

Report of	Meeting	Date
Deputy Chief Executive	Overview and Scrutiny Task Group - Sustainable Public Transport	7 January 2021

GREATER MANCHESTER COMBINED AUTHORITY (GMCA) CONSULTATION - DOING BUSES DIFFERENTLY: THE IMPACT OF COVID 19

PURPOSE OF REPORT

- To inform the Task Group of the GMCA consultation on buses and the Council's response.

RECOMMENDATION(S)

- To note the content of the report on the GMCA consultation on "Doing Buses Differently: The Impact of Covid" and the Council's response

EXECUTIVE SUMMARY OF REPORT

- GMCA is consulting on their proposed franchising scheme for buses in light of the findings of a Covid-19 Impact Report. Consultation responses will be considered as part of the final decision on whether to implement a franchising scheme.

Confidential report Please bold as appropriate	Yes	No

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	x	A strong local economy	x
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	x

BACKGROUND

- GMCA is consulting until Friday 29 January 2021 on their proposed franchising scheme in light of the findings of a Covid-19 Impact Report. Responses will help inform a future decision on how Greater Manchester's buses should be run. Consultation responses will be considered as part of the final decision on whether to implement a franchising scheme.
- Greater Manchester held a consultation on a proposed bus franchising scheme in January 2020. The Council made a consultation response. In June, GMCA noted the results of the consultation and that, before a final decision was made, Transport for Greater Manchester

(TfGM) would produce a Covid-19 Impact Report considering how the pandemic had affected the bus reform process.

7. This report and the Council's response was considered at Leader Briefing on 15 December 2020

The GMCA Consultation

8. Greater Manchester's ambition for an integrated public transport system "Our Network" launched in June 2019 and aligned to the Greater Manchester Transport Strategy 2040 is their vision for public transport in 2029. To keep Greater Manchester moving, the integrated public transport system needs to be easy, accessible and affordable. This means having the right connections in the right places, simple ticketing that works across different modes of transport and the necessary powers to ensure the transport network works together for the benefit of Greater Manchester's people and businesses. 75% of public transport journeys made in Greater Manchester before and during the pandemic are by bus. For many, especially in poorer and most vulnerable communities, they are a critical link to jobs and essential services.
9. **How buses are run now:** Since 1986 bus services in Greater Manchester have been deregulated. This means the buses are run by commercial bus companies who decide the routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits. Where bus companies decide not to run services and where necessary, the public sector pays to fill in the gaps.
10. Greater Manchester's current bus services:
 - Fares and ticketing are complex. There are more than 150 types of ticket.
 - There is no single brand or source of travel information.
 - Bus companies decide which routes to run based on commercial reasons meaning some routes are well served and others less so.
 - Customer standards vary.
 - Difficult to plan a network that meets the future needs of the city region.

Reforming the Bus Market – Franchising

11. Franchising means bus services would be brought under local control. Greater Manchester Combined Authority (GMCA) would coordinate and invest in the bus network, while the bus operators would be contracted to run the services.
12. Franchising would give GMCA the opportunity to support the whole bus service and to gain the advantages of integrated network planning, simplified and integrated fares and improved customer service through a single point of contact and unified information
13. The Proposed Franchising Scheme sets out:
 - It would cover all of Greater Manchester
 - The local bus services to be franchised would reflect the local services being run in Greater Manchester through a description of the route served. The services to be franchised does not include dedicated school services.
 - Franchising would be introduced in three phases (by reference to three sub-areas).
 - It would be appropriate for GMCA to provide depots for the purposes of operating large franchises from

Reform and Covid-19

14. Covid-19 has caused a lot of uncertainty over how people will travel in future. So, Transport for Greater Manchester (TFGM) has used four scenarios in a report which looks at potential future travel demand in Greater Manchester and what it could mean for GMCA's proposals to change how buses are run.
15. The 4 Scenarios are characterised by different social and economic circumstances and which are likely to have different outcomes in terms of bus patronage. Under all scenarios, franchising is still the best option to achieve Greater Manchester's long-term ambition for a fully integrated public transport system and GMCA still has funding available to pay for the transition to franchising.

