan (LTCP). Feedback will be subsequently sought from Members around the overarching vision and direction of travel for this Strategy.
- 1.2 To outline the progress to date around some of the delivery mechanisms for the Bus Strategy, including work on the Bus Reform, the Greater Cambridge Partnership's work, and the development of the Bus Service Improvement Plan.
- 1.3 To set out the current and impending financial pressures on the bus network, the impacts they will have on the bus network, and how the Combined Authority as Passenger Services Authority can best respond, in the immediate term, and beyond.
- 1.4 To outline the process around the development, consultation, and implementation of a Local Bus Service Assessment Framework (LBSAF) with a standardised series of questions that will assess the need for bus services on a consistent and rational basis. This will allow the provision of a logical bus network within the budget available for service support.

# 2. Background

## **Bus Strategy**

### Principles

- 2.1 A key component of the LTCP's suite of documents will be a Bus Strategy. This will articulate what the Combined Authority wants the bus network to look and feel like (vision for buses within Cambridgeshire and Peterborough). Clear alignment will be required between the LTCP; the Sustainable Growth Ambition Statement; the Climate Change Commission recommendations; and our Devolution Deal.
- 2.2 Over the last 50 years the need to travel has become greater and more complex. Society has become organised around the car and average distances to work, learning, hospitals and shops increased.
- 2.3 People experiencing, or at risk of, social exclusion typically face five types of barriers to getting to key services:
  - The availability and physical accessibility of transport: For some people there is no public transport, or it doesn't go to the right places or at the right times, or it does not go often enough or reliably enough, or vehicles are not accessible to disabled people. People living in rural areas without access to a car can face particularly acute problems.
  - Cost of transport: Some people find the costs of personal or public transport are high or unaffordable.
  - Services and activities located in inaccessible places: Developments including housing, hospitals, business, and retail are often located in areas not easily accessible to people without a car.

- Safety and security: Some people are unwilling to use public transport or walk to key services because of fear of crime or antisocial behaviour, or fear of road accidents.
- Travel horizons: Some people are unwilling to travel long journey times or distances or may not know about or trust transport services.

- 2.4 Those living in rural areas without a car can face acute problems. Distances to key services are often greater and public transport may be infrequent or inadequate. In urban areas, despite a dense public transport network, buses tend to be focused on radial routes to centres rather than peripheral locations, and early morning, evening and weekend journeys are poorly served. Some groups in the population face particular disadvantage in their travel, including children and young people, older people, and disabled people.
- 2.5 The Combined Authority wants to address these significant transport related concerns around social exclusion and become a leader in public transport provision. Buses carry more people with less demand on road space. To ensure buses are not caught in congestion we need to provide new infrastructure. It is essential that we ensure that people can travel around the network safely, efficiently, and sustainably.
- 2.6 The Bus Strategy will be prepared by the Combined Authority, working with constituent councils, stakeholders, and public transport operators. It is important that a bus network is created and maintained that responds to what people want, and are able to use, so that, as we emerge from the Covid-19 pandemic, we see growth in passenger journeys. It is proposed that this is done by improving the quality and reliability of bus services, so that people can get to more destinations quickly, comfortably, safely, and affordably.
- 2.7 Implementing the Strategy will require some difficult choices to be made, both in terms of where investment is made and how the infrastructure is used. It will also require additional funding, from both central government and local partners to make the vision a reality. We also need to work closely with operators to make this happen.
- 2.8 The initial draft of the Bus Strategy will be presented to the November Transport and Infrastructure Committee and subsequent Combined Authority Board. It is proposed that once approved and adopted, the Strategy would be reviewed every 18 months, to reflect changing circumstances and ensure that objectives and targets remain appropriate and ambitious.

