

Date: 29 May 2020

Subject: A Better Deal for Bus Users – Update

Report of: Andy Burnham, GM Mayor and Eamonn Boylan, Chief Executive Officer,
GMCA & TfGM

PURPOSE OF REPORT

This report provides an update on the revised approach being taken by TfGM in response to the announcement of funding streams within the DfT’s ‘A Better Deal for Bus Users’ programme, in the light of the on-going coronavirus situation, and the proposed approach for Greater Manchester’s submission for funding for Supported Bus Services. It also updates on the other funding streams within the DfT programme.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the revised approach being adopted by TfGM to develop Greater Manchester’s Statement of Intent to DfT for £1,589,849 for supported bus services, in the light of the wider implications on the bus network, and commercial bus operators, of the on-going coronavirus situation;
2. Delegate the approval of the final approach and submission of the Statement of Intent to DfT by 26 June 2020 to the Chief Executive Officer, GMCA and TfGM, in consultation with the Mayor, Portfolio Lead for Finance and Chair of the Greater Manchester Transport Committee (GMTC); and
3. Note the work which is being undertaken to determine whether there are feasible proposals for the other funding opportunity for which GMCA is eligible for and delegate the approval for the final approach and submission of any expression of interest by 4 June 2020 to the Chief Executive Officer, GMCA and TfGM, in consultation with the Mayor, Portfolio Lead for Finance and Chair of the Greater Manchester Transport Committee (GMTC).

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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:

This report considers the potential submission of an expression of interest therefore there are no revenue implications at this stage but should a full business case be developed and submitted, further details will be needed on the on-going revenue implications.

Financial Consequences – Capital:

This report considers the potential submission of expressions of interest therefore there are no capital requirements at this stage but should a full business case be developed and submitted, further details will be needed on the local match-funding implications.

Number of attachments to the report: n/a

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to GMCA A Better Deal for Bus Users 21 February 2020

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/BACKGROUND

1.1 As reported to the meeting of GMCA on 14 February 2020, earlier this year Department for Transport (DfT) announced details and guidance on the funding opportunities under its 'A Better Deal for Bus Users' programme; these included:

- £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.

1.2 In order to access GM's allocation of supported bus funding, a Statement of Intent was being prepared for submission in March, in line with the approach laid out in the February report, while the original date for submission of Expressions of Interest in the other funding streams was 30 April 2020. However, work was temporarily paused on this development work as a result of the urgent requirements which arose in the early stages of the response to the coronavirus situation, and further guidance has subsequently been issued by DfT.

1.3 This report outlines the revised approach to these funding streams which is now being adopted by TfGM to reflect the changed circumstances within Greater Manchester resulting from the current pandemic.

2 STRATEGIC CONTEXT AND CURRENT OPERATING ENVIRONMENT

2.1 When the funding was originally announced, the options for Greater Manchester's response were being developed to ensure alignment with the Greater Manchester 2040 Transport Strategy, recognising that bus travel needs to be an important part of the overall transport mix, playing a crucial role in Greater Manchester's Clean Air Plan proposals and forming 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.

2.2 While the long-term strategic context in which GM's proposals were being developed earlier this year has not changed, the immediate and short-term environment has been fundamentally altered by the impact of the coronavirus situation. Patronage across commercial services has reduced by around 90% since before the lockdown was introduced, with serious corresponding reductions in revenue. It is estimated that financial support to the GM bus sector is likely to be required for a significant period.

2.3 While patronage has declined severely, bus plays a vital role in providing journeys to designated key workers and others who need to make essential journeys. To support operators to provide necessary services, a 12-week package of financial support was

announced by Government on 3 April, and interim arrangements for operator payments have been put in place by TfGM.

- 2.4 TfGM has been reviewing subsidised bus services with a view to making changes to reflect the pronounced reductions in patronage and staff numbers. Overarching principles have been established to ensure access to hospitals and food retailers is maintained, as well as a more general level of coverage for other essential travel. Further adjustments and revisions will be needed on an ongoing basis and in response to the changing circumstances of the national response to the pandemic and in response to commercial service changes.
- 2.5 The revised approach to supported services also seeks to ensure that local funds are directed in a way which best enables the bus network to support a transition out of lock-down and the wider GM economic recovery.

3 SUPPORTED BUS SERVICES

- 3.1 As noted above, £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.
- 3.2 In the weeks prior to the current emergency conditions arising, work had been undertaken to identify a shortlist of measures which fit DfT and TfGM's criteria for the allocation of funding earmarked for supported services under the Better Deal for Bus Users. These criteria were developed to ensure the most effective allocation of the limited, one-off funding pot, based on commercial sustainability, strategic fit, social inclusion and alignment with network planning principles.
- 3.3 This shortlist included a range of different types of interventions, for example, earlier morning/late evening journeys to accommodate shift workers, express journeys, extensions/diversions to new trip attractors and enhanced Sunday services. It was circulated to local MPs, Leaders and Chief Executives as part of the consultation process required by DfT, and some initial feedback had been received (9 MPs, 4 districts).
- 3.4 Officers had been in the process of refining the shortlist in conjunction with bus operators and scoring each in order to identify the final package of proposals for submission in line with the delegated approval process agreed at the February meeting of GMCA, when the nationwide lockdown was introduced in late March and work on the schemes was suspended in order to allow both officers and operators to focus on the emergency requirements of the crisis.
- 3.5 DfT have confirmed that the original deadline for submissions for all Statements of Intent remains 26 June 2020, after which time TfGM's allocation of funding would not be guaranteed. Furthermore, Ministers have approved allowing local authorities to use some or all of their funding allocation on retaining and restoring bus services affected by the outbreak, as opposed to improving current services. Statements are required to confirm whether this is now the intention, how the funding will be used e.g. creating a funding pot for restoring lost services, and how much of the funding will be used for this purpose.

