

GREATER MANCHESTER TRANSPORT COMMITTEE

Date: 21 February 2020

Subject: A Better Deal for Bus Users

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

PURPOSE OF REPORT

On 6 February, Department for Transport (DfT) announced further details and guidance on the £220m committed to transform bus services which was announced last autumn, including mechanisms for local and combined authorities to bid for funds.

This report outlines the funding streams within the Better Deal for Buses programme, and the proposed approach for Greater Manchester's submission for funding for Supported Bus Services.

RECOMMENDATIONS:

Members are asked to:

1. Note Greater Manchester's intention to submit a statement of intent to DfT for £1,589,489 for supported bus services;
2. Note the approach and bidding criteria which have been developed to inform the Statement of Intent to DfT, which is planned for submission subject to approval by the Chief Executive of the GMCA and TfGM, in consultation with the Mayor, Portfolio Holder for Finance and Chair of the Greater Manchester Transport Committee (GMTC), in accordance with the timescales set out by Government; and
3. Note that a further report will be submitted to a future GMTC meeting on other opportunities for Greater Manchester to apply for funding as part of the Better Deal for Bus Users programme.

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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:

£1.590m in in 2020-21, could be extended over two years. Potential ongoing revenue implications if the services funded are not commercially sustainable.

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 BACKGROUND

- 1.1 On 30 September 2019, the Chancellor announced a package of £220 million of funding ‘to transform bus services in England’. This included a range of measures, including a National Bus Strategy for England, 'Superbus' networks, Britain's first all-electric bus town and better passenger information.
- 1.2 On 6 February 2020, Department for Transport (DfT) announced further details and guidance on the funding opportunities, including mechanisms for local and combined authorities to bid for funds.
- 1.3 This report outlines the details and processes around the various funding opportunities and the proposed way forward for Greater Manchester, in line with our strategic objectives, Our Network principles and Greater Manchester’s vision for bus.
- 1.4 Further to this, on 11 February, the Prime Minister announced £5 billion of new funding to ‘overhaul bus and cycle links for every region outside London’. Details of these programmes will be announced in the upcoming National Bus Strategy, to be published later this year at the Comprehensive Spending Review.

2 STRATEGIC CONTEXT

- 2.1 The Greater Manchester 2040 Transport Strategy sets out our ambition for bus services. We need a joined-up transport network, with simple fares and ticketing, that puts the passenger first and guarantees the best value ticket for their journey. It should be modern and accessible, with a consistent experience for passengers across all services, and everyone should be able to use it.
- 2.2 Bus travel needs to be recognised as an important part of the transport mix, contributing to Greater Manchester’s strategic objectives – to enable 50% of all journeys to be made by sustainable transport modes by 2040 and to achieve carbon neutrality by 2038.
- 2.3 Building on this, bus forms a vital part of Our Network, Greater Manchester’s ambitious plan for the next ten years to have a truly integrated public transport system, so that getting around the city-region is easy, accessible and affordable.
- 2.1 TfGM financially supports and manages the subsidised bus network on behalf of the GMCA. The subsidised network (16.4% of overall mileage) is provided with a budget of £27.6 million (2019/20). In recent years, considerable pressure has been placed on the budget for subsidised bus services, limiting TfGM’s ability to maximise accessibility and meaning funding has to be prioritised where the best value is obtained, to ensure it is used efficiently and to the greatest benefit.
- 2.2 It is essential that the proposals put forwards reflect the wider vision for Greater Manchester and contribute to our strategic objectives, as well as meeting a number of other criteria; these are detailed in section 4.

3 A BETTER DEAL FOR BUS USERS FUNDING

3.1 The fund is divided into four workstreams

- £30m revenue funding for supported bus services for local authorities/Mayoral Combined Authorities, of which GM has been allocated up to £1,589,849;
- £50m fund for the first all-electric bus town or city;
- Up to £70m for 'Superbus' networks; and
- £20m Rural Mobility Fund for on-demand services.

3.2 Details of these funds are set out below.

Supported Bus Services

3.3 £30 million of revenue funding in 2020-21 has been made available to all upper tier authorities (counties, metropolitan areas and unitary authorities) outside London to improve existing services, replace lost links or introduce new services or extensions.

3.4 Authorities need to complete statements of intent in order to receive their funding allocation from the £30 million; each authority has been allocated an amount based on past supported mileage, with GMCA eligible for £1.590m (the largest amount allocated to any area).