#### Progress: Bus Strategy Update

- 2.9 Following extensive stakeholder and public engagement and market research in 2019, the Combined Authority developed and approved a *Vision for Bus* in 2020, which formed the basis of the Combined Authority's original Bus Service Improvement Plan (BSIP), produced in October 2021. The overall aim is that:

*“Everyone should have the opportunity to travel; their chances in life should not be constrained by the lack of travel facilities open to them”*

- 2.10 Key principles of the vision are:
- Best-in-class: High quality bus services;
  - Sustainable growth: Bus services that support growth and environmental sustainability; and

- Opportunity for all: Bus network provides convenient access to jobs, facilities, and services for all, irrespective of income, age, ability, location, or access to a car.

2.11 To deliver the vision, there are five main objectives:

- The bus is an attractive mode of travel that competes with the car;
- The bus network supports sustainable growth;
- The bus helps to protect and enhance the environment;
- The bus network supports the health and wellbeing of the population; and
- The bus provides opportunity for all.

2.12 The intention in the development of the Bus Strategy is to build on this previous vision, to update and align it to the LTCP and take account of the impact of the pandemic on travel patterns and bus use, along with the developing work of the GCP. In addition, the Bus Strategy will need to align closely with the emerging vision for the Combined Authority.

2.13 The Bus Strategy will shape the overarching ambition for the bus network across the area and help define how the aims and objectives can be delivered in an appropriate and timely manner. A draft of the Bus Strategy will be presented to the Transport and Infrastructure Committee at its meeting in November.

## **Delivery Mechanisms**

### Case for Franchising

2.14 Since May 2019, the Combined Authority has been committed to assessing whether the concept of Bus Franchising would be the best way to deliver a customer-focused public transport network. However, the uncertainties created by the Covid-19 pandemic, particularly in respect of the recovery in bus patronage and revenue, made it difficult to assess the case for franchising. The situation is now becoming clearer, albeit that the new baseline of use remains lower on most services, compared with 2019. Given the large-scale challenges and complex spatial and economic geography of the area, the Combined Authority still considers that Franchising could deliver the best bus service for customers, rather than the current model of provision based on services determined by the commercial decisions of bus operators.

2.15 Work is underway to review the Business Case for Franchising. The work will take full account of the opportunities that may be presented through the Greater Cambridge Partnership's City Access initiative, which is expected to be consulted upon later in the Autumn.

2.16 As the case for Franchising is developed further, the views of Members, stakeholders and the public will be widely sought and fed into the programme and a draft business case brought to Committee in early 2023. An update on the Combined Authority's position will be provided at the next Transport and Infrastructure Committee meeting in November.

### Greater Cambridge Partnership's City Access

2.17 It is important that the Bus Strategy strongly aligns with the emerging LTCP, and the work being undertaken by the Greater Cambridge Partnership (GCP) on City Access. Through their Making Connections feedback, it is clear that, within the Greater Cambridge area, there is strong support for delivering bus transformation as envisaged in the 'Better buses for all'

package, as well as taking action to tackle congestion and pollution and improve active travel.

- 2.18 The GCP will be looking to develop three key elements, namely enhancements to public transport services, wider sustainable transport investment, and a road user charge to reduce traffic levels and provide ongoing funding for the improvements. The Combined Authority will be submitting a response to the consultation in due course, and subsequently ensuring that the final schemes and initiatives emerging following the City Access consultation are reflected within our policies and strategies, to ensure true integration and alignment. In the meantime, Members are recommended to ask the interim Head of Transport to engage with the GCP to ensure that the City Access consultation reflects the Combined Authority's ambition for bus franchising.

