

Sponsor: Director of Planning, Transport and Engineering
Author: Head of Traffic & Transportation

National Bus Strategy - Derby update

Purpose

- 1.1 To update Board members on the work required by Government following the publication of the National Bus Strategy “Bus Back Better”.

Recommendation

- 2.1 To note progress and approve timescales and actions as detailed

Reasons

- 3.1 Communities Scrutiny Review Board requested an update on the National Bus Strategy requirements including the Enhanced Partnership/Bus Service Improvement Plan and an update on the bus market and impact on routes in Derby.

Supporting information

4.1 **Bus Service Improvement Plans**

The Government’s National Bus Strategy was published in March 2021. The strategy document was clear that current and future discretionary payments to local authorities would only be available to those who committed to the development formal partnerships for bus services. Similar provisions applied to local bus operators.

- 4.2 The partnership working arrangements were expected to be formalised by ‘making’ a formal Enhanced Partnership (EP). Members should include the local authority, local bus operators and other key stakeholders such as passenger group representatives. Cabinet approved our commitment to establishing an EP for Derby in June 2021.
- 4.3 The national strategy also required local transport authorities to produce a Bus Service Improvement Plan (BSIP). These were intended to set out initiatives and measures which would improve public transport services and infrastructure in each area, with key stakeholders working together in partnership within the EP.
- 4.4 Derby’s first BSIP was approved in draft by Cabinet in October 2021 and submitted to the Department for Transport (DfT). It was also published on our website in line with requirements in October 2021. Weblink at: [Bus Service Improvement Plan 2021 - Derby City Council](#). The document must be reviewed annually with the next version due in October this year.
- 4.5 Following the submission of our BSIP there has been a protracted delay before decisions on funding allocations were announced. There were over 70