

Manchester City Council Report for Resolution

Report to: Executive – 19 December 2019

Subject: Doing Buses Differently: Response to GMCA Consultation

Report of: Strategic Director (Growth and Development)

Summary

GMCA is undertaking a formal consultation into proposals that would change the way buses in Greater Manchester would be run in the future. These proposals are set out in a Proposed Bus Franchising Scheme (the Scheme). The Scheme has been prepared by Transport for Greater Manchester (TfGM) on behalf of GMCA.

This report sets out a proposed response to the Scheme proposals from the City Council's perspective in its role as a statutory consultee.

Recommendations

The Executive is recommended:

1. to confirm the Council's support for the Scheme which has been proposed by the GMCA in the exercise of its powers as a "franchising authority" under the Bus Services Act 2017;
 2. to note the current GMCA consultation exercise to which the Council is a statutory consultee and comment on the suggested outline response attached at Appendix 1 to this report; and
 3. to agree that authority to agree the final Council response to the TfGM consultation is delegated to the Chief Executive in discussion with the Deputy Leader, Councillor Nigel Murphy and the Executive Member for Planning, Environment and Transport.
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Wards Affected – All.

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
Local bus services form the backbone of the city's public transport network. Encouraging more people to use public transport as their preferred option and to use private cars less is an important objective of the city's and Greater Manchester's transport strategies. The report explains how adopting the powers contained in the Bus Services Act 2017 could lead to a more effective and better integrated bus and public transport network which in turn is likely to lead, over time, to increased bus use when compared with the current deregulated model of operation. This, coupled with the ability

to specify vehicle and service standards, including encouraging the more rapid take up of electric vehicles is consistent with our aims of making rapid reductions in carbon emissions in the city.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Helping to deliver a more consistent bus service across the city is an important objective of the Council. Ensuring a better service to relatively poorly served areas at all times of the day and week including in the evening and at weekends will help to support the city's economy and connect people more effectively with the job opportunities that are available.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Good bus services connect city residents to economic opportunities and help to ensure people are able to benefit from the growing opportunities that the city has to offer. Local bus operations in the city are also an important source of employment opportunities. It is estimated that around 1750 people are currently employed at bus depots in Manchester providing a key service to the city and the wider region. The opportunity exists for further joint work between the Council and the bus industry and further public investment in electrification and other new technology which could lead to more high quality employment opportunities for local residents in the future.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Bus services play a vital role in connecting the city's residents to opportunities both within the city and beyond its boundaries. One of the likely outcomes of a franchised system of bus operation would be that fares would be publicly controlled with the potential for a simpler and better value fares system that enables buses to be better integrated with other modes of transport and that the current financial penalties faced by passengers transferring from one bus to another are reduced.
A liveable and low carbon city: a destination of choice to live, visit, work	Efficient, high quality transport systems coupled with a strong sense of place will ensure Manchester continues to be a highly attractive and enjoyable visitor destination and continues to appeal to a diverse range of people living and working in the city. Improved

	bus services would help to reduce congestion and improve air quality and will help achieve a cleaner and greener city. This is likely to lead, over time, to a reduction in car based trips thereby contributing towards Manchester's ambition to be a zero carbon city by 2038.
A connected city: world class infrastructure and connectivity to drive growth	Improvements to connectivity are critical to the city. A high quality, integrated transport system is a key ingredient of a successful world class city. The proposals to introduce franchising are considered a key element in helping Manchester to develop a public transport system that is befitting of its status as a major international city and to remedy some of the weaknesses in connectivity that the city currently experiences.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Financial Consequences – Capital

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Doing Buses Differently: GMCA Consultation Document 2019

- Transport Strategy for Manchester City Centre 2010
- Greater Manchester Transport Strategy 2040
- Greater Manchester Transport Strategy 2040 Draft Delivery Plan (2020-2025)
- Manchester City Centre Strategic Plan (2015-2018)
- Greater Manchester Congestion Deal 2018
- Greater Manchester Clean Air Plan Outline Business Case 2019
- Manchester Climate Change Strategy (2017-2050)
- Manchester Climate Change Action Plan (2016-2020)

