

## Greater Manchester Combined Authority

Date: Friday 30<sup>th</sup> September 2022

Subject: Delivering the Bee Network: Bus Network Stabilisation, Bus Fares, Our Pass, Franchising and Depots

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM.

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### Purpose of Report

This report provides an update to GMCA on progress to deliver a number of key elements of the Bee Network including bus fares, fleet and depots. The report also requests a number of delegations to officers to agree bus depot leasing arrangements in support of bus franchising, and delegation to TfGM to manage, maintain and insure those bus depots on behalf of GMCA.

### Recommendations:

The GMCA is requested to:





1. Note the progress made towards delivering the Bee Network.
2. Delegate authority to the Chief Executive Officer, TfGM and GMCA to agree the final terms of leases of bus depots to be granted to TfGM and the terms of all subleases of the depots both in respect of interim leaseback arrangements to existing operators and the franchise depot subleases to be granted to the franchise bus operators.
3. Delegate authority to the GMCA Monitoring Officer to complete and execute all leases of bus depots to be granted to TfGM.
4. Delegate to Chief Executive Officer, TfGM and GMCA, the authority to manage, maintain and insure the bus depots on behalf of GMCA by way of lease of the bus depots granted by GMCA to TfGM.

### Contact Officers

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## Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire			
Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion	G		
Health	G		
Resilience and Adaptation	G		
Housing	G		
Economy	G		
Mobility and Connectivity	G		
Carbon, Nature and Environment	G		
Consumption and Production			
Contribution to achieving the GM Carbon Neutral 2038 target			
<b>Further Assessment(s):</b>	Equalities Impact Assessment and Carbon Assessment		
 <b>Positive</b> impacts overall, whether long or short term.	 <b>Mix of positive and negative</b> impacts. Trade-offs to consider.	 <b>Mostly negative</b> , with at least one <b>positive</b> aspect. Trade-offs to consider.	 <b>Negative</b> impacts overall.

The Bee Network is a critical enabler of Greater Manchester’s Net Zero ambitions; a truly integrated transport network across active travel and public transport will provide excellent public transport and active travel choices for all, promoting sustainable travel behavioural change through integrated spatial, digital and transport planning; and supporting the electrification of vehicles and public transport fleets.

### ***Risk Management***

Section 8 of the report includes some of the mitigation activity in the event that agreements cannot be reached to acquire the depots identified to deliver bus franchising.

### ***Legal Considerations***

Section 8 of the report sets out the legal considerations for the acquisition and leasing arrangements for bus depots to support bus franchising.

### ***Financial Considerations – Revenue***

N/A

### ***Financial Considerations – Capital***

N/A

***Number of attachments to the report: 0***

**Comments/recommendations from Overview & Scrutiny Committee**

N/A

***Background Papers***

- GMCA Report – The Greater Manchester Franchising Scheme for Buses 2021 - Implementation and Operation – Friday 28<sup>th</sup> May 2021.
- GMCA Report – Bus Franchising – Land Acquisition – Friday 25<sup>th</sup> June 2021
- GMCA Report – Delivering the Bee Network: Bus Fares, Zero Emission Buses, Bus Depots and CRSTS – Friday 29<sup>th</sup> July 2022
- GMCA Report – Extension of the Our Pass Pilot Scheme – Friday 29<sup>th</sup> July 2022

**Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No.

**Exemption from call in**

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No.

**GM Transport Committee**

N/A

**Overview and Scrutiny Committee**

N/A

# 1. Introduction

- 1.1. The Bee Network is Greater Manchester's vision for an integrated 'London-style' transport system, which will change the way people travel across the city region. This report provides a further update on progress made to deliver the vision, as requested by members at the GMCA meeting in July 2022.

# 2. Bus Network Stabilisation

- 2.1. Since April 2020, the UK Government has been providing financial support to bus operators and Local Transport Authorities in England in response to the impact of the COVID-19 pandemic. This phase of funding which ends in October 2022 was conditional on Local Transport Authorities and operators working together to undertake Network Reviews and defining local bus networks which would be financially sustainable following the end of the funding period.
- 2.2. Operators gave notice of their intention to make commercial service changes across all areas of Greater Manchester in October including service withdrawals and reductions in frequency. Without intervention by TfGM the consequences of the service changes would be significantly detrimental in terms of accessibility to the network and accessibility for residents through the network to reach employment, education and key services such as health facilities.
- 2.3. The degradation of the network would also hinder further recovery in revenue and patronage whilst undermining future opportunities for network growth and development as Greater Manchester transitions towards bus franchising.
- 2.4. In response, and following consultation with members of the GM Transport Committee, TfGM is replacing withdrawn services at current frequencies with the exception of minor variants where there is no negative impact on network coverage. Where commercial changes involve frequency reductions, these are being restored to current levels up to a maximum of four buses per hour. The affected services include cross boundary routes into neighbouring areas and these have been retained through collaboration with neighbouring authorities.
- 2.5. There are currently challenging conditions in the bus industry due to several factors including cost inflation and labour shortages whilst the number of operators active in Greater Manchester has diminished significantly in recent years. However, through a combination of tendering and negotiation with individual operators, TfGM