#### Bus Service Improvement Plan (BSIP)

- 2.19 In response to the National Bus Strategy: Bus Back Better (March 2021), the Combined Authority produced a BSIP, which was submitted to DfT in October 2021 and sought funding for bus service improvements. The Combined Authority was unsuccessful in securing BSIP funding and lessons are being learned through dialogue with central government officials around areas for improvement. The DfT requires all LTAs to review progress against their BSIP ambitions in October each year.
- 2.20 Given the changing landscape of bus service provision and development of a Bus Strategy, the opportunity is being taken to revise the Cambridgeshire and Peterborough BSIP, which will be socialised with constituent council officers and Members. The revised BSIP will reflect the work undertaken on developing the Bus Strategy, the work of the GCP and our position regarding Franchising. The Combined Authority will be liaising with central government to outline the programme of work and how the BSIP is integral to the attainment of the Bus Strategy's key aims and objectives. An extension to the BSIP review submission deadline has been provided by the DfT to allow for the various workstreams to align and be delivered in a timely manner whilst allowing for due governance to occur. A final BSIP will be presented to the Transport and Infrastructure Committee and subsequently to Board Members in November.
- 2.21 The submission will reflect on the experiences over the last year and in particular the instability of the network provided by our largest service provider. From this BSIP our updated strategic position will be fed back into our ongoing LTCP work.

#### **Short Term: Financial Concerns**

- 2.24 Our bus services are a mixture of commercial routes (paid for from fares) and supported services (which we commission and fund through competitive tender). Around 90% of journeys on buses in the Combined Authority area are commercial.
- 2.25 In recent months several economic factors have worsened the market for running commercial bus routes:
- Passenger numbers are down by around 24% compared to pre-covid. More people are working from home, reducing bus income;
  - Concessionary pass use is down by 48% compared to pre-Covid demonstrating older people choosing to avoid public transport;
  - The cost of fuel has risen by around £60 per bus per day;

- There is an ongoing shortage of drivers, driving up training costs and payroll costs; and
- Insurance and utility costs have risen sharply.

2.26 Government has supported the bus industry during the Covid period through a Bus Recovery Grant (BRG). This grant was due to end on 30<sup>th</sup> September; however, on 19<sup>th</sup> August, following extensive lobbying by the Combined Authority and other Local Transport Authorities, the DfT announced a six-month extension to the BRG to continue supporting bus services in England outside London. Up to £130m is being provided under the extension, available from October and will be in effect until March 2023. The extension applies to commercial operators and Local Authorities. Further details about how the funding allocations will be provided to bus operators and Local Authorities and the associated conditions, will be made available in due course by central government.

2.27 As outlined within the mayor's letter to Baroness Vere (Appendix 1) the Combined Authority are significantly concerned that our main regional operator, Stagecoach, is accepting the BRG from central government, whilst cutting critical services, the very services that will impact our vulnerable communities the most. Communications to date have outlined Combined Authority's dismay at the emerging position and the impact on the residents of Cambridgeshire and Peterborough, whilst reinforcing the message that where operators are accepting BRG then the services should be maintained as they currently are.

2.28 In her response of 7<sup>th</sup> September, Baroness Vere stated that "*officials are working at pace to define the exact details for the extension and hope to confirm these with operators and local transport authorities as soon as possible. In the interim, however, I can confirm that the extension is likely to continue on the existing terms and conditions for the Bus Recovery Grant for the first three months of the extension at a minimum*" (see Appendix 2). The expectation of the Combined Authority is therefore that operators accepting the BRG must retain current service levels.

2.29 In the meantime, the Combined Authority has continued to liaise with operators to understand the full details behind their decisions and strategic direction of travel. Part of this process has been to challenge their position to understand their revised Service Plans. It is important that a clear and logical rationale is provided to the Combined Authority by the operators. As stated above, the Combined Authority have outlined to operators that current service levels must be maintained. If the operators reduce their services, this will have a substantial impact on our passengers and communities.