3.5 Funding will be made as a single payment in 2020-21, however there is scope to allocate financial support over more than one year if needed to reach a sustainable level.

3.6 The Government expects this funding to be used to improve the provision of local bus services in their area in one or more of the following ways:

- To improve current local bus services - for instance increasing evening or weekend frequencies, or supporting additional seasonal services in tourist areas;
- To restore lost bus routes where most needed to ensure people have access to public transport services;
- To support new bus services, or extensions to current services, to access e.g. new housing, employment opportunities, healthcare facilities etc.

3.7 DfT guidance requires statements of intent to demonstrate that the authority has consulted all of the area's MPs and indicate 'the extent to which it meets the intended approach meets their aspirations'. Statements are also required to provide evidence of engagement with the public either directly or through existing transport strategies.

All-Electric Bus Town

- 3.8 £50 million is available for local transport authorities outside London to develop one or more all-electric bus town or city, enabling an entire place's bus fleet to be converted to full electric, or capable of operating in electric, zero-emission mode.
- 3.9 Funding is based on the same model as used for the Ultra-Low Emission Bus fund, whereby a successful application would receive 75% of additional cost of an electric vehicle and associated charging infrastructure. The base cost and 25% of the funding would need to be met locally.
- 3.10 Authorities need to define a distinct area with a significant air quality challenge, in order to demonstrate the potential impact of a wholesale fleet conversion.
- 3.11 Authorities receiving Clean Air Fund funding can also bid for this funding, for one or more area, although only one could be funded
- 3.12 Bids should be developed in close partnership with all bus operators in the area, with operators committed to the proposal, including the level of investment they are likely to need to contribute and a 5-year minimum commitment to run an electric fleet in the specified area.
- 3.13 As Greater Manchester is working to develop a Clean Air Plan, including proposals for a GM-wide Clean Air Zone, further work will be required to identify areas investment could best align with the city region's objectives around improving air quality and reducing carbon emissions.

'Superbus' Networks

- 3.14 These pilots are packages of schemes combining to increase bus patronage in a defined area, particularly ones which suffer significant levels of deprivation, focussing on 3 key priorities: comprehensive network of bus priority measures, fare caps and increased service frequencies.
- 3.15 Up to £70 million is available for both capital and revenue spending. DfT anticipate funding up to three places, with at least £10m of funding each.
- 3.16 Successful bids will be able to demonstrate a clear way forward to sustain long-term outcomes and benefits beyond the funding period. Pilot schemes can be no longer than 4 years from the point that funding is awarded.
- 3.17 Close co-development with operators is essential to the success of pilot schemes. It will be a condition of funding that the relevant outcomes of the pilot scheme are included in a statutory Enhanced Partnership under the Bus Services Act 2017, with a duration of at least 5 years.

Rural Mobility Fund

- 3.18 £20m is available over 4 years to trial new or improved on-demand services in rural and suburban areas, with the aim of providing services which better meet residents' needs than traditional, timetabled bus services, as well as identifying barriers and potential solutions to address the sustainability of Demand Responsive Transport.
- 3.19 Schemes could be new or enhanced services which should improve access to education, employment, healthcare and enable greater social inclusion.
- 3.20 More mature projects which could start promptly could be fast-tracked for support.
- 3.21 Bids will not be accepted from local authorities which have received, or are due to receive funding, from the Transforming Cities Fund (TCF) through the Future Mobility Zones (FMZ) programme.
- 3.22 Greater Manchester applied for £32m of FMZ funding support a four-year programme of activity. A decision on the outcome of this bid is expected soon.

Submission Deadlines

- 3.23 There are two deadlines for submission:

Supported Bus Services:

- 3.24 The deadline for submission of the statement of intent is **13 March 2020** if funding is to be made available to spend from April. DfT have indicated they intend to respond within two weeks of receipt.
- 3.25 If this date is unattainable, the latest date for submission is **26 June 2020**, after which point the funding may not be provided. Deferring to this date would delay the receipt of the funding.

Electric Bus Town, 'Superbus' and Rural Mobility Fund:

- 3.26 The three funding competitions will use a two-phase application process, with initial expressions of interest to be submitted by 30 April 2020. Shortlisted bids are expected to be announced by the end of May, with final proposals submitted summer/autumn 2020. Authorities are expected to fund phase 1 bids; for phase 2, funding is being made available to support business case co-development with DfT.
- 3.27 Further work is required on the funding competitions to consider whether they are applicable to Greater Manchester; a follow-up report will be submitted to a future GMTC meeting.