1.0 Background

- 1.1 Bus services play a vital role in the city. They are the most frequently used mode of public transport for city residents. They're used for three-out-of-four public transport journeys and thousands of residents and visitors to the city depend on them every day.
- 1.2 Manchester is a growing city. Its population is forecast to rise from around 570,000 today to 637,000 by 2025 (Source Manchester City Council Forecasting Model). Similarly the number of people employed in the city is also growing rapidly. Latest figures from the Office for National Statistics Business Register and Employment Survey indicate that employment in the city rose from 357,000 in 2015 to 392,000 in 2017. (Source: State of the City Report). In order that this growth continue in a sustainable way it is important that public transport plays a major role in catering for the increased demand for travel. As the most flexible form of public transport buses have a key role in catering for this growth.
- 1.3 According to the most recent census over 47,000 Manchester residents travelled to work by bus in 2011. In 2017 21% of all those travelling into the City Centre in the morning peak travelled by bus. The bus network has a key role to play in creating an inclusive and more sustainable city and in underpinning its economic success. Detailed data on the levels of bus use for other purposes is not available but bus services provide vital local connections to schools, colleges and universities; local shopping centres; hospitals and other health facilities; sporting and other social and cultural facilities.
- 1.4 Many of the city's poorest residents without access to a car are particularly dependent on local bus services as are younger and older people without their own means of transport. There are approximately 150,000 cars owned by Manchester residents. With a population of about 560,000 living in 225,000 households, Manchester has about half the number of cars per head of population of the UK average, with just over one car per four residents, further emphasising the critical importance of good public transport to city residents.

2.0 How Are Bus Services Currently Delivered in Greater Manchester

- 2.1 There has been a de-regulated bus market within Greater Manchester since October 1986. Currently, the majority of buses (approximately 81% of the 2017 mileage) are operated on a commercial basis by private bus operators and the proportion within the City of Manchester is higher than this. As a result, bus operators are able to register bus services at their discretion. There is no requirement to consider how new services complement the existing bus network and / or other modes of transport.
- 2.2 Bus operators are free to run services by giving 70 days' notice to the Traffic Commissioner (the Government Agency responsible for the licensing and regulation of those who operate heavy goods vehicles, buses and coaches, and for the registration of local bus services) subject to minimum safety, resource and competency standards. Operators can determine their own

routes, fares, and vehicle type. They can withdraw or amend services, again with just 70 days' notice. There are a number of recent examples where operators have de-registered a service because they consider the route or individual journeys to be no longer commercially viable.

- 2.3 The GMCA via TfGM subsidises some routes or individual journeys where there is a social need but which are not met through a commercial market. These services accounted for approximately 19% of bus mileage across Greater Manchester as a whole. In 2017 the subsidised network comprised 263 ordinary bus services, approximately 349 school services, Metroshuttle/Free Bus services (jointly funded by the City Council) and 93 Yellow School Buses along with the provision of flexible transport including Demand Responsive (Ring and Ride) and Community Transport for more bespoke journeys.
- 2.4 As bus subsidies are funded from the Council Tax Transport levy, and as this has come under increasing pressure, the level of subsidies available to run services that are not commercially viable has diminished. This has impacted upon the number of services that the GMCA/TfGM can support and the scope that GMCA/TfGM has to financially support services that cease to be deliverable on a commercial basis.
- 2.5 Substantial public sector funding currently supports the bus network. This is divided between revenue and capital funding. GMCA currently spends approximately £27 million on subsidised bus services; £46 million to support concessionary fares for free or reduced rate travel; and some £16 million is made available to operators through Bus Service Operators Grant which is a refund from Central Government for some of the fuel duty paid by bus operators. Bus travel has also been improved by the Council and GMCA through investment in Bus Priority Infrastructure on key corridors into and through the city centre, including, for example, the recent measures in the city centre itself and on Rochdale Road and Oxford Road.

3.0 Devolution Agreement 2014, the Bus Services Act (2017) and Bus Reform

- 3.1 A key element of the Devolution deal signed between the Greater Manchester Authorities and Government in late 2014 was an agreement that Greater Manchester would have the power to reform the bus market. This power was subsequently conferred on the GMCA and other Mayoral Combined Authorities (MCAs) in the Bus Services Act 2017 (the Act) which came into force in June 2017. The Act enables the introduction of a range of new delivery models for bus services within MCAs. The stated objectives of the Act are to:
- grow bus passenger numbers;
 - tackle air quality;
 - improve bus services for passengers;
 - enable a thriving and innovative bus sector; and
 - help cities and regions unlock opportunity and grow their economy.

