

APPENDIX 1

LAST UPDATED: THURSDAY, 17 OCTOBER 2019

1. BACKGROUND

Bus services have been deregulated since 1986 which means that they are operated with the commercial risk sitting with operators. In some cases, Local Authorities have been unable to exercise any influence over changes, resulting in timetable changes being implemented without notice. In recent years, this has not been an issue in South Yorkshire.

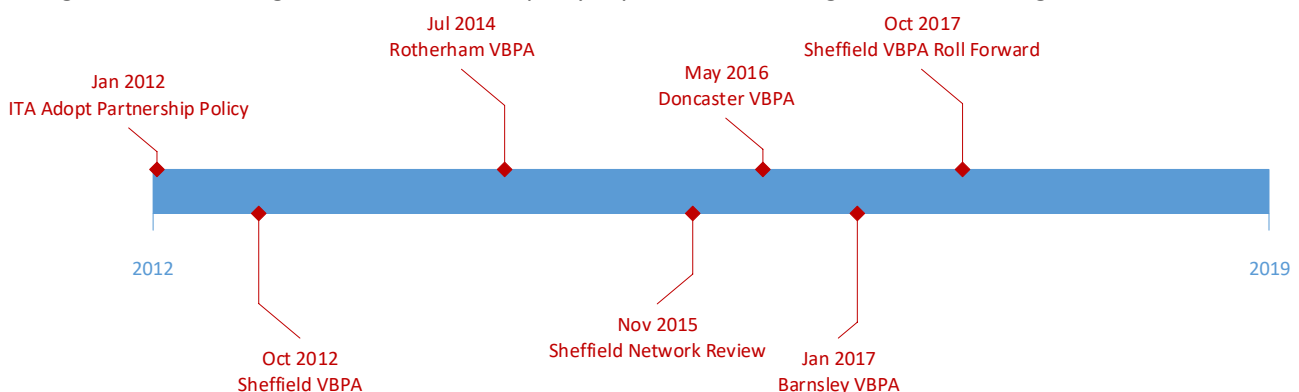
In 2012 the (then) Integrated Transport Authority made the decision to choose to follow the path of using Bus Partnerships as the means of improving the bus offer for customers. This approach was continued through approvals given by the Transport Committee to continue the roll-out of Partnerships in Rotherham, and more recently Doncaster and Barnsley. Prior to 2012, a twin-track approach was adopted, where the option of “Quality Contracts” (essentially bus franchising) was followed in parallel with the Partnership negotiations. In 2012 Members favoured the Partnership route based on:

- the customer offers were significantly the same across the two delivery models;
- the risk that operators damage the bus market when moving from the existing (de-regulated) market to the franchised model;
- the cost of professional fees and associated risks of moving to the franchise market through an unsettled process;
- timescales; the Partnership option could be delivered in months, not years (due to the statutory and procurement process); and
- risks to the public sector in terms of ongoing budgets and costs.

The Bus Services Act 2017 brought about new powers for Local Authorities that potentially allow them to change the model of bus operation, in order to unlock growth potential. In addition to this, open data provisions and ticketing powers should improve access to information.

2. PARTNERSHIP STRUCTURE

The Partnerships are voluntary agreements between commercial operators, SYPTA and Local Authorities. All parties are signatories to the agreements and are equally represented in the governance arrangements.



Each partnership has a Steering Group made up of a senior representative from each stakeholder. Under each steering group there are sub groups responsible for network design; investment; ticketing; promotions. Current policy is to pursue Partnerships, and all districts currently have one in place. The Sheffield Bus Partnership was established in 2012 and ran for an initial 5 year period to 2017. Rotherham's Agreement runs until 2019 and Doncaster's until 2020 and the Barnsley Agreement commenced in 2017.

Partnership Objectives

- Providing higher quality, reliable, punctual services
- Providing a more stable, clear to understand network that is promoted as a whole
- Providing a more affordable, cost competitive value for money fares and ticket products
- Providing a higher quality customer experience, both on and off bus
- Promoting and marketing the services
- Optimising combined total resources to achieve efficiency
- Minimising the impact of travel on the environment

3. CURRENT POSITION

The initial five year period of Sheffield's Agreement was completed in October 2017 and is currently on a rolling 12 month agreement. Discussions to refresh the Partnership are well advanced and there is a desire by all partners to update the agreements with commitments on both sides. Ahead of this, a joint 'Buses for Sheffield' brand has been launched which brings about a common look and feel to the marketing and promotion of the network and ticketing offer. This identity is being rolled out across the bus fleet, bus stops, network maps and online.