- 3.6 There does remain some potential to re-allocate other existing resource from within the subsidised network in the short-term if needed. Therefore, the schemes initially proposed are being reviewed at the time of writing to identify which, if any, remain suitable candidates for funding as part of GM's recovery effort from the current conditions. This includes those which might best support economic growth, for example additional trips to key employment/health destinations. It is likely that a number of the original proposals will no longer be progressed as a priority for investment in the current climate, for example, seeking to introduce night services or funding marginal frequency enhancements. Operators will need to be re-engaged to re-validate the business case for each proposal and confirm their willingness to proceed.
- 3.7 The activity described in 3.6 will help to ascertain what proportion of the funding should be retained for the original purpose of the scheme, in terms of introducing enhancements, and what should be re-purposed into a funding pot to retain or restore links affected by the current crisis. While the original guidance required authorities to be fairly prescriptive in terms of the specific interventions being proposed, given the level of uncertainty around how the bus network will be impacted in the short- to medium-term, clarification is being sought from DfT around how much flexibility we can retain in terms of how and when the funding is allocated, potentially including only broad principles about how we intend to prioritise which services to fund.

4. ALL ELECTRIC BUS TOWN

- 4.1 £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. DfT has confirmed that this funding will be going ahead with a later deadline set for expressions of interest by 4 June 2020.
- 4.2 Funding is based on the same model as used for the previous Ultra-Low Emission Bus (ULEB) fund, whereby a successful application would receive up to 75% of additional cost of an electric vehicle and associated charging infrastructure. The base cost and up to 25% of the funding would need to be met locally. All bus companies operating routes in the designated area, which should have a self-contained urban bus network, must sign up to the proposal and to the levels of investment that they are likely to need to contribute, with signatures from the national CEO and local area MD indicating a 5-year minimum commitment that they will run an electric bus fleet in the place.
- 4.3 Work has been carried out to identify a shortlist of suitable 'towns' with a recognised Clean Air problem by reviewing emission modelling, assessing these outputs against the fleet size and operator make-up to establish if the local networks could be converted within the available funding, using the ULEB model outlined in section 4.2.
- 4.4 While the outcome of this work indicates that there are some options which could potentially be developed into viable proposals within the DfT funding envelope, they would involve significant levels of capital investment, either directly by the operator or by GMCA

via a lease-back model, with estimates for total capital expenditure ranging between £60-125m depending on scheme/town.

- 4.5 In order to progress any scheme, engagement is required with each of the operators currently operating in the scheme area to establish if they would be willing to sign up to the scheme and commit any associated costs. Given the level of expenditure involved, this would represent a significant investment commitment at a time of major uncertainty within the bus market.
- 4.6 The outcome of these discussions will determine whether it will be possible to submit an expression of interest before the June deadline.

5. 'SUPERBUS' NETWORKS AND RURAL MOBILITY FUND

- 5.1 The original package of measures under 'A Better Deal for Bus Users' included provision of up to £70 million being made available for both capital and revenue spending under the 'Superbus' networks fund. DfT anticipated funding up to three places, with at least £10m of funding each. Under this fund, authorities were required to develop packages of schemes combining to increase bus patronage in a defined area, particularly ones which suffer significant levels of deprivation, focusing on 3 key priorities: comprehensive network of bus priority measures, fare caps and increased service frequencies.
- 5.2 TfGM had done some initial work to assess the potential opportunity to deliver a Superbus scheme in GM, however, DfT has now confirmed that it is no longer proceeding with the proposed pilots at this time, albeit they have indicated the scheme will be re-visited in the future.
- 5.3 The programme also includes the Rural Mobility Fund. £20m is available over 4 years to trial new or improved on-demand services in rural and suburban areas, with the aim of providing new or enhanced 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 (DRT).
- 5.4 However, DfT has confirmed that, in line with the funding guidance, GM will not be eligible to apply as it has already received funding through the Transforming Cities Fund (TCF), and therefore it has had the opportunity to apply for extra funding through the Future Mobility Zones (FMZ) programme, albeit this bid was unsuccessful. The Department is keen to evaluate DRT in isolation from other measures included in TCF and FMZ projects.

6 PROPOSED WAY FORWARD

- 6.1 Subject to further discussion with DfT around the proposed approach, it is proposed that an update be provided to MPs, outlining the need to re-evaluate the allocation of the funding beyond the initial scope and seeking their endorsement for the revised approach.

- 6.2 TfGM will complete the review of existing proposals in the context of the wider changes in the operating environment, in conjunction with operators, to determine an appropriate allocation of funding to be focused on service enhancement and what element should be re-purposed for retaining or restoring links affected by the current crisis.
- 6.3 Agreement is sought to delegate the approval for the submission of the Statement of Intent by 26 June 2020 to 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).
- 6.4 If there is a positive outcome to discussions with operators regarding the introduction of an all-electric bus town, agreement is sought to delegate the approval for the submission of any such expression of interest by 4 June 2020 to 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).
- 6.5 A further report will be submitted to a future meeting, detailing the outcome of TfGM's response to both funding opportunities.

7 **RECOMMENDATIONS**

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

Eamonn Boylan

Chief Executive Officer, GMCA & TfGM