- 3.2 The aim of the Act is to improve bus services for passengers by providing local authorities and bus operators with a new toolkit to enable improvements to be made to bus services in their areas. Specifically the Act:
- allows for stronger arrangements for partnership working between bus operators and local authorities through amendments to existing Quality Partnerships and the introduction of Enhanced Partnership Schemes
 - provides MCAs (which are franchising authorities for the purposes of the Act) with the power to make Bus Franchising Schemes for their area;
 - has modernised ticketing legislation
 - provides powers to make necessary changes in information availability through audio and visual on-board information.
- 3.3 The intention is that the Act will help both bus operators and local authorities improve local bus services leading to better journeys and better value for both passengers and taxpayers. It will be determined locally by local authorities working with local bus operators which are the most appropriate measures for their areas.

4.0 Current Position

- 4.1 Following the enactment of the Bus Services Act in 2017, TfGM and GMCA gave consideration to how to make use of the new powers that have been granted to the GMCA.
- 4.2 In June 2017 the GMCA asked TfGM to prepare an assessment of a proposed Bus Franchising Scheme for GM (the Assessment). GM was the first place to produce such an Assessment and did so in accordance with statutory requirements of the Act and detailed Government guidance. The process which the Act requires the GMCA to follow when making a Bus Franchising Scheme is very detailed and the Assessment itself runs into over 600 pages with a lot of supporting documentation. The Assessment itself is publicly available on TfGM's website at and is available at the link https://issuu.com/greatermcr/docs/bus_franchising_in_greater_manchester_assessment_s

As required by the Act, the Assessment compares the GM Bus Franchising Scheme that is being proposed with other options, including do minimum i.e, don't intervene and different potential partnership options.

- 4.3 The GMCA subsequently considered the Assessment, which was subsequently subject to an independent audit, and agreed that it would take forward proposals for a proposed GM Bus Franchising Scheme. The reasons why GMCA agreed this approach as its preferred way forward were related to the following key factors:

Network

- 4.5 Franchising offers the opportunity for the GMCA to have overall oversight of the network, to plan the bus network better to integrate bus services and other

forms of transport more effectively. It would also enable changes to be made that reflected changes in demand and new potential opportunities for bus services to respond to changing patterns of development.

Fares and Ticketing

- 4.6 Franchising provides the opportunity, not present with other delivery models, to introduce simpler ticketing and more attractive fares across all modes of transport. The current fares system is confusing for many passengers. There are a plethora of fares types and franchising offers the opportunity to rationalise the current fares structure and to introduce a simpler and more consistent fares system across the city and Greater Manchester as a whole.

Customer Experience

- 4.7 A Bus Franchising model would allow the GMCA to set consistent standards of service with one unified brand including properly joined up travel information. There would also be an opportunity to provide more consistent high quality information to passengers who are unfamiliar with the pattern of services.

Value for Money

- 4.8 A key principle of a GM Bus Franchising Scheme would be that any surplus from operations could be re - invested in the network with greater transparency over the outcomes that are being achieved from the overall level of public funding.

5.0 Financing

- 5.1 The financial case for the bus reform proposals include a full assessment of how the GMCA could afford to make and operate the proposed scheme. The assessment set out a range of credible funding sources which exceed the net modelled costs to operate the scheme over the proposed transition period. The assessment also concluded the proposed franchising scheme was affordable and would represent value for money. Following the audit of the assessment the GMCA agreed in October to commence consultation on the proposed franchising scheme which included a proposed funding package .
- 5.2 The forecast net costs over the transition period up to 2024/25 are approximately £134.5 million. The sources of funding include £78.0 million of mayoral 'earn back' funds (provided by central government as part of Greater Manchester's Devolution Agreement), £11.0 million raised by the existing precept as part of the Mayor's 2019/20 budget for bus reform purposes and £22.7m from the mayoral precept in future years budgets, £5m of existing and forecast business rates receipts held by GMCA and £17.8 million of contributions by Local Authorities as a proposed one off increase in the statutory contribution in 2020/21. Any differences between the cashflowed spend and profiled funding requirement will be covered through prudential borrowing rather than being an additional funding ask. Discussions are also

ongoing with Government around their level of support to deliver bus reform which could potentially reduce the local funding required including from the mayoral precept.

- 5.2 Officers will continue to work with GM Treasurers on ensuring there is transparency on the financial implications and that a reasonable funding strategy is developed. This will need to take into account other priorities the GMCA are seeking to fund e.g. free travel for 16-18 year olds, the impact on the Council Tax Precept and the potential availability of other sources of GM funding.