The Sheffield Bus Partnership has formed the model for DfT's work on Enhanced Partnerships and all parties agree that it has delivered significant successes in addressing some of the key issues that were relevant prior to the initial commencement of the Optio routes in 2010. Consultation on changes is now an embedded process, the network is more stable, investment on all sides has been forthcoming and fares are lower. Below is a summary of some of the key developments:

- Annually 1.3M more fare paying journeys 2012-2018;
- 11%-23% reduction in fares 2012 -2018;
- 152 new buses (£30M investments);
- £18M Better Bus Area scheme;
- 8 key corridors operating high frequency services with multi-operator ticketing;
- Co-ordinated network promotion.

It is acknowledged that full control does not sit with the local authority. Despite this, significant influence has been exerted over the network during the life of the Partnership; for instance, in September 2017 where SYPTe were able to argue for the retention of a number of early morning and late evening journeys that would have been deregistered. This was at no cost to the public purse and retained the commercial risk with the bus operators, rather than requiring tendered support.

A key challenge for the future is that the profitability of South Yorkshire's bus operators is very small which restricts the extent to which they can invest in their networks at present. Patronage across the UK is declining and South Yorkshire is not immune to this. Undoubtedly, this impacts on decision making for the operators and may result in future changes to the network. Clearly the economics of the operating model are a factor to evaluate in any decision regarding exercising the powers in the Bus Services Act.

4. CURRENT POSITION

- Although the introduction of Partnerships saw growth initially, they have not reversed the national trend of decline;
- It is difficult to quantify but the improvements in resource efficiency have probably resulted in less dramatic network reductions than would otherwise be the case;
- This is linked to the relative low levels of profitability in South Yorkshire and the specific financial challenges faced by operators;
- Communication of the benefits of the Partnership, and the good aspects of the South Yorkshire model (eg multi-operator ticketing offer) has not been as good as it could have been;
- Local members are seen as responsible (in the public's eyes) but, in reality, have little influence on decision-making;
- Commercial imperatives are often at the forefront of operator decision-making;
- Reductions in Local Authority contributions to investment (and to budgets through tenders/concessions) have also played a part.

5. BUS SERVICES ACT

Three new operating models are now available in addition to existing measures such as Voluntary Partnerships, Statutory Quality Partnerships and no agreements at all. Key features of these are:

KEY FEATURES OF EACH OPERATING MODEL

Voluntary Partnership	Enhanced Partnership
<ul style="list-style-type: none"> • Operators not compelled to be a party to the agreement • Success is driven by relationships • Operators free to charge own fares • Where relationships are good, improvements can be delivered quickly • No link to infrastructure and highways other than by mutual agreement 	<ul style="list-style-type: none"> • Commercial risk remains with bus operators • Requires majority support from operators and protocols around voting rights • Operators may continue to sell their own tickets and set fares • May require certain payment methods to be accepted and provisions around multi-operator ticketing • Framework for vehicle standards (emissions, age, branding) may be included • Allows centralised network planning
Advanced Quality Partnership	Franchising
<ul style="list-style-type: none"> • Updates existing quality partnerships to focus on "measures" i.e. policy rather than hard infrastructure • Can specify the type of marketing and promotion that operators must introduce 	<ul style="list-style-type: none"> • Commercial risk transfers to public sector • Local authority designs and procures the network which will be delivered by third party commercial operators • Tickets and fares set centrally with the franchising authority dictating the price and validity of products • Vehicle specification dictated by the franchising authority • Process of developing a business case and undertaking consultation to be followed ahead of implementation • Requirement to consider impact on small and medium sized operators ahead of implementation

	VOLUNTARY PARTNERSHIP	ENHANCED PARTNERSHIP	ADVANCED QUALITY PARTNERSHIP	FRANCHISING
Control bus network design	X	X	X	✓
Specify service frequency	X	✓	✓	✓
Specify and control fares and ticketing	X	✓*	✓*	✓
Specify vehicle standards	X	✓	✓	✓

**Multi-operator tickets only*