<p>Scenario 1: Back towards normality</p> <ul style="list-style-type: none"> • Travel demand returns as government restrictions are lifted, but subsidy insufficient for full recovery on PT • Car travel increases slowly to reach new highs after five years, with growth focused on off-peak • Some reduced travel to work offset by increased leisure travel – mostly by car • Cycling surge during crisis proves mostly temporary • Pre-Covid-19 transport policy challenges remain relevant: no change in government transport capex plans 	<p>Scenario 2: New travel demand</p> <ul style="list-style-type: none"> • Reduced overall travel volumes despite recovery • Increase in use of technology (especially remote working) meaning some demand permanently lost • Covid-19-induced changes in social attitudes – especially in relation to clean air – cause pressure to reallocate highway space away from cars: e.g. some growth in cycling • PT demand exceeds pre-crisis after five years stimulated by regulatory/spending measures at central/local level • Shift in government transport capex to active travel and PT, especially bus
<p>Scenario 3: Car travel dominant</p> <ul style="list-style-type: none"> • Continued slump in PT travel due to weak economy • Government subsidy phased-out before restrictions lifted / reluctance to use PT remain causing patronage decline • Private car travel increases as a proportion of total travel, and exceeds pre-COVID-19 levels after five years – less congestion in immediate post-crisis period/low fuel prices; no 'green' measures taken • Carbon crisis overtaken by economic crisis • Traffic congestion worse after five years • Fiscal stimulus – if affordable – focused on road building 	<p>Scenario 4: Poorer and more local</p> <ul style="list-style-type: none"> • Continued slump in PT travel from more home-working, weak economy, and Covid-19 induced preference for active travel • Car-use remains induced by weak economy and changes in lifestyle • Covid-19-induced changes in social attitudes – especially in relation to clean air – cause pressure to reallocate highway space from cars, rapid growth in cycling • Fiscal stimulus – if affordable – focused on active travel and shoring-up bus

16. Although Covid-19 has been harmful to both Manchester's health and economy, it has brought some benefits. Neighbourhoods, communities and towns across Greater Manchester have experienced lower traffic, cleaner air, and some workers have been able to embrace flexible working. GMCA wants its transport plans to sustain these benefits and, over the next five years, these plans will focus on supporting recovery from the Covid-19 pandemic at the same as tackling climate change, improving air quality, tackling social exclusion and helping to deliver expected housing and employment growth.
17. **GMCA's vision for Bus** is:
 - Network integration
 - A simplified and integrated fares system
 - A consistent customer experience
 - Value for money

18. Whilst the number of people using buses reduced to around 27% of pre-Covid-19 levels between the start of the pandemic and June 2020, by the end of October 2020 it had risen again to around 60% of pre-Covid-19 levels. This demonstrates how important buses are for Greater Manchester, for example in how key workers have relied upon bus services to get to work and to support the response to and recovery from Covid-19.
19. The report shows that the effect of Covid-19 on the patronage and revenue of bus services in Greater Manchester has been severe. Whilst services are likely to continue to recover as the economy recovers, and social distancing and travel restrictions reduce, the timing and extent of this recovery is not yet clear.
20. However, the pandemic has also shown that the bus network is vitally important for many people in Greater Manchester, enabling them to access employment, education and essential services. This is recognised by the significant central and local government support provided to keep buses running. If bus patronage continues to be low either in general or in certain parts of Greater Manchester, there will be threats to individual services as they become less commercially viable, and there is a likelihood that the bus network will reduce further. If the bus network did reduce further, it would leave people without travel options, or only more expensive travel options, particularly the third of households in Greater Manchester without a car.
21. Under franchising, GMCA would be responsible for the bus network and that means it would have more of the financial responsibility and the risks to the public sector. Therefore, depending on the impacts of Covid-19, GMCA might have to make difficult choices about the bus network in the future to manage these financial risks - such as by providing further funding or by making reductions to the network.
22. The sources of funding which were included in GMCA's preferred funding strategy for the transition period, which total £134.5m, remain available for the Mayor, GMCA and local authorities to prioritise to bus reform over a transition period to 2025/26 if they wish to do so. These sources of funds are:
 - an allocation of 'earn back' funding provided from Greater Manchester's devolution agreement with central government
 - a one-off contribution from the Local Authorities of Greater Manchester
 - a requirement from the mayoral precept.
23. In the event that bus revenues and net revenues were lower than forecast in the Assessment, GMCA would need to consider further mitigations and/or funding sources in order for the Proposed Franchising Scheme to remain affordable. These mitigation options build upon the Assessment, but the scale of any or all of the options may need to change. These mitigations could include:
 - Paying concessionary reimbursement based on actual usage as opposed to pre-Covid-19 levels
 - Reducing transition costs
 - Using other sources of funding available to GMCA, and
 - Making reductions to the network.
24. But even under the other options available – such as entering into a partnership with bus operators or making no change to the bus market – there would still be difficult choices as GMCA would need to pay to fill more of the gaps in the commercial bus network. But GMCA would have to do this with no overall coordination and none of the other benefits of franchising.
25. Despite the additional financial risks, the net benefits of franchising for Greater Manchester are still likely to be higher and more deliverable than other options, such as a partnership with bus operators and so will provide value for money.

Why proceed now?

