

Transport and the Environment Board

10 February 2022

Options to Support the Delivery of the Region's BSIP

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

This report provides the Board with an update on the process to formally assess bus franchising as an option to deliver the Bus Service Improvement Plan (BSIP). This report follows the 24 January MCA meeting where it was recommended that the Constituent Local Authorities consider the matter ahead of an additional MCA meeting in early March, to determine whether to issue the notice of intention to prepare an assessment of a proposed franchising scheme, in accordance with S.123C of the Transport Act 2000.

What does this mean for businesses, people and places in South Yorkshire?

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 ambitions for the bus service network in South Yorkshire, as set out in its Bus Service Improvement Plan.

Given the time required to complete a franchising assessment, the work to establish and implement the Enhanced Partnership between the MCA and bus operators continues, as approved by the MCA on 15 November 2021.

Recommendations

Note the content of this report ahead of an additional MCA meeting in early March, when the MCA will determine whether to issue the notice of intention to prepare an assessment of a proposed franchising scheme in accordance with S.123C of the Transport Act 2000.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Mayoral Combined Authority Board

24 January 2022

1. Background

- 1.1 The National Bus Strategy guidance issued by the DfT in 2020 set out the requirement for MCAs and LAs to develop ambitious service improvement plans and enter statutory delivery arrangements, to access transformational funding for buses. In response, the MCA submitted a Bus Service Improvement Plan (BSIP) to Government on 29 October 2021 and began the process of entering an Enhanced Partnership.
- 1.2 The MCA on 15 November 2021 approved the issuing of a notice to operators regarding the proposal to make an Enhanced Partnership Plan and Scheme. This triggered a period of statutory consultation with operators that ended on 17 December 2021, following which a period of public consultation commenced on 7 January 2022 and is due to close on 20 February 2022.
- 1.3 The initial BSIP submitted to the DfT on 29 October 2021 left consideration of an alternative delivery model of franchising open as an option. It stated:

“The Enhanced Partnership was agreed by the MCA as the most appropriate means of delivering the initial set of activities contained within this Initial BSIP as well as enabling access to future funding. The intention is for the Enhanced Partnership to be in operation for a five year period from April 2022, matching the multi-year funding allocation through the CRSTS, albeit noting that there is a requirement to refresh the BSIP on an annual basis. However, it is not the only delivery model available to the Mayor and the MCA for all of the prioritised activities contained within this Initial BSIP. The prioritised activities within this document will also be used to undertake an initial assessment of the legal, financial and technical aspects of a number of future delivery models, including franchising, so that a clear preference can be identified as to the most appropriate mechanism to secure the required improvements beyond the proposed Enhanced Partnership.”

2. Key Issues

- 2.1 There are significant operational challenges ahead and prior to the time in which a franchising assessment and subsequent steps could be completed. These issues are not specific to any particular model of bus governance and will need to be considered whichever approach is taken.
 - Likely reduction/ending of government Covid subsidy support for buses

- Passenger recovery to pre-COVID levels is expected to take several years
- Significant cost inflation pressures within the system (salaries, fuel, fare rises, etc)

The combination of these issues is likely to place pressure on the level of services operated in South Yorkshire without additional public funding support. The implications of any changes to services will need to be reflected in the assessment process.

- 2.2 Appendix A sets out the different stages and likely timeline associated with the franchising process. Eight stages are outlined that form part of the process, taking an estimated 48 months to complete however this timeline could vary once the assessment process is underway. Once begun, the franchising process can technically be stopped at each of the stages identified in Appendix A.
- 2.3 Given the time required to complete a franchising assessment, the work to establish and implement the Enhanced Partnership between the MCA and bus operators continues, as approved by the MCA on 15 November 2021.

3. Options Considered and Recommended Proposal

3.1 Option 1

Consider the content of this report ahead of an additional MCA meeting planned for early March, when the MCA will determine whether to issue the notice of intention to prepare an assessment of a proposed franchising scheme in accordance with S.123C of the Transport Act 2000.

This approach will assess whether a franchising scheme could deliver additional benefits over an Enhanced Partnership and the resources required to realise these benefits, enabling the MCA to make an informed decision on the best model for future governance of bus services in South Yorkshire.

3.2 Option 1 Risks and Mitigations

Given the long timescales involved in franchising the bus system, work to establish and implement the Enhanced Partnership between the MCA and bus operators continues.

3.3 Recommended Option

Option 1

4. Consultation on Proposal

- 4.1 The approvals sought here do not give rise to starting a formal consultation process.

5. Timetable and Accountability for Implementing this Decision

- 5.1 If the MCA decide to progress the assessment of franchising at an additional MCA meeting, the indicative timeline for Issuing a Notice is within 1 month of the decision having been made and it would take around 12 months for the assessment to be completed (see Appendix A).

6. Financial and Procurement Implications and Advice

- 6.1 The costs of the assessment exercise are forecast to be in the region of £3m. These costs are not currently budgeted in-year nor in longer-term forecasts. To complete the franchising activity, it is forecast that a further £2m of resource would be required.

Should the MCA wish to proceed with the assessment exercise the costs would, in the first instance, need to be underwritten from reserves. Allocating reserves to the activity would reduce the MCA's financial resilience in the context of known risks and pressures that are likely to crystallise in the new financial year.

7. Legal Implications and Advice

- 7.1 Section 123B 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.

8. Human Resources Implications and Advice

- 8.1 None as a consequence of this report.

9. Equality and Diversity Implications and Advice

- 9.1 None as a consequence of this report.

10. Climate Change Implications and Advice

- 10.1 The Initial BSIP/Enhanced Partnership Plan sets out the scale of change required to meet the region's net zero targets by 2040. 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 reduction targets, a clean and reliable public transport system is vital in achieving the required modal shift from private cars.

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 – some of these initial projects are included in the initial Enhanced Partnership Scheme and these could be transferred to a Franchising Scheme.

11. Information and Communication Technology Implications and Advice

- 11.1 None as a consequence of this report.

12. Communications and Marketing Implications and Advice

- 12.1 If the MCA decide at the additional meeting in early March to start an assessment of franchising and if on completion of this assessment, the Board agree to progress to the next stage of auditing the franchising assessment and make a Franchising Scheme, there will be a period of public consultation in late 2023 or early 2024 following a period of statutory consultation with bus operators, which will require the support of the Communication and Marketing teams.

Further resource will be required to support the public consultation phase of the activity to drive engagement and participation.

Ongoing communications support will be required through the assessment activity to provide transparency over process for stakeholders and the public and to manage reputatation.

List of Appendices Included*

- A Steps and likely timeline of the franchising process

Background Papers

None