

Bus Enhanced Partnership and Franchising

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Bus services in South Yorkshire are in crisis

- One of the Mayor's five priorities is to fix our buses so public transport is the efficient, effective public service it used to be.
- The need to fix the bus system has never been greater. The system is in crisis.
- COVID hit the bus network badly – and we are still only at 75% of pre-COVID patronage.
- This has starved the system of farebox revenue.
- As a consequence, last October we saw commercial operators cutting around 15% of the network.
- In January Stagecoach/TM Travel also increased fares, with First likely to follow in the Spring. The full impact of these increases will be felt when the £2 fare cap ends.

Legacy

- The government supported bus services during the pandemic with Bus Recovery Grant, this has been extended several times and may or may not finish at the end of June 2023.
- We also lost out on additional Bus Service Improvement Plan money in 2022, despite many other Combined Authorities receiving additional funds.
- SYMCA has committed to maintaining services using local funding until the end of July, but we are using reserves and cannot afford to maintain the network at its current level beyond that.
- We are therefore likely to see further network contractions from July 2023, these are likely to be very substantial unless we receive additional government funding.

Turning the tide...

- In the absence of sustained government funding, the only way to stabilise and improve the network is to achieve a radical shift in the number of fare-paying passengers using the bus network on a daily basis. This will in turn allow re-investment in new and improved services.
- The Enhanced Partnership was created in April 2022, and is our only tool to do this in the short-term. Franchising may provide the long-term vehicle.
- If we can't increase passenger volumes in the short-term via the Enhanced Partnership then Franchising will be all the more challenging to deliver.

The Bus Enhanced Partnership

Refreshing Enhanced Partnership (EP)

- Through the EP, Bus operators, Councils and SYMCA have developed a comprehensive programme to improve bus services to the point where people will choose again to use the bus.
- The original EP Plan was agreed in April 2022, but by November it became clear we needed to move faster.
- A refreshed programme was agreed in November 2022. Some of the key deliverables follow in the attached tables.

A stable, reliable network

Measures <small>Bold, Large Font = biggest impact</small> [this assumes as a given that operators achieve a step-up in operational reliability so re-building passenger trust]	Funding & delivery	Speed <small>Fast=3 mo. M=3-12 mo. Slow=1+ yr</small>	Impact <small>H=Generative M=Happier L=won'tnotice</small>
Invest in trials of new services, route uplifts and small expansions (<i>Underpinned by shared evidence base/analytics</i>)	Mix MCA & Operator	M	H
Bus priority – £35m TCF and £103m CRSTS funding directed to key bus bottlenecks, supported by improved data hot-spot analysis	MCA	S	H
Conduct a joint driver recruitment programme, building on WY experience	Joint	M	H
Schools Promise – to prioritise schools services and ensure highly effective communication with schooos	Operators and MCA	F	M
Review service timetables to better reflect actual conditions	Operators	F	H

A better customer experience

Measures <small>Bold, Large Font = biggest impact</small> Grow ambition of Customer Charter to improve passenger accessibility, accuracy and trust across various information channels	Funding & delivery	Speed Fast=3 mo. M=3-12 mo. Slow=1+ yr	Impact H=Generative M=Happier L=won't notice
Single customer point of discovery for journey planning and information – start with single source of “truth” then migrate to single website and App (based on Travel SY umbrella brand) – remove competing legacy brands	Joint	F/M	M
Use of Nextbuses APIs for the SY region, tackle “lost buses” problem	Joint	M	M
Consistent bus lane operational times (0700 - 1900, 7 days) with camera enforcement	MCA	F/M	H
Capital programme of bus stop enhancements to standard, including improved customer information	MCA	M	H
Deliver programme of next stop announcement retrofits	Joint	M	H

Simpler, less complex and better value fares

Measures <small>Bold, Large Font = biggest impact</small>	Funding & delivery	Speed <small>Fast=3 mo. M=3-12 mo. Slow=1+ yr</small>	Impact <small>H=Generative M=Happier L=won't notice</small>
Standardise on streamlined range of multi-operator TravelMaster products, removing single operator daily, weekly and monthly products	Operators	F	M
Enable sale of Travelmaster products via operator apps and websites, encouraging off-bus sales where possible	Operators	M	M
Then migrate to centralise via TSY, with website upgrade and new app	MCA	S	M
Introduce 'tap & cap' / QR readers for speed of boarding, simplicity of payment. Single operator early 2023 (First); later 2023 (Stagecoach)	Operators	M	H
Tap & cap/QR readers for multi operator from 2024		S	H
Free taxi to destination if last bus cancelled/"no quibble" compensation for complaints	Operators	F	M