2.30 On 16<sup>th</sup> September, it was confirmed by Stagecoach that a number of services will be withdrawn. Therefore, the Combined Authority commenced a competitive tender process that offers alternative operators the chance to provide them. If some services remain in need of financial support and/or will be reduced, the Combined Authority will need to consider whether it is able to provide limited support. In order to retender the services in a timely manner, the Combined Authority are needing to work to very tight and restrictive timescales, outlined below:

- Final deregistrations noted on 16<sup>th</sup> September – with the announcement made on 20<sup>th</sup> September following Queen Elizabeth II's funeral;
- Services (contracts) put out to tender on 21<sup>st</sup> September;
- Combined Authority in receipt of tenders on 6<sup>th</sup> October;
- Combined Authority to analyse the potential results by 12<sup>th</sup> October;

- Offer contracts subject to 10-day standstill period and Board agreement by 13<sup>th</sup> October; and
- New contracts commence 30<sup>th</sup> October.

2.31 Any support agreed through the above procurement process will initially be until the end of March 2023 and future ongoing funding sought through the business planning process. The list of retendered routes is available within the appendices to this report, along with the timetables to be operated. The retendered routes comprise 18 that were wholly withdrawn by Stagecoach, along with five that filled gaps where Stagecoach left substantial areas uncovered.

2.32 The result of the retendering process has meant that 14 of the 18 services cut by Stagecoach will be maintained, along with all of the five reduced services, for a net additional cost of £1,076,658. The precise routes and timetabling for some of these maintained services may change, details will be confirmed on 24<sup>th</sup> October (end of the contractual standstill period). The priority now is for the Combined Authority to understand how best to enable the appropriate services for the communities on the routes that bids haven't been received for, or only partially covered, within the maximum budget available (four in total). This will involve discussions with operators about what they may be able to provide even if this meets only part of the need initially. These services are the 23 and 24 from Queensgate to Lynch Wood, the 915 from Royston to Cambridge and part of service 39 from Chatteris to March.

2.33 Additionally, there are a small number of services that require financial assistance in the immediate term, to maintain services for local residents (Route #68 and Ely Zipper). It was agreed through a series of procurement process waivers that funding is provided in the short term, until the end of March 2023, to maintain these services and allow for them to be subsequently subjected to this clear and transparent assessment process to determine whether ongoing funding is provided. In addition, there were also four other services (16A, 17, 101 and 199) currently due for retender in December 2022 and it was agreed through these waivers to delay the tender of these services to the end of March 2023 so that all services can be reviewed at the same time.

2.34 The Combined Authority are continuing to develop, agree and deliver an appropriate framework to ensure transparency when releasing any potential funds to support our bus services if required in future years. Feedback from Members on the appropriateness of the framework has been and will continue to be sought. The Local Bus Service Assessment Framework (LBSAF) will seek to prioritise bus services in a logical, passenger-focused way. The LBSAF would have two functions, namely:

- Given that it is expected that we will not be able to replace all the services operators may withdraw, the LBSAF would permit the Combined Authority to prioritise where the limited financial resources could be allocated if such service costs exceed the revenue funding available; and
- Once the revised supported bus network is put in place, it will allow the Combined Authority to respond to changes to the commercial bus network over which it has no control and assess the need for additional contracted services that result from commercial changes (or indeed to operators ceasing to provide a contracted service where a comparable commercial service is started), in a way that is structured, agreed, and transparent.

- 2.35 It is important that the Combined Authority adopts a methodical, objective, and consistent approach to enable it to balance the differing potential transport needs of residents; and, to manage the network in the light of changes to the commercial bus network and public demand.
- 2.36 The LBSAF will be aimed at determining whether there is a need for a service as a result of commercial transport operators' failure to provide one. This would comprise 'gateway' assessments that will help the Combined Authority to determine whether they need to consider procuring a supported service in each circumstance. The five assessment stages could be:
- Is there market failure?
  - Will the service intervention offer value for money?
  - Does the available transport for the area affected meet the Service Intervention Point (SIP) benchmark?
  - What is the impact on current transport users?
  - Conclusion and decision making
- 2.37 Reductions in public transport provision will reinforce social exclusion. It maybe that service reductions can prevent people from accessing key local services or activities, such as jobs, learning, healthcare, food shopping or leisure. Problems may vary by type of area (for example urban or rural) and for different groups of people, such as disabled people, older people, or families with children. Therefore, it is proposed that the second component part of the LBSAF will used to assess social exclusion and access to key destinations and feedback from Members is sought, further information on this element of the LBSAF can be found in the appendices (entitled *Methodology for Prioritising Bus Routes for Investment*).
- 2.38 The LBSAF would try to consider the amount of community support for each of the services under threat. This will be one of the assessment criteria within the LBSAF and enable Members to make informed decisions.
- 2.39 Through active engagement with partners and Leaders, the Combined Authority will be able to finalise a LBSAF that will assess any future reductions in bus provisions and potentially allow limited funding to be allocated through a clear, transparent process.

