

Date: 26 June 2020

Subject: Bus Reform: Consultation Update

Report of: Eamonn Boylan, Chief Executive Officer, TfGM and GMCA

PURPOSE OF REPORT

The purpose of this report is to provide an update to members on the steps taken by TfGM and the GMCA to date in considering a proposed bus franchising scheme for Greater Manchester and the impact the COVID-19 outbreak has had on that process.

RECOMMENDATIONS:

Members are requested to:

- i. Note the contents of this report and the report attached at Appendix 2 ('Bus Franchising in Greater Manchester June 2020 – Consultation Report');
- ii. Note that a further report will be submitted to members in due course which will consider the potential impact and effects of COVID-19 on the bus market and make recommendations about appropriate next steps.

CONTACT OFFICERS:

Eamonn Boylan, Chief Executive, TfGM and GMCA

Liz Treacy, GMCA Solicitor and Monitoring Officer

Steve Wilson, GMCA Treasurer

APPENDICES:

1. Greater Manchester Consultation on a Proposed Bus Franchising Scheme: Consultation Document
2. TfGM report titled Bus Franchising in Greater Manchester June 2020 – Consultation Report
3. Ipsos MORI report titled Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

4. Ipsos MORI report titled Qualitative Research Summary Report
5. The Greater Manchester Franchising Scheme for Buses (Draft)

BACKGROUND PAPERS:

Report of the GMCA titled Bus Services Act 2017, dated 30 June 2017

Report of the GMCA titled Bus Reform Objectives Update, dated 25 May 2018

Report of the GMCA titled Bus Reform, dated 27 July 2018

Report of the GMCA titled Transport Revenue Budget 2019/20, dated 15 February 2019

Part A Report of the GMCA titled Bus Reform Update, dated 28 June 2019

Report of GMCA titled Audit and Consultation, dated 7 October 2019

Report of GMCA titled Financial Impact of COVID-19 dated 29 May 2020

1. INTRODUCTION

- 1.1 In June 2017, the GMCA decided to use the powers set out in the Transport Act 2000 (as amended by the Bus Services Act 2017) ('the Act') to prepare an assessment of a proposed bus franchising scheme.
- 1.2 In June 2019 TfGM completed its assessment of a proposed bus franchising scheme on behalf of the GMCA. That assessment was subsequently audited by an independent audit organisation and then consulted upon. The consultation ended on 8 January 2020 (the Consultation Document is attached at Appendix 1).
- 1.3 There were 8,516 responses to the consultation. This included 7,120 responses from members of the public, 41 responses from statutory consultees, 115 responses from non-statutory consultees and 1,240 campaign responses. Both Ipsos MORI (the independent organisation appointed to process the responses) and TfGM have reviewed the consultation responses and TfGM has now finalised its report on the consultation. Because the consultation was conducted before the outbreak of COVID-19 the responses have been considered on the basis on which they were submitted, namely without reference to the potential consequences of COVID-19 for the economy and the bus market and assuming that both developed as was then anticipated.
- 1.4 In terms of process, the next steps as set out in the Act are that the GMCA should publish a report setting out both:
 - i. the GMCA's response to the consultation;
 - ii. the decision on whether or not to make a bus franchising scheme.
- 1.5 The decision whether or not to make a franchising scheme (with or without modifications) is one exercisable only by the Mayor on behalf of the GMCA.
- 1.6 Before the outbreak of COVID-19 it was intended that the report would be published by the GMCA and considered in Spring 2020. However, this intended action was initially delayed as social distancing measures and guidance introduced by the Government meant that it was not possible for the GMCA to hold a compliant meeting.
- 1.7 Secondary legislation introduced under the Coronavirus Act 2020 now allows the GMCA to meet virtually by means of remote access. Notwithstanding this development, it is still not considered appropriate for the GMCA to publish a formal response to the consultation as required by the Act, or for the Mayor to make a decision in respect of the proposed bus franchising scheme at this current time, for the reasons set out below.

2. POTENTIAL IMPACT OF COVID-19 ON THE BUS MARKET

- 2.1 Significant work is currently being undertaken to understand the potential implications of COVID-19 for public transport provision in GM, including the bus market.

Services

- 2.2 Since the lockdown started there has been a major reduction of bus passenger travel in Greater Manchester. Patronage across commercial services initially reduced by around

90% with corresponding reductions in revenue. It is expected that while patronage may start to increase in the short term, for example because of the opening of non-essential retail shops as of 15 June, patronage will continue to be impacted by the decrease in travel and the continuation of social distancing measures.

- 2.3 Bus continues to play 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 which has subsequently been extended. Government guidance has also been issued which requires local authorities to continue to pay operators running contracted services as normal. This has also been extended and interim arrangements for payments to operators have been put in place by TfGM which reflects the guidance.