6.0 Audit and Publication of Consultation Document for the proposed Scheme

- 6.1 In accordance with the statutory process for Bus Franchising required by the Act, the GMCA has obtained a report from an independent auditor (the “Audit”) on the GMCA’s Assessment of the proposed GM Bus Franchising Scheme. The Audit on the Assessment has been published in accordance with the Act and is published as part of the consultation document (page 104 onwards) and can be viewed at the link https://issuu.com/greatermcr/docs/greater_manchester_bus_franchising_consultation_document

Under the Act, if the GMCA wishes to proceed with the proposed GM Bus Franchising Scheme, it must proceed to carry out a statutory consultation process (the “Consultation”). The Act details the documents that the GMCA must publish as part of this statutory Consultation process (including a consultation document relating to the proposed GM Bus Franchising Scheme) and the various “statutory consultees” with whom the GMCA must consult. The Council is a “statutory consultee” for the purposes of the Consultation required by the Act, as it is one of the GM local authorities whose area will be affected by the proposed GM Bus Franchising Scheme.

7.0 Delivering a Franchised Model and Phasing of Implementation

- 7.1 To make sure the transition from the current deregulated bus system to a fully Franchised bus system is as smooth as possible, the GM Bus Franchising Scheme proposes that a franchised system is introduced in three phases. This means that Greater Manchester would be split into sub-areas (A, B and C). The provisional dates currently proposed for entering into franchise contracts for these sub- areas as shown in figure 1 below.

Sub-Area A – 2 April 2021 North West of Greater Manchester

Sub-Area B – 25 March 2022 North East of Greater Manchester including the northern area of the City of Manchester

Sub-Area C – 10 March 2023 Southern area of Greater Manchester (including the Southern area of the City of Manchester.)

It is recognised the transition to a Franchised model of operation is going to present challenges and it is suggested that in responding to the consultation

the Council should ask TfGM to continue to explore the detail of how the transition is managed to ensure that it causes as little disruption as possible to bus users.

(*These dates are subject to change and are based on current timescales and included by TfGM to allow consultees to consider the proposal*)

