



<b>TRANSPORT &amp; INFRASTRUCTURE COMMITTEE</b>	<b>AGENDA ITEM No: 2.2</b>
<b>9 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **BUS REFORM TASK FORCE**

### **1.0 PURPOSE**

- 1.1. The bus reform project identifies ways to deliver improved bus services within the Authority's area. The Covid-19 crisis has had a very significant impact on the bus market. This report seeks approval for modifications to the bus reform work programme to reflect the issues that arise because of that.
- 1.2. It also seeks a recommendation to the Board to approve the remaining £1.2 million budget provision set out in the MTFP, to be used to fund short-term innovation trials to inform subsequent reform proposals, and to delegate the detailed allocation of the budget to trials to the Director of Delivery and Strategy in consultation with the Chair of the Committee, subject to reporting the detail back to future Committee meetings.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>James Palmer, Mayor of Cambridgeshire and Peterborough</b>
<b>Lead Officer:</b>	<b>Paul Raynes, Director of Delivery and Strategy</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: Yes</b>
The Transport and Infrastructure Committee is recommended to:  (a) Note the progress of the project to date;  (b) Note that the Covid19 emergency has reduced the predictability of the bus operating environment in Cambridgeshire and Peterborough;  (c) Authorise the Director of Delivery and Strategy, in consultation with the Chair of the Transport and Infrastructure Committee to amend the BRTF programme milestones to reflect the pace of recovery of the bus market; and	<b>Voting arrangements</b>  Simple majority of all Members

<p>(d) Recommend the Board to approve the remaining £1.2 million budget provision set out in the MTFP, to be used to fund short-term innovation trials to inform subsequent reform proposals, and to delegate the detailed allocation of the budget to trials to the Director of Delivery and Strategy in consultation with the Chair of the Committee, subject to reporting the detail back to future Committee meetings.</p>	
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## 2.0 BACKGROUND

- 2.1. Work on the Bus Reform project commenced in 2019. Its aim, in line with the Local Transport Plan, is to look at different ways in which bus services can be drawn together into a well-functioning integrated transport network. The project is led by the Mayor, who chairs a Bus Reform Task Force. This is supported by an officer team which brings together officers from member councils under Combined Authority leadership. The Combined Authority has appointed ITP Consultancy to support the detail of this work and Addleshaw Goodard LLP to provide legal advice.
- 2.2. As a result of initial work, four options were identified:
  - Deregulated bus services – the current structure for bus services
  - Advanced Quality Partnership Scheme (AQPS)
  - Enhanced Partnership (EP)
  - Franchising
- 2.3 There is a legal requirement to notify operators that the possibility of franchising some or all the bus services in the Combined Authority's area is under consideration. That was met by a letter issued on 2 May 2019.
- 2.4 The different options were assessed, and a public consultation exercise was held between September and December 2019, over 5,000 people participated either face to face or on line, with statistically significant numbers of bus users and non-users across the two larger cities and four districts.
- 2.5 A Vision for Buses was devised to capture these views about the status quo and to develop a vision of what the public want for the future. This was approved by the Mayor's Bus Reform Task Force on 31 March.
- 2.6 Both our professional advisers, ITP and Addleshaws, are contributing to the writing of an Outline Business Case to HM Treasury Green Book standards. The first stage required ITP to gather data, assess, and consider what the implications of an enhanced bus network are, and to create an Outline Business Case with five constituent parts:

The Strategic Case – is the proposal needed?

The Economic Case – is it value for money?

The Commercial case – is it viable?

The Financial Case – is it affordable?

The Management Case – is it achievable?

- 2.7 Each part of the appraisal process in the OBC needs to differentiate between the different options; consider any complimentary measures such as parking policies or land use changes. This is because the Bus Services Act 2017 requires that each option needs to have been developed in sufficient detail to be able to accurately assess the impacts.
- 2.8 Legal advice has been taken that proportionality does not apply and that CPCA must deliver a Business Case as deeply researched as those of any of the large metropolitan Passenger Transport Authorities.
- 2.9 At the same time Covid19, and government messages to avoid using public transport, have severely reduced ridership. In consequence all of Britain's bus services have been financially supported by a series of short term grants from DfT. At present HM Treasury holds the right to remove all funding for bus services by giving 8 weeks' notice. Even with the extra subsidy, bus firms are facing significant revenue shortfalls compared to the pre-Covid situation. The fiscal sustainability of any concept of new bus service networks therefore faces significant challenge in an audit.
- 2.10 When the Business Cases are complete, the proposals will go to audit. This audit is independent and is not iterative. It is not a dialogue, and therefore any business case considered needs to stand up financially, now and in future, if it is to pass this audit.
- 2.11 This year is a hinge-point for the UK bus industry and new alternative models are being developed here and abroad to make Demand Responsive Transport (DRT) a more viable alternative. We have a unique opportunity to trial new models of service provision in order to inform future reform proposals.
- 2.12 The Mayor has discussed the Combined Authority's bus reform proposals with the Minister of State for Transport and agreed that we should seek to coordinate our plans with the work DfT have under way to prepare a new National Bus Strategy. Officers of the Authority are meeting senior officers at the Department for Transport for discussions about how to achieve that.
- 2.13 Against this background, the Committee is requested to authorise:
  - i. Modifications to the project plan for the Bus Reform Task Force to allow the business case work to reflect the developing realities of the bus market in Cambridgeshire and Peterborough; the detail of these will be reported back to the Committee in due course.
  - ii. Use of the agreed Bus Reform budget to trial new models of service, which may include both Demand Responsive Transport and more conventional services, in response to the changes in market conditions which will be

evaluated and can inform the Authority's reform proposals. The details of those trials will also be reported back to the Committee.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1. In March 2019 the CPCA Board approved the creation of the Bus Reform Task Force, with a budget of £1 million in 2019/20 and a further £1 million in 2020/21. The Board also approved a drawdown from the budget of £400,000 in 2019/20 and delegated approval of further drawdowns to the Transport and Infrastructure Committee. In September 2019, the Board approved the budget be reprofiled in the Medium-Term Financial Plan (MTFP) mid-year review to £800,000 in 2019/20 and £1.2 million in 2020/21.
- 3.2. The OBC stage of this work was budgeted for within the original Board decision and the proposals in this paper would be funded within the agreed budget.
- 3.3. We have identified certain areas where some additional research may be required. This will cost less than £10,000 and can be set against savings elsewhere in this project.
- 3.4. ITP is employed on a fixed contract with agreed costs. Addleshaw Goodard LLP are appointed on a Local Government Framework contract with agreed funding and agreed monies already released to pay their costs in full, which are budgeted month by month in the project plan. Therefore the change to milestones does not increase the already agreed costs.

### **4.0 LEGAL IMPLICATIONS**

- 4.1. This Transport and Infrastructure Committee meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020 (SI 2020 No.392).
- 4.2. It is a requirement to prepare a business case and have it independently audited as part of Combined Authority Assurance framework governance.
- 4.3. It is a requirement of the Bus Services Act 2017 that an independent audit be undertaken should Franchising be a preferred option.

### **5.0 APPENDICES**

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
None	N/A