4 PROPOSED APPROACH TO THE STATEMENT OF INTENT

- 4.1 At the meeting of the GMCA on 14 February, it was agreed that Greater Manchester submits its statement of intent as early as possible, to ensure the funding is available to spend from April, subject to approval by the Chief Executive of the GMCA and TfGM, in consultation with the Mayor, Portfolio Holder for Finance and Chair of the GMTC.
- 4.2 Bus services are vital to residents of Greater Manchester, with three out of four public transport journeys made by bus. Continued commercial de-registrations means this funding is more vital than ever, and should be unlocked at the earliest opportunity, whilst also ensuring the best value for money is achieved and the proposal aligns to GM's strategic objectives.
- 4.3 The statement of intent must outline how Greater Manchester will use the funding and demonstrate that it will meet the needs of local people and stakeholders. The guidance specifically refers to engaging with local MPs, residents, local bus users (and non-bus users) and bus operators. Notwithstanding this, it is important to note that this is a relatively small amount of one-off funding in 2020/21, with which it is intended to deliver benefits across each district of GM, therefore there is a limit to the scope and scale of interventions which can be delivered.
- 4.4 To effectively manage this process and ensure that the routes/service interventions with the best outcomes are included in the submission, weighted assessment criteria have been developed to inform the bid. The primary consideration is to demonstrate that the interventions which receive funding are those that meet the Government's objectives to provide enhanced, restored or new links, as noted in section 3.6, yet will also become commercially sustainable in the longer term, or there is the reputational risk of them being withdrawn in the following financial year. The criteria also take into account value for money, deliverability and alignment with Greater Manchester's strategic objectives, vision for bus and 'Our Network' principles as set out in section 2.
- 4.5 The criteria fit into 4 broad categories, which are outlined in more detail below, in order of priority and relative weighting:
1. Commercial sustainability: as noted above, it is important that those services with the most potential to become commercially sustainable after the funding period are prioritised, to avoid unduly raising customer expectations or else committing TfGM to long-term revenue support for services which would otherwise not be provided by the subsidised services budget on the grounds of affordability. This will be scored against indicators such as estimated cost per passenger and how many additional peak vehicles would be required.
 2. Strategic fit: this will ensure interventions align with 'Our Network' and network proposals developed under TfGM's assessment of a proposed bus franchising scheme, and how each will meet the overall funding objectives as outlined in sections 3.6 and 3.7.

3. Social inclusion: analysis of demographic information will be undertaken to assess how well potential interventions might help serve those areas of deprivation more reliant on public transport for access to key services/facilities.
 4. Alignment with network planning principles: interventions will be scored against their contribution to the principles outlined in TfGM's assessment of a proposed bus franchising scheme: comprehensive, direct, simple, frequent, reliable and integrated services.
- 4.6 An initial list of interventions will be developed using intelligence from previous customer and stakeholder contact. There will also be engagement with neighbouring authorities and with local operators to try and identify those services/journeys which could become commercial following a period of 'kickstart' funding. It is intended that a range of different types of interventions are considered, for example, earlier morning/late evening journeys to accommodate shift workers, extensions/diversions to new trip attractors and enhanced Sunday services.
 - 4.7 These measures will be scored against the criteria to determine a shortlist of priorities, which will then be reviewed for their deliverability, affordability within the funding envelope and the extent to which the overall package would deliver a broad degree of geographic balance.
 - 4.8 There is a risk that the availability of this funding as an alternative source to the subsidised services budget may lead to an expectation that it will be used to replace future commercial journey withdrawals. TfGM could potentially opt to preclude any such services from consideration; or only consider them if evidence was provided that demonstrated intervention was both appropriate and warranted.
 - 4.9 Each MP will be contacted directly to engage them in the process, to inform them of the criteria being adopted and the shortlist of potential interventions in their constituencies.
 - 4.10 Consideration could also be given to implementing the funding in tranches, whereby some 'quick wins' are identified for the 13 March deadline, to be delivered from April, with the remainder of funded interventions implemented later in the year, to allow more time for engagement, to align with future service change dates, and to take account of any seasonal variations in demand. This would also avoid a potentially large number of short-notice service registrations being required.

5 RECOMMENDATIONS

- 5.1 Recommendations are set out at the front of this report.

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