Marketing, Brand & Trust

Marketing & brand [Build on existing Established Partnership Working Group, activity and campaigns]	Funding & delivery	Speed Fast=3 mo. M=3-12 mo. Slow=1+ yr	Impact H=Generative M=Happier L=won't notice
Joint 'back to bus' marketing (especially ENCTS pass holders), complementing operator only initiatives	Joint	F	H?
On-bus/bus stop marketing (interior/exterior)	Joint	F	M
Start to deliver a "single network identity" based on TSY, progressively rolling out across ticketing, social media, infrastructure and fleets over 2023-25	Joint	F/M/S	M
Trust & data transparency			
Explore arrangements for confidential sharing of individual company operating margin data to check that operators are not making super normal profits (either directly or via trusted intermediary).	Joint	F	H???

Delivering the EP programme

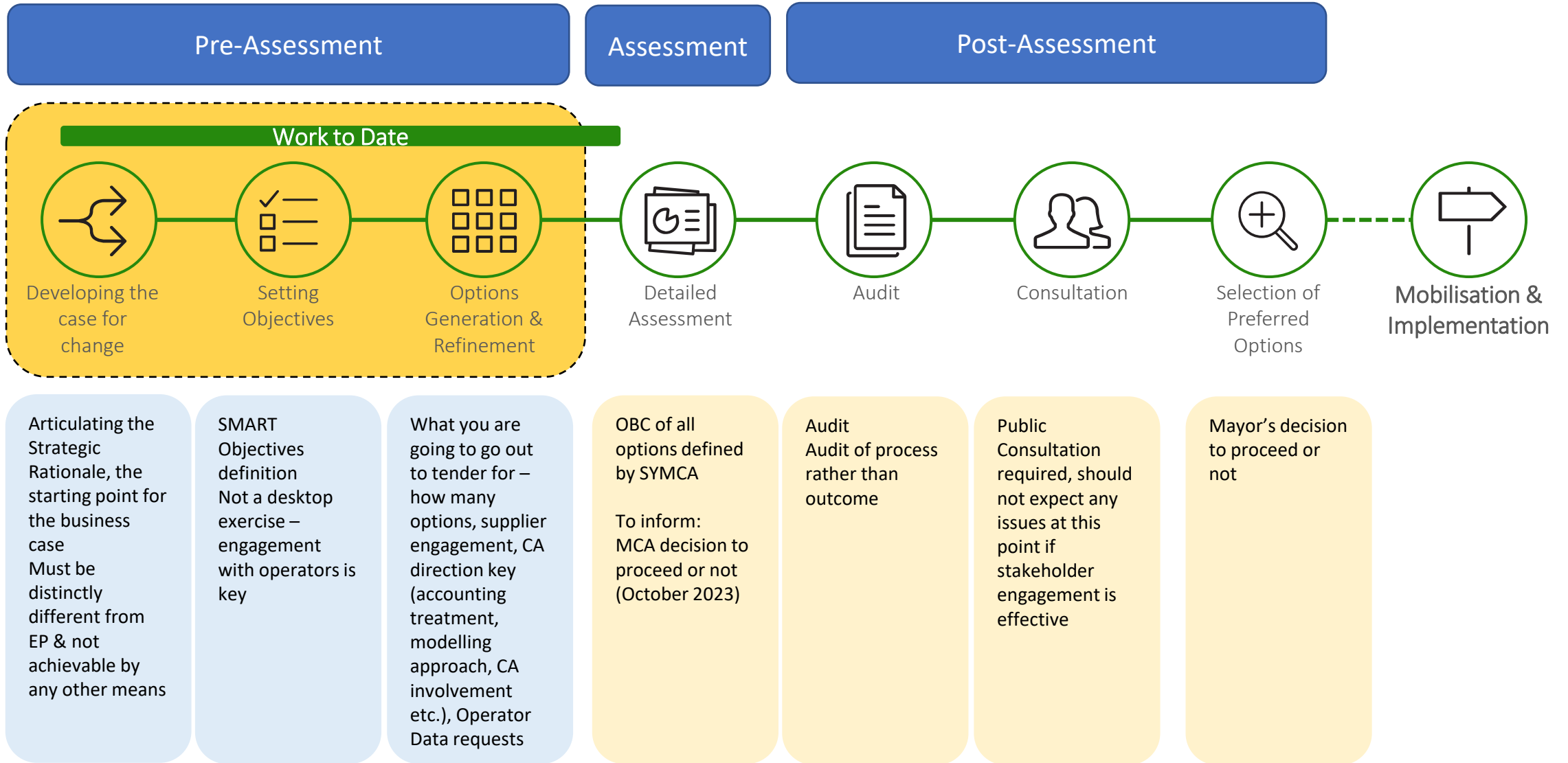
- Delivery of this programme requires all partners to play their part. Bus operators, Councils and ourselves at SYMCA.
- We have enough capital funding to make a real difference. Indeed, if we do not get on and use it, we will lose it.
- But there are difficult decisions to be made.
 - Bus operators need to think and act commercially to grow the market. They need to take risks, trial new services, and provide better customer service.
 - Councils need to take decisions, some of which may be unpopular, around giving buses real priority over other road users. This means installing and extending bus lanes, rigorously enforcing them, and giving buses priority at signals.
 - SYMCA needs to ensure it delivers excellent information, shelters, and work with operators on networks, schedules and ticketing.

