

**GREATER MANCHESTER TRANSPORT COMMITTEE
BUS SERVICES SUB-COMMITTEE**

Date: 13 November 2020

Subject: Review and Planning of General Subsidised Bus Services

Report of: Alison Chew, Interim Head of Bus Services, TfGM

PURPOSE OF REPORT

TfGM has identified a series of improvements to its approach for reviewing and replanning supported general bus services in Greater Manchester. This report sets out the rationale for making these changes and provides detail on the application of Service Planning Principles, the use of specific data sources to inform the various types of analyses, potential opportunities to undertake procurement in different ways and improved arrangements for engagement with elected members and other stakeholders. Finally, some examples are given of recent planning exercises in which some of these techniques have been introduced.

RECOMMENDATIONS:

Members are asked to:

1. Endorse the revised approach being taken to the review and re-planning of supported general bus services and;
2. Note the proposals for further development of the methodology to expand the scope of the analyses undertaken, ensure consistency of approach and provide a clearer process for engagement with elected members and other key stakeholders.

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Equalities Implications: N/A at this time

Climate Change Impact Assessment and Mitigation Measures – N/A

Risk Management: N/A

Legal Considerations: N/A

Financial Consequences – Revenue: N/A at this time. Financial implications arising from specific recommendations are reported to meetings of this Sub-Committee.

Financial Consequences – Capital: N/A

Number of attachments to the report: n/a

Comments/recommendations from Overview & Scrutiny Committee

None

BACKGROUND PAPERS:

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?		N/A
GM Transport Committee	Overview & Scrutiny Committee	
N/A	N/A	

1 INTRODUCTION

- 1.1** This report sets out improvements which are being made to the review and re-planning of subsidised local bus services across Greater Manchester. These improvements are necessary to achieve a greater degree of consistency in the deployment of resources, improve value-for-money, mitigate the impact of existing and potential budgetary pressures and secure network proposals which are sustainable and provide potential to stabilise revenue and patronage. This is particularly important due to the ongoing impact of the COVID 19 pandemic on patronage and revenue which is expected to result in increasing costs.

2 OVERVIEW

- 2.1** In recent years, TfGM's budget for subsidised local bus services has been subject to considerable pressure following a circa 20% reduction across financial year 2014/15 and 2015/16. During the subsequent years, pressures have arisen due to a number of factors including reductions in the number of operators active in the market which has increased costs and network consolidation by large operators resulting in commercial service withdrawals for which it has been necessary to fund replacement supported services in some cases.
- 2.2** Although periodic reviews of subsidised services are routinely carried out, many services have evolved over a long period and differing approaches have been taken to the re-planning of services between areas resulting in inconsistent provision which is not always well-aligned to changing travel patterns. This is particularly relevant at the present time since the COVID 19 pandemic has significantly reduced public transport usage and the extent of any recovery is not known.
- 2.3** In order to address this, officers are making several improvements which will provide a more clearly structured approach for evaluating, prioritising and specifying subsidised general bus services. This involves the use of Service Planning Principles coupled with greater use of accessibility and socio-demographic mapping alongside the analysis of patronage and origin/destination data.
- 2.4** As the work is evolving, additional opportunities to strengthen technical and analytical capabilities are emerging and reference is made to further work required including improving the approach taken to the financial evaluation of contracts and making greater use of other data sources.
- 2.5** Finally, examples of two recent network re-planning exercises are given to demonstrate the approach taken to evaluating existing provision and then specifying services for procurement and implementation.