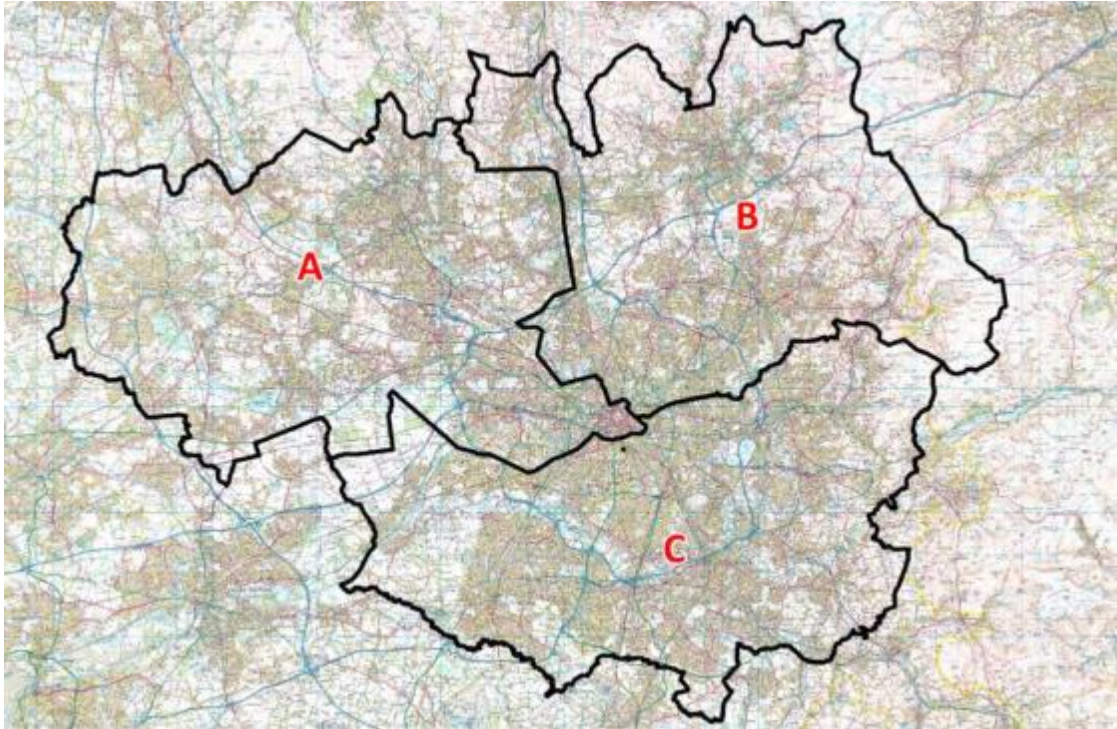


Figure 1: Proposed Bus Franchising Scheme Sub Areas

- 7.2 Once Bus Franchising becomes operational in Sub-Area C, there would no longer be three Sub- Areas and instead there would be just one GM Bus Franchising area which would cover the entirety of Greater Manchester.
- 7.3 The Assessment also makes clear that there would be two clear phases to the overall proposed Franchise Scheme. An extract outlining the differences between the two phases are set out in figure 2 below. The assessment indicates that a Franchise Scheme would create a much stronger platform for future public investment aimed at strengthening services in the future.

Phase 1 and 2 interventions

Phase 1

As outlined above, the Assessment compares the different options for reforming the local bus market within Greater Manchester, the partnership options and the Proposed Franchising Scheme. The Assessment sets out how each of these options compares and achieves the objectives in the Vision for Bus and contributes to policies

(local and neighbouring authorities), the economic value each option generates, the affordability of each option and how each option would be made and operated. These options of market reform are referred to as 'Phase 1' in the Assessment.

Phase 2

The Assessment also describes 'Phase 2' which sets out further interventions, including investment in the bus market, that could help address the issues the bus system faces and improve the service.

The further interventions would include things like reliability and speed improvements through public investment in infrastructure and bus priority (as well as enforcement and monitoring); network improvements through the creation of additional links, routes and frequencies; improved affordability through fares and ticketing measures; improved reliability through additional resource; improvements to the quality and environmental performance of the fleet; and improvements to customer service in areas such as branding, information and technology.

While some of these interventions would be pursued in the Do Minimum option (leaving the market as it is now), the Proposed Franchising Scheme and partnerships would better enable the interventions to be implemented to different extents. Work to date indicates that the Proposed Franchising Scheme would create a much stronger platform for this additional investment.

8.0 Implications for Manchester and Outline Response

8.1 The quality of bus services offered in parts of the City and the inconsistencies of service provision between neighbourhoods has long been of concern to the Council. The divergence between the quality of service offered to the travelling public in London and in many other major English cities is well documented. The concerns over the quality of service are accompanied by a concern regarding the fragmented and hard to understand ticketing system which doesn't present the overall public transport system as a coherent and integrated whole.

8.2 The inconsistency of service relates to the following key areas:

- Overall service quality
- Punctuality and reliability
- Scheduling and timetables with the quality of service, particularly in the evening and on Sunday varying significantly between different routes
- Fares - with different companies, sometimes on the same route, charging different fares for the same journey and with a fragmented and hard to understand ticketing system;
- ticketing system;

- 8.3 There is also the opportunity to ensure that bus services are better integrated with each other and with other modes so that the overall public transport network can be marketed as a coherent whole rather than a series of individual elements.
- 8.3 These concerns have been raised on a number of occasions and the Economy Scrutiny Committee has made representations on the uneven nature of current service provision including most recently at a meeting in October 2018. The Oxford Road and Stockport Road Corridors have an extremely extensive level of service, whereas services on some key routes in the north of the City are far less comprehensive, particularly off peak and in the evenings and at weekends. Other concerns include:
- the current system of operation has led to significant differences in fares and the ticketing offers between different routes and parts of the city. As many tickets are only valid on one operator's services, changing between operators often results in a financial penalty. The recent ending of the agreement for operators in the north of the city to operate a joint ticketing scheme is a recent example of the lack of simple fare offers to bus users
 - there is an emphasis on radial travel, services connecting neighbourhoods not on these main routes are not so well provided for. This can affect access to important services, including hospitals (North Manchester General, for example), doctors' surgeries, shops and employment opportunities beyond the City Centre;
 - City residents often need to access facilities in neighbouring parts of Greater Manchester and the current bus network does not always provide the cross boundary connections required;
 - there are particular areas of the City and some key radial routes where the pattern of services is currently particularly sparse, especially in the evenings and increasing the frequency or the density of services would bring significant benefits in terms of connecting residents to the facilities they need to reach. As mentioned above, the overall pattern of accessibility offered by the bus network therefore varies across the City and this presents particular difficulties for residents living away from main bus routes who sometimes find the journey to the main route difficult;
 - the current system leads to a relatively unstable bus network where changes to services can happen frequently with operators able to de – register services or introduce new ones by giving 70 days' notice to the Traffic Commissioner. This can be a particular concern for residents who want to plan longer term and is a particular issue for parents and schoolchildren who could potentially choose a school on the basis of its accessibility by bus only to find that the service could subsequently be withdrawn;
 - the recently approved Local Industrial Strategy, emphasises the importance of connecting people to the opportunities created by Greater Manchester's economic growth. Although the City Centre and the Airport are the primary locations for economic growth, investment is also expected in other key GM locations, and connections to these jobs should be a priority for a bus network in a sustainable and inclusive City;
 - much of Greater Manchester's bus fleet is made up of buses that do not meet the latest emission standards. In some key locations in the city buses