## Timescales

- 2.40 Detailed below is an outline of the anticipated engagement with Members during the development, production, and approval of the Bus Strategy, the revised BSIP and a positioning around franchising.

Meeting	Meeting Date	Paper Publication	Comment / Status
Board	19/10/2022	11/10/2022	Update on the short-term bus issues (including retendering process)
Leaders' Strategy Meeting	09/11/2022	02/11/2022	Opportunity for the LSM to recognise the need for doubling of the bus network – in line with the 15% reduction in car mileage and gain feedback on the



			developing Bus Strategy, revised BSIP and franchising (not in a public forum)
TIC	16/11/2022	09/11/2022	Ensure the TIC recommend to the CA Board the approval of a Draft Bus Strategy, revised BSIP for submission to Government & updated Franchising position (ahead of public consultation)
Board	30/11/2022	15/11/2022	Approval of a Draft Bus Strategy, revised BSIP for submission to Government & updated Franchising position (ahead of public consultation)

### 3. Financial Implications

- 3.1 A total in-year resource allocation of c. £1.7 million was identified for short-term support of services. As detailed within the Appendices, following a retendering process and the Combined Authority has been able to maintain the majority of these services (14). Some of the funds outlined above are only available this year and not for subsequent years and therefore the financial assistance will need to be revisited for future years, and this will be incorporated into the Medium-Term Financial Planning process and Transport Levy calculation.
- 3.2 The financial implications beyond the current financial year will be dependent on the retendered bus routes, ongoing discussions with the area's operators, and policy level discussion between the Combined Authority and stakeholders, including the public. As highlighted throughout the paper, cuts to services can have significant negative consequences on members of the public without other transport options but available resources are finite. Decisions made on the levels of service, and routes which are operated, will have significant impact on the Combined Authority's finances, including the Transport Levy. As the impact of these decisions emerge, they will be incorporated into the Medium-Term Financial Plan or, where required, through in-year updates to the budget.

### 4. Legal Implications

- 4.1 An Officer Decision Notice was published on 13<sup>th</sup> October 2022 in accordance with the requirements of the constitution in relation to the extension of the TING DRT service.

### 5. Public Health Implications

- 5.1 With potential service reductions, access to healthcare facilities may be reduced significantly and therefore this will be considered through the LBSAF.

### 6. Environmental and Climate Change Implications

- 6.1 With a reduction in public transport provision, there will be a potential for adverse impacts on the area's environment and climate change due to the increased reliance on the private car.

### 7. Other Significant Implications

7.1 None.

## 8. Appendices

8.1 Appendix 1 – Mayor Dr Nik Johnson’s letter to Baroness Vere.

8.2 Appendix 2 – Baroness Vere’s letter in response to Mayor Dr Nik Johnson.

8.3 Appendix 3 – Letter from DfT detailing the extension of the Bus Recovery Grant.

8.4 Appendix 4 – Local Bus Service Assessment Framework.

8.5 Appendix 5 – Methodology for Prioritising Bus Routes for Investment.

8.6 Appendix 6 – Mayoral Decision Notice 39-2022

8.7 Exempt Appendix 1 – Assessment of Tenders.

8.8 Exempt Appendix 2 – Proposed Timetable.