3 SERVICE PLANNING PRINCIPLES

- 3.1 The Service Planning Principles used by TfGM are derived from a methodology used by Transport for London. The Service Planning Principles are intended to provide a structured framework with which existing services can be reviewed and options for new or revised services can be appraised with the aim of providing a consistent and transparent approach.
- 3.2 Whilst officers already have regard for the principles, a more structured approach is needed to ensure that they are applied consistently and to reduce the incidence of ad-hoc solutions made in response to local pressure or historical factors as opposed to being driven by passenger need.
- 3.3 The Service Planning Principles are shown in the following table with guidelines for their use:

Service Planning Principle	Guidance notes
Comprehensive	<ul style="list-style-type: none"> • Aim to provide accessibility within 400 metres walk of a daytime local bus service apart from instances where there are a small number of dwellings beyond this catchment; • Aim to ensure users are able to reach employment, education and key services. Where this cannot be provided directly, suitable facilities exist to change between services, usually at bus station or interchanges.
Simple	<ul style="list-style-type: none"> • Ensure that the network is as simple as possible to make it easier to use for existing and potential users. • Minimise the use of route variants • Avoid different routes and numbers, particularly in the evenings and on Sundays. • Avoid the operation of individual services by more than one operator during different periods.
Frequent	<ul style="list-style-type: none"> • Provide a minimum frequency of 1 bus per hour on Monday to Saturday daytimes • Length of operating periods to be determined by travel patterns and user characteristics. • Sunday and evening provision to be determined by travel patterns and user characteristics.
Direct	<ul style="list-style-type: none"> • Aim to provide links (either to ultimate destinations or interchange points) as directly as possible.
Reliable	<ul style="list-style-type: none"> • Provide sufficient running and recovery time, particularly during the peak periods • Avoid lengthy services crossing multiple major intersections.

Service Planning Principle	Guidance notes
Integrated	<ul style="list-style-type: none"> • Design the detailed specification of services to facilitate interchange with other bus, rail and Metrolink services.
Cost-effective	<ul style="list-style-type: none"> • Minimise duplication between tendered services on common sections of route to maximise resource efficiency • Minimise overlap between tendered and commercial services to prevent abstraction of revenue • Use peak period school resources to provide interpeak services where these will meet travel demand. • Explore opportunities to enhance commercial services to address network gaps.

4 USE OF KEY DATA SOURCES

- 4.1 It should be emphasised that the Service Planning Principles are not intended to provide a rigid ‘pass-or-fail’ methodology but a structured framework for evaluating services. It is acknowledged that there are wide socio-demographic and spatial variations across Greater Manchester for which due regard has to be given and there are a number of aspects of demand and supply which need to be understood in greater detail to enable informed decisions to be made.
- 4.2 From a **supply** perspective, mapping techniques are being used to show the level of accessibility to the bus network and identify any gaps in provision as well as highlighting barriers to movement such as major roads or gradients. Mapping techniques also enable accessibility **through** the network to be examined by highlighting residential densities, employment densities and other key attractors such as hospitals, thereby showing any origin to destination links which cannot be made, either directly or through interchange. Advances in mapping capabilities within TfGM mean that there are opportunities to further develop these analytical techniques and further work will be carried out in conjunction with other parts of the organisation to progress this.
- 4.3 On road delivery of existing services can be analysed through service performance data whilst highway stress maps can be used to identify locations on the network subject to delays, particularly during the peak periods. This information can then be used to estimate appropriate running speeds by operating period and ensure that sufficient flexibility is built into schedules to mitigate the impact of congestion on service performance.
- 4.4 From a **demand** perspective, ACORN data can be overlaid on accessibility mapping to examine socio-demographic characteristics alongside wider data sources such as car ownership levels, thus highlighting residential areas with a high propensity for public transport use to reach employment and key services. In the case of existing supported

services, analysis of survey data and Electronic Ticket Machine (ETM) data provides insight into the composition of users (e.g. adults, children, concessionary travellers) as well as travel characteristics by time period (e.g. some services might be characterised by most travel being made between the peaks) whilst providing intelligence on trends over a longer period.