26. A decision about how buses should be run needs to be made sooner rather than later, as the challenges facing the bus market have not disappeared. Even before Covid-19, bus use was falling and the public sector was providing significant subsidy to operators through payments for subsidised services and concessionary fares. During the pandemic, operators have also received emergency funding from government.
27. Public subsidy of the GM bus market
 - £33.5m in emergency funding provided by central government (Mar to end of Sept 2020)
 - £86m funding per year for subsidised services and concessionary fares
 - £16m fuel duty funding per year
28. If bus usage remains low in the future and central government stops or reduces its emergency funding, bus operators may reduce services or increase ticket prices. This may mean the public sector having to provide additional funding to keep essential services running, especially for key workers and the poor and vulnerable who depend on the bus network. Fewer bus routes or more expensive tickets could also mean more people driving, increasing congestion and pollution.

Implications for Chorley

29. There are bus services that cross the Greater Manchester boundary which the Proposed Franchising Scheme would impact upon. Several of these services run to/from/through Chorley Borough including the following:
 - Stagecoach 125 service – between Bolton and Preston via Chorley
 - Arriva 362 service – between Chorley and Wigan
 - Stagecoach 8A service – between Chorley and Blackrod
 - Stagecoach 113 service – between Preston and Wigan via Eccleston
30. These services are important as they enable residents of Chorley to reach destinations within Greater Manchester.
31. It is proposed that those cross-boundary services that are run from within Greater Manchester and only have a relatively short running beyond the boundary would be part of the Proposed Franchising Scheme and the portion outside Greater Manchester could be run with the co-operation of the neighbouring authority. All other services (except school services) would be required to apply for a service permit. To be granted a permit the service would need to pass the following two statutory tests:
 - a) The proposed service would benefit those making journeys on local services in the franchised area.
 - b) The proposed service would not have an adverse effect on any local service that is provided under a franchise contract in the franchised area.
32. Some aspects of the cross-boundary services might need to change in order to comply with these tests such as changes to the route or boarding/alighting points.
33. GMCA would seek to maintain these cross-boundary services working as appropriate with neighbouring authorities. Under the Proposed Franchising Scheme GMCA would also work with neighbouring authorities and cross-boundary operators to put in place new ticketing arrangements to encourage cross-boundary travel.
34. The Proposed Franchising Scheme would benefit the residents of Chorley, provided the existing services are able to operate, as the new ticketing arrangements and more efficient connecting services in Greater Manchester may encourage more people travelling into Greater Manchester to travel by bus.

Consultation Response

35. The consultation covers 12 questions and the Council's response is at Appendix 1.

IMPLICATIONS OF REPORT

36. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

37. There are no financial implications for Chorley Council from this consultation

COMMENTS OF THE MONITORING OFFICER

38. No comments.

CHRIS SINNOTT
DEPUTY CHIEF EXECUTIVE

Report Author	Ext	Date
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Appendix 1: Consultation Questions and Chorley Council Response

Q1: In looking at the effects of the Covid-19 pandemic on the decision about whether or not to implement the Proposed Franchising Scheme, TfGM has used a number of scenarios which illustrate a wide range of potential longer-term outcomes for travel demand in Greater Manchester. Do you have any comments on this scenario-based approach?

No

Q2: Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?

No

Q3: Do you have any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and partnership option?

No

Q4: Do you have any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate, notwithstanding Covid-19?

No

Q5: Do you have any comments on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in the light of Covid-19?

No

Q6: Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19 (as set out in the Management Case of the Covid-19 Impact on Bus Franchising Report) and whether TfGM would be able to manage and implement a partnership on behalf of GMCA, notwithstanding Covid-19?

No

Q7: Do you have any comments on the conclusions of the Covid-19 Impact on Bus Franchising Report about how Covid-19 is likely to affect the impacts of the Proposed Franchising Scheme, partnership and Do Minimum options on (a) passengers, (b) operators, (c) GMCA and (d) wider society?

It is important to encourage the use of sustainable modes of transport including buses in order to have a positive impact on reducing the impacts of climate change. Improving the bus network will encourage more people to travel by bus rather than by car and help to achieve this.

Q8: Do you consider that the Proposed Franchising Scheme (attached at Appendix 3 of the Consultation Document) would not require any further modification beyond those already contemplated and included in the draft scheme?

No comment

Q9A: Did you respond to the previous consultation?

Yes

Q9B: If you did respond to the previous consultation, please explain in what ways, if at all, your views about the introduction of the Proposed Franchising Scheme have changed as a result of the impact of the Covid-19 pandemic. If your views have not changed then there is no need to provide any additional information.

No change to views

Q10: Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?

As stated previously it is agreed that the Proposed Franchising Scheme is the best option to improve the bus market provided that there is no negative impact on existing cross boundary bus services running to/from Chorley

Q11A: To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?

There is support for the Proposed Franchising Scheme.

Q11B: Why do you say this?

See response to Question 7

Q12: Finally, do you have any other comments you want to make?

No further comments to make.