was successful in securing coverage for the affected services with new arrangements now in place to come into effect on 30<sup>th</sup> October 2022.

- 2.6. The financial impact of the additional services being supported is approximately £15 million per annum, with funding to come from a combination of existing budgets and government funding. This will include funding from the Bus Recovery Grant which has since been extended to the end of the current financial year. The details of Greater Manchester's allocation are currently awaited.
- 2.7. Following the commencement of the new arrangements, TfGM will be undertaking ongoing patronage monitoring which will inform subsequent reviews of services as well as providing input to wider market and network renewal activities being undertaken.

### **3. Bus Fares**

- 3.1. New lower bus fares have successfully been rolled out across Greater Manchester, delivered a year ahead of schedule following agreement with Bus Operators.
- 3.2. On the 4 September, a capped £2 single fare (£1 for children) for any single journey within the city-region was introduced. Passengers are also able to make unlimited journeys across all bus operators for no more than £5 (adult) or £2.50 (child) a day.
- 3.3. While the fare cap applies to single fares and day-tickets initially, opportunities are being explored to extend the cap to other ticket types such as weekly passes.
- 3.4. As reported to the last meeting of the GMCA in July, the reduction in fares is being funded from money that the Government has allocated to Greater Manchester for its Bus Service Improvement Plan (BSIP).
- 3.5. Bus operators will be compensated on a 'no better, no worse off' basis for participating in the scheme.
- 3.6. Given the considerable uncertainty over public transport funding going forward, the fare initiative is to be reviewed annually to ensure that it is financially sustainable.

### **4. Get on Board Campaign**

- 4.1. The new low fares initiative is being supported through TfGM's #GetOnBoard campaign, which launched across marketing, PR and partner communications channels on Monday 15<sup>th</sup> August to generate awareness, with a key campaign

moment on 4<sup>th</sup> September when they became operational. The low fares campaign ran until mid-September and campaign activity has generated considerable media coverage across key broadcast and print/digital media titles, as well as strong engagement on social media, with overwhelmingly positive sentiment. The campaign is intended to build awareness of the introduction of low fares, supporting people during the cost-of-living crisis, while also encouraging people to use the bus to sustain lower fares over the longer term and help to build the Bee Network.

- 4.2. From late-September, #GetOnBoard will evolve into an integrated multi-channel strategic communications campaign, promoting the use of Public Transport and Active Travel in Greater Manchester, while continuing to build awareness of low bus fares. The launch of the fully integrated #GetOnBoard campaign will be marked by a range of PR, media relations and marketing activity. It will also include a specific business engagement strand linked to new markets. The creative strategy of #GetOnBoard will include the targeted promotion of a range of key products and interventions, as identified in annual modal marketing plans. This central creative strategy will run for a minimum of 7 months and potentially into the next financial year to ensure maximum message penetration and customer impact.

## **5. Our Pass**

- 5.1. The application portal for the 2022 cohort for Our Pass opened in early May 2022 with passes for this group becoming valid on the 1<sup>st</sup> September 2022. As at mid-September, over 15,700 passes have been issued for this new group.
- 5.2. Work is underway to evaluate the pilot to inform future decisions about Our Pass and that will be brought back to GMCA later this year.

## **6. Bus Franchising**

- 6.1. Implementation of the Bus Franchising Programme continues at pace with Tranche 1, covering Wigan and Bolton, due to become operational on 17<sup>th</sup> September 2023. Bids for Tranche 1 were received on 9<sup>th</sup> September 2022, and the evaluation of those bids is currently taking place. Eight companies bid for both the large franchises in Wigan and Bolton, two companies bid for all except one of the small franchises with a further one company bidding for one small franchise. Following evaluation, Preferred Bidders will be notified on 25<sup>th</sup> November, with contract award planned to take place on 16<sup>th</sup> December 2022.

- 6.2. The Expression of Interest for Tranche 2 is scheduled to be issued on 23 September 2022. The second tranche will be operational at the end of March 2024; and the third tranche will be contracted by the end of March 2024 and be operational by 5 January 2025.