- 4.5 From a **financial** perspective, the use of an existing Contract Appraisal Tool (CAT) provides an initial measure of service performance alongside the use of Cost Per Passenger (CPP). Currently, £2.50 is used as an CPP threshold with services incurring a higher CPP being subject to review. However, the same value has been used over a long period with no uplifts applied for inflation or any allowance for recent reductions in patronage and it is therefore proposed that the suitability of this value as a threshold be reviewed.
- 4.6 More fundamentally, there is an inherent weakness with the use of a fixed CPP threshold in that it makes no allowance for differences in the levels at which operators price tenders or indeed the level of participation in the tender market between different locations. Consequently, comparable supported services with similar levels of patronage can have significantly different CPP values simply due to the differences in contract value rather than a reflection of their value to residents. This inevitably results in some distortion in the assessment process and the value and performance of services being misrepresented. In order to address this anomaly, it is proposed that internal costing of supported services be carried out using average industry rates.
- 4.7 The combination of these analyses provides planners with a comprehensive insight which enables services to be reviewed and planned such that a proportional and consistent relationship to supply and demand is maintained whilst ensuring that proposals are operationally robust.

5 METHODS OF PROCUREMENT

- 5.1 The COVID 19 public health crisis has resulted in a large reduction in patronage and revenue across all public transport modes with considerable uncertainty as to the rate and extent to which this will recover. TfGM's current approach is to commission general services on a Minimum Subsidy basis (where the operators retain the revenue) but given the current circumstances, Cost Reimbursement bid options (where TfGM retains the revenue) are also being sought.
- 5.2 There are also opportunities to build on existing work which has co-ordinated the contract terms within individual districts to provide greater potential to achieve economies of scale through combined bids and scheduling efficiencies. In addition, opportunities to maintain limited interpeak coverage using school peak resource will continue to be explored where an appropriate pattern of demand has been identified.

- 5.3 Further scope also exists to develop larger packages of work through a more holistic approach to network provision as a whole which would facilitate greater flexibility of resource utilisation between commercial and supported services, including school services.

6 ENGAGEMENT WITH ELECTED MEMBERS AND OTHER STAKEHOLDERS

- 6.1 Effective engagement with elected members is an important element of the local bus service planning process. This is in terms of ensuring that Members are given an understanding of the rationale for proposals and are provided with the opportunity to provide input but also in terms of officers being aware of local circumstances and points which have been raised by residents.
- 6.2 Since the commencement of COVID 19 restrictions in March, face-to-face engagement with Members has become challenging whilst the rapidly changing situation has resulted in changes to supported bus service being recommended with very little notice. Whilst this situation has been a consequence of difficult circumstances, it is fully recognised that engagement with elected Members can be improved, particularly given the challenges arising from the impact of the pandemic.
- 6.3 The process for engagement will build on previous approaches with an emphasis on early notification of potential changes to elected Members with greater use of the outputs from the analyses described above.

7 APPLICATION OF THE REVISED PLANNING APPROACH

- 7.1 In order to illustrate the value of a more consistent and structured approach to supported general bus service planning, two examples of recent exercises are set out in Appendix A.

8 FUTURE CHALLENGES

- 8.1 The COVID 19 pandemic has severely reduced public transport patronage across the United Kingdom. In the case of Greater Manchester, during the Spring lockdown period, bus patronage reduced by around 90% and whilst there has been some recovery in recent months, the implementation of Tier 3 restrictions during October 2020 is expected to see some reversal of this.
- 8.2 The UK Government has provided financial assistance for the bus industry through the COVID Bus Service Support Grant (CBSSG) which is supporting commercial and supported services. Whilst CBSSG has already been extended, it is not known how long this financial support will continue at the current level and the terms allow for changes to be made with a notice period of eight weeks. With the assumption that patronage and revenue is unlikely

to recover to pre-COVID levels in the foreseeable future if at all, the reduction in CBSSG would bring some significant risks including:

- Services which were marginally commercial even prior to the current pandemic would become financially unviable and would be withdrawn by operators with resultant gaps in the network which TfGM would seek to address with additional supported services;
- Operators would request increases in tendered service contract prices from TfGM to compensate for reductions in patronage in revenue.

8.3 Inevitably, either or both of these scenarios would place significant pressure on TfGM's supported service budget, particularly given the wider strain on public service finances.

8.4 Although it is not known if or when changes will be made to CBSSG, officers are undertaking work to prepare for this eventuality. This includes assessing the potential impact on existing contracts, reviewing the prioritisation of current supported services and identifying commercial services likely to be at the greatest risk of reduction or withdrawal.