Will the EP work?

- Yes, but only if delivery is comprehensive, and all parties play their full role.
- There will be a very difficult period when the £2 fare cap ends; and in July, if and when we see further service cuts.
- We desperately need to see more people choosing the bus over the car, or the downward spiral will continue. “Use it or lose it” has never been more valid.
- If we are not successful, we have a choice. We can continue to see the contraction of a system starved of revenue, or start to apply a stick as well as a carrot through active demand management measures.
- We are also considering franchising.....

Franchising

1. Process and state of play



2. Overview of Case for Change: Purpose and Findings

The purpose of this document: to provide a summary of the Case for Change which argues that the South Yorkshire Mayoral Combined Authority (SYMCA) should look at alternative model for delivering local bus services, including franchising.

The underlying justification in the case for change:

- The South Yorkshire bus market is in an uncomfortable position where there is neither the benefits of “sustainable competition” or the benefits of a “sustainable monopoly”
- Despite the presence of a range of operators and a social/economic position which would appear to favour bus travel, bus patronage is declining
- The current bus market is not operating effectively and delivering the desired outcomes
- The trend of decline is a national trend but South Yorkshire has declined faster
- Bus patronage decline is not inevitable

2. Overview of the Case for Change: Declining market

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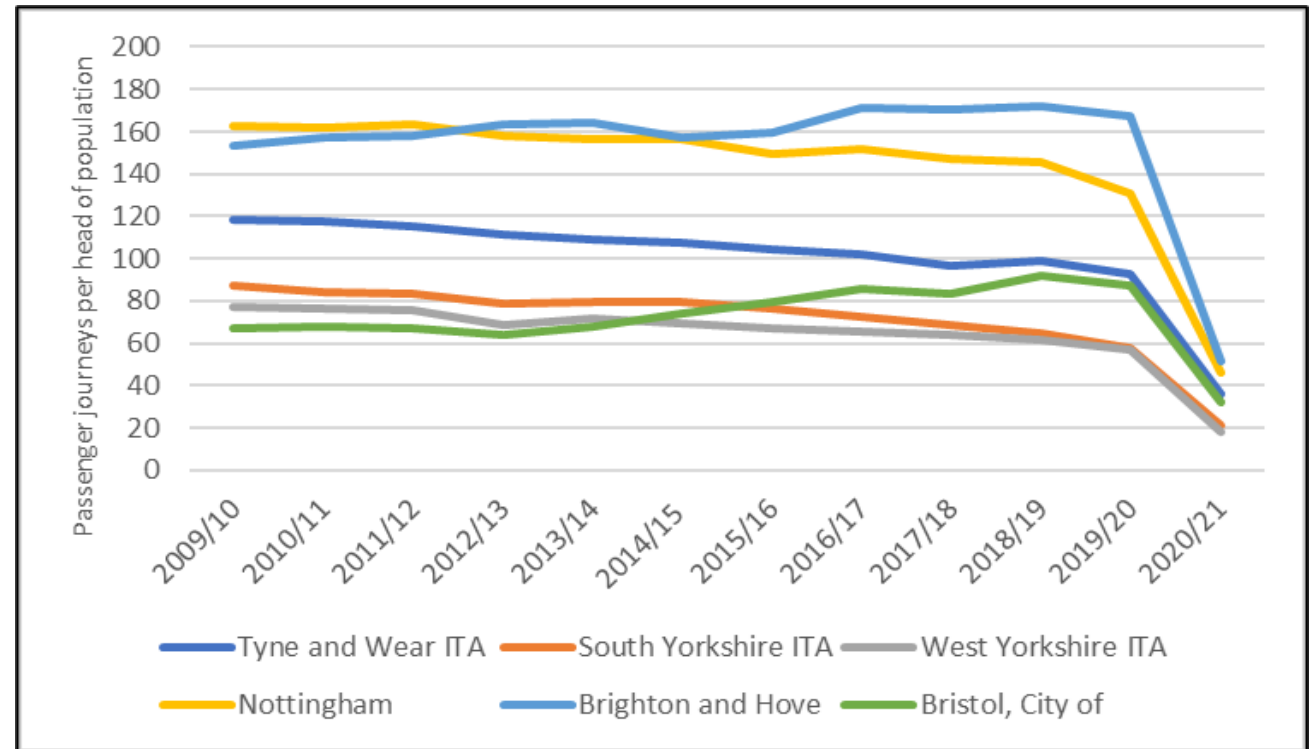
Despite the presence of a range of operators and a social/economic position which would appear to favour bus travel, bus patronage is declining