Financial

- 2.4 The pandemic has resulted in the need for additional public subsidy to support the bus industry.
- 2.5 As well as the Coronavirus Job Retention Scheme, specific bus measures including the COVID- 19 Bus Services Support Grant and the approach to reimbursement for concessionary travel provision, were introduced to effectively continue these two sources of revenue for operators at previous levels (pre COVID-19) while agreeing a reduced service designed to support key workers access to employment sites. It is currently not clear what will happen when this period of support comes to an end.
- 2.6 The budget update received by members on 29th May 2020 set out the position on Bus and stated that:

“5.2.12 [...]TfGM has continued to pay bus operators in GM at c. 85% of pre Covid levels, with all reimbursement based on pre COVID 19 activity levels with the exception of the Our Pass 16-18 concession, which is in a pilot phase, where reimbursement is being made based on actual usage. It is estimated that of the c£6 million per month paid to operators in both April and May, c£1 million relates to tendered services not provided; and £3.2 million relates to concessionary journeys not made i.e. an ‘overpayment’ of c£4.2 million per month.

5.2.13 DfT has made a further grant available to bus operators through the ‘Coronavirus Bus Services Support Grant’ (CBSSG) from mid March to 8 June. GM is receiving c. £3.5 million a month through this source to pay onto bus operators based on them operating up to 50% of pre Covid mileage”.

Recovery

- 2.7 TfGM recovery planning is dealing with the uncertainty of the impact of COVID-19 on travel patterns, not only during the current period of lock-down, but also as Government releases some restrictions on travel. The impact to the economy and behavioural change in the short and long term will change travel patterns and timings, as well as expectations on service delivery. Planning for this recovery is based around a

range of potential scenarios for future travel in GM, it is dependent on the speed of the recovery and the nature of continuing restrictions and shifts in public attitudes to public transport and related issues such as Clean Air.

- 2.8 It is likely that the bus network in Greater Manchester will require ongoing public funding for a significant period following the end of lockdown.
- 2.9 It is likely that government guidelines on social distancing means fewer passengers can travel on a bus, and that this has operational consequences that will increase costs as well as reducing revenue.
- 2.10 In the short to medium term the key issue may be one of having enough supply of bus capacity to meet the peaks of travel demand – the level of social distancing required significantly impacts capacity of buses. There may be measures that might be put in place to reduce this impact such as enabling greater density through the use of face coverings and measures to spread the peak load by employers introducing more flexible work times etc.
- 2.11 Additionally, attitudes to travel in general and public transport in particular mean that even if some of the supply issues noted above can be managed, there is likely to be a significant reduction in public transport demand for a period of time.

3. IMPACT OF COVID-19 OUTBREAK ON DECISION MAKING PROCESS

- 3.1 As noted above, the potential implications of COVID-19 on the local bus market were not taken into account in formulating the proposed bus franchising scheme, its assessment, the consultation or TfGM's report on the consultation responses.
- 3.2 Those potential implications are relevant to any decision on bus franchising because of the relevance of the changes to the bus market, in terms of changes to, and uncertainty about, patronage levels, attitude to travel, potential changes in the operation of bus services and the need for, and capacity to meet, any social distancing requirements.
- 3.3 Before any final decision on franchising may reasonably be taken, consideration needs to be given to the impacts COVID-19 may have on the bus market in GM and the options considered in the assessment, how that impacts on the assessment, audit and consultation already undertaken and the potential need to reconsider some of that work before any final decision on a franchising scheme is made. The outcome of that work will determine if there is a need to repeat some or all of the process set out in the Act.
- 3.4 That being said, TfGM has finished reviewing the responses received to the consultation that has been conducted on the basis of the pre-COVID-19 position and has finalised its report on the same. The report is attached at Appendix 2 along with the proposed scheme (Appendix 5) and the reports prepared by Ipsos MORI (Appendices 3 and 4). In relation to the proposed scheme, members will note that the TfGM report proposed a

series of modifications to the same, following the outcome of the consultation. These recommended modifications concerned removing dates in the proposed franchising scheme, (including the date upon which any proposed franchising scheme would be introduced) and the timing of any subsequent consultation about how well the scheme was working. In addition to this it was proposed that the services listed in Annex 1 of the proposed scheme would be updated to reflect service changes made by operators (which were made pre COVID-19) and that a new article 4.3 would also be included in the proposed scheme to specify the dates on which services may first start to operate. It is important to note that the proposed scheme and these modifications reflect the recommendations and outcome of the consultation and also the market in a pre-COVID 19 context. The proposed scheme may therefore be subject to further amendment as a result of the further report on the potential impact and effects of COVID-19 on the bus market by TfGM.

- 3.5 In the circumstances, members are requested to simply note the contents of the report, scheme and supporting documents at the current time. Final proofreading is taking place on the TfGM report and the final version will be circulated to Members in advance of this meeting along with a summary of any changes. The purpose of their publication at this stage is to draw the original consultation exercise to a conclusion as well as enabling members, stakeholders and the public to consider the results of the consultation in which they may have participated, albeit within a context that pre-dated the COVID-19 outbreak.
- 3.6 A further report will be submitted to members in due course which will consider the potential impact and effects of events of COVID-19 on the bus market and make recommendations about appropriate next steps in the circumstances.

4. RECOMMENDATIONS

4.1 Members are requested to:

- i) Note the contents of the TfGM report attached at Appendix 2 ('Bus Franchising in Greater Manchester June 2020 – Consultation Report');
- ii) Note that a further report will be submitted to members in due course which will consider the potential impact and effects of COVID-19 on the bus market and will make recommendations about appropriate next steps.