9 NEXT STEPS

9.1 There will be an ongoing review of subsidised local bus service contracts linked to contract expiry dates based on the methodology set out above with those expiring in April 2021 forming the next phase of activity. As part of this work, a number of activities will also be progressed including:

- Further development of mapping and analytical capabilities;
- Making greater use of available data sources;
- Reviewing the CPP threshold and progressing route costing techniques to provide greater consistency;
- Further alignment of contract end dates to facilitate local network reviews;
- Exploring alternative approaches to the procurement of services;
- Reviewing the process for early engagement with GMTC members and district officers;
- Formalising processes and the use of data sources and analyses to ensure consistent application; and
- Continuing work to develop TfGM's response to significant changes on the commercial and supported network.

10 RECOMMENDATIONS

10.1 Recommendations are set out at the beginning of this report.

Alison Chew
Interim Head of Bus Services

APPENDIX A

1 APPLICATION OF THE REVISED PLANNING APPROACH

Cessation of Manchester Community Transport

- 1.1 During February 2020, Hackney Community Transport Group advised TfGM of its intention to close its Manchester Community Transport (MCT) operation on 18th April 2020. Whilst some contracts were due to expire at this time and had already been retendered, there were a number in the Stockport and south Manchester areas where this was not the case. A re-tendering on a like-for-like exercise resulted in annualised costs £700,000 in excess of the previous contract values which was clearly unaffordable.
- 1.2 Due to the impact of the COVID 19 public health crisis, temporary arrangements were put in place through a combination of an emergency contract and the use of redeployed resources whilst planning work was undertaken on a revised network proposition.
- 1.3 Analysis of the relevant parts of the network showed significant overlap both between supported general services and with the commercial network which also resulted in a complex service pattern. A revised proposal was developed which involved a rationalised service pattern whilst maintaining access to the network for the majority of residential dwellings. Whilst it was not possible to maintain all the direct links which had previously been available, opportunities exist to interchange onto high frequency commercial services to reach destinations such as Stepping Hill Hospital.
- 1.4 The proposal resulted in a significant reduction in Peak Vehicle Requirement (PVR) but despite this, a small increase in annualised cost was incurred.
- 1.5 Reducing the overlap between commercial and supported services will also diminish the level of abstraction from commercial services which it is hoped will help to ensure their continued viability during this challenging period.

Salford Local services

- 1.6 In comparison with many parts of Greater Manchester, Salford has a large number of daytime supported services which is a result of commercial network retrenchment over time but also a reflection of the district's polycentric nature and correspondingly complex travel patterns. Existing contracts for these services expired in October 2020 and due to the continuing turbulence in the bus market, the original proposal was to negotiate extensions. However, a requested average uplift in contract price of 30% was unaffordable, and the decision was therefore taken to tender a rationalised network of services.
- 1.7 As with the Stockport network, accessibility analysis showed overlap with the commercial network and also some significant overlap between tendered services on some sections. Some of the services also incorporate variants at different times of the day which adds

further complexity for passengers to understand whilst some of the longer routes are subject to on-road performance problems due to the knock-on impact of congestion on the East Lancashire Road and M602.

- 1.8 The revised proposal is focussed on providing links from residential areas to the nearest district centre with some additional links provided to maintain connectivity to key local attractors, particularly Salford Royal Hospital and Salford Quays. In addition, links to key locations outside the district boundary have also been maintained including Prestwich and Streford but with the length of services reduced to improve operational resilience.
- 1.9 The proposals also sought to reduce overlap with commercial services to mitigate the risk of revenue abstraction and resulted in the PVR reducing by around 30% which enabled costs to be controlled. In order to make the services more attractive with a view to building revenue and patronage, some extensions to the daytime operating period were incorporated to provide additional journey opportunities, particularly for those travelling to and from employment.
- 1.10 Informal discussions on the proposals were held with Salford City Council officers and elected Members and were positively received with minor points fed back which were addressed prior to tendering and subsequent implementation.