The current bus market is not operating effectively and delivering the desired outcomes

The trend of decline is a national trend but South Yorkshire has declined faster

The Franchising opportunity for South Yorkshire is primarily focussed on rationing the competition in Sheffield.

Passenger journeys on local bus services per head of population by Local Authority since 2009/10 (Source: DfT)



3. Overview of the Case for Change: SY's challenges

The Bus Review and BSIP both looked at challenges in the bus market.

The Case for Change builds on this work. **Challenges identified** are as follows:

- Punctuality (delays at arrival or departure)
- Reliability (a service does not run)
- Accessibility (bus accessibility)
- Inconsistent standards (buses and infra)
- Service changes (amendments to services)
- Frequency (bus service frequency)
- Ticketing (varied ticketing options)
- Personal safety (personal safety while using the bus network)

3. Business Case: Assessment requirements (DfT guidelines)

Section 123B of the 2000 Act requires franchising authorities to conduct an assessment of the proposed franchising scheme.

The purpose of the assessment is to set out what sort of franchise the authority will deliver, explain how far it will deliver BSIP outcomes, confirm that it is affordable and deliverable and allow an informed decision to be taken (by comparison with the best EP option) on whether or not it is the best way to proceed.

The assessment is the equivalent of a business case. It should:

- draw heavily upon the LTA's BSIP to explain what changes are needed and why;
- Include a high-level comparison of the options to deliver that change
- Include a detailed explanation of how the preferred option will be delivered

The assessment of the proposed scheme needs to contain sufficient detail to enable an informed decision on whether or not to proceed with franchising or an EP to be taken by local decision-makers.

Five Cases:

Strategic
Financial
Commercial
Management
Economic

3. Business Case: Objectives & Options

Objectives to be assessed in the business case

- Affordability
- Value for Money
- Growing passenger demand
- Network coverage & connectivity
- Punctuality & reliability
- Environmentally sustainability
- Responsiveness to societal needs
- Supports most vulnerable
- Drive equity in experience
- Deliverability of the proposal

Options to be assessed in the business case

- Do “minimum” = best Enhanced Partnership
- Franchising with no leasing by SYMCA
- Franchising with leasing of depots by SYMCA to all operators
- Franchising with depot and vehicle leasing by SYMCA to all operators

4. Progress, next steps

Progress

Engagement

- Meetings with senior LA officers to discuss progress and endorse specification of the business case assessment work.
- Learnings from other MCAs (UTG meeting 30 January)

Process

- Case for Change, Options, Objectives defined
- Tender for Business Case development issued and successful bidder Grant Thornton appointed
- They will also provide Programme Management support and develop the Stakeholder Engagement Plan

Next steps

- A. Business Case development
 - Data collection
 - Workshops to inform approaches around asset ownership and stakeholder environment
 - Draft full 5-case Business Case delivered for our feedback delivered in July 2023
- B. Stakeholder engagement plan rolled out with:
 - LAs involved in the assessment
 - Operator engagement
 - Early preparatory works on consultation (without prejudice to MCA decision Oct 2023)
 - Recruiting interim comms lead to support the work
- C. Prepare for procuring independent auditors
- D. MCA Board – October 2023