## **7. Zero Emission Bus**

- 7.1. The order for the first 50 Zero Emission Buses for Tranche 1 Wigan and Bolton has now been placed, with the buses scheduled to arrive in advance of the start of Tranche 1 operation on 17 September 2023.
- 7.2. Work is underway to develop a delivery plan for the deployment of the additional Zero Emission Buses that are funded from GM's CRSTS allocation. A further update report will be brought to the Combined Authority in October.
- 7.3. TfGM have commissioned Stagecoach to lead on the design, development, construction and commissioning of the Zero Emission Depot in Stockport. Stagecoach will also be leading on the procurement of the 170 'ZEBRA funded' Zero Emission Buses, with an order currently scheduled to be placed in March 2023 in advance of the vehicles arriving by May 2024.

## **8. Bus Depots**

- 8.1. Following delegations granted by GMCA in July, the process is underway to acquire the depots identified as being strategically important for bus franchising, and from which large franchises could be operated.

In addition to negotiating the acquisition of the existing depots for Tranche 1 Wigan and Bolton, GMCA has already acquired land at Martland Park to build a new depot, if required. The next phase of construction on Wigan Martland Park will commence in October 2022 if an agreement cannot be reached to acquire the existing depots for Tranche 1.

### **Bus Depot Leasing Arrangements**

- 8.2. The proposed depot strategy relating to bus franchising stated that, at transition into franchising, the preferred option is for GMCA to gain control of the ten existing depots that have been identified as being strategically important. Securing control under this option would be effected by a negotiated depot transfer (NDT) of assets to the GMCA from existing commercial operators. The NDT is the preferred and

simplest route to secure and provide operational depot facilities, given the land and buildings are already established for those purposes.

- 8.3. Where the depots are secured by way of NDT, interim leaseback arrangements will be put in place with existing operators to enable the continued operation of the depots by the Bus Operators until such time as the Depots are required for the relevant tranche of the GM Bus Franchising Scheme.
- 8.4. On 29th July 2022, GMCA delegated authority as follows:
- the Chief Executive Officer GMCA and TfGM, in consultation with the Mayor of Greater Manchester to negotiate and approve the acquisition of bus depots to support bus franchising, within previously approved capital and revenue budgets for bus franchising. Further details are provided in a report in Part B of this agenda;
  - the Chief Executive Officer GMCA and TfGM to agree the final terms of all necessary agreements for the purchase of the depots;
  - the GMCA Monitoring Officer to complete and execute all necessary legal agreements.
- 8.5. If it is not possible to negotiate the transfer (or possibly to agree a long lease where the operator is not prepared to dispose of its freehold interest) of some or all of these depots at transition, the GMCA has a number of alternative routes for depot provision. One of these routes is the acquisition of third-party land and buildings for temporary and potentially longer-term depot provision. As a result, work has been undertaken to identify available land and buildings that may be suitable, and to undertake design and technical feasibility studies to appraise these opportunities. One such parcel of land is located at Martland Park and that land was acquired in December 2021 as approved by GMCA on 25<sup>th</sup> June 2021. Pre-construction due diligence, design and planning have been undertaken to date. The next phase of construction on Wigan Martland Park will commence in October 2022 if an agreement cannot be reached to acquire the existing depots for Tranche 1.
- 8.6. TfGM will manage the depots and the relationship with the Tenant Operators on a day to day basis. GMCA will pass all responsibility for managing and maintaining the bus depots to TfGM by way of a superior lease. A draft template of the superior lease has been drafted by GMCA's advisors setting out the transfer of liability in respect of the depots to TfGM. The intention is that, where possible, GMCA will grant a 150 year lease to TfGM with TfGM taking responsibility for fully insuring



and repairing the bus depot to protect GMCA's asset. In some cases, GMCA may not own the freehold (either where the Operator only has a leasehold interest itself or where the Operator does not wish to dispose of its freehold interest) in which case the intention is that TfGM will be granted (subject to any Landlord consent required) a lease for a duration coterminous with that GMCA's interest less 3 days.

- 8.7. TfGM will in turn grant a sublease of the depot to the franchise operator which will be coterminous with the duration of the Franchise Agreement.
- 8.8. As per the report recommendations, GMCA is requested to grant delegations to senior officers to agree bus depot leasing arrangements, and delegate authority to TfGM to manage, maintain and insure those bus depots on behalf of GMCA.

## **9. Recommendations**

- 9.1. See front sheet for recommendations.