currently make a considerable contribution to the illegal levels of air pollution which exist in some places. While buses are an environmentally sustainable form of transport, emitting less carbon and other emissions per passenger than the private car, there is a need to make rapid improvement to the environmental performance of the fleet. A Franchised model will provide a sounder platform for public investment, in support of this objective, than the current deregulated model;

- there are issues with ticketing, including the lack of clarity over pricing and the limited availability of tickets that permit multimodal travel; and
- at present there are significant barriers to developing an integrated transport network, including ticketing and the coordination of timetables and routes.

- 8.4 The bus network is vitally important to Manchester offering a flexible and efficient way of moving large numbers of people, enabling residents to access employment, education and other services. With the right network, buses and operating model, buses have the potential to make a significant contribution to meeting some of the greatest challenges Manchester faces including air quality, congestion and carbon emissions as well as ensuring everyone can access the opportunities available in the city.
- 8.5 A Franchised bus system would help to enable these issues to begin to be addressed through a common service offer and branding and the delivery of an overall integrated network linking to Metrolink and thereafter trains which is more akin to the offer in many other major European cities that Manchester would benchmark itself against.
- 8.6 The process of introducing a Franchised Bus regime is not straightforward and a series of steps need to be taken. The Bus Franchising Scheme process is set out in the Act and associated secondary legislation and is also heavily influenced by detailed statutory guidance which public authorities are required to follow closely. It is also important to note that the full benefits of a GM Bus Franchising Scheme will take some time to become evident. The Assessment and Independent Audit does not suggest that the new regime will lead to any real patronage growth across Greater Manchester in its early years of operation. In time, however, , the full benefits are likely to lead to a more attractive and consistent overall offer during the second phase of implementation outlined in paragraph 8.3 above.
- 8.7 The statutory Consultation on the Proposed GM Bus Franchising Scheme which is required by the Act launched on Monday 14 October 2019 and will run until Wednesday 8 January 2020. After the Consultation period closes, independent research company Ipsos MORI will provide a consultation feedback analysis report that will inform – and be published alongside – GMCA’s report on its response to the Consultation (the “Consultation Report”) which is required by the Act. The consultation feedback and Ipsos MORI’s analysis report will inform the Mayor’s decision on whether or not to make the proposed franchising scheme. Under the Act the decision as to whether to make the Proposed GM Franchising Scheme can only be taken by the Elected GM Mayor, acting on behalf of the GMCA.

- 8.8 The earliest date on which the GM Mayor could take the decision to make the GM Franchising Scheme is March 2020. will then make his decision. The earliest date this could happen is March 2020.
- 8.9 For the reasons outlined in this report, it is proposed that the Council should welcome the proposal to adopt a Franchise based system for bus services across GM and respond positively to the Consultation.
- 8.10 The Consultation document asks a series of questions and a draft response to each of these is attached at appendix 1. It is proposed that the agreement of the final version of the response, incorporating the views of the Executive, should be delegated to the Chief Executive in consultation with Councillor Nigel Murphy, Deputy Leader of the Council and the Executive Member of Planning, Transport and the Environment.

8. Key Policies and Considerations

(a) Equal Opportunities

- 8.1 The proposal to introduce a Bus Franchising Scheme is aimed at ensuring that bus services better meet the needs of all of Manchester's population. An enhanced fully accessible, high quality bus network is likely, over time, to be of particular benefit to residents without access to a private car and would also benefit those with particular mobility problems.

(b) Risk Management

- 8.2 Risks will continue to be fully considered as the proposal to develop as the Bus Franchising Scheme is developed.

(c) Legal Considerations

- 8.3 The City Solicitor has been consulted on and has contributed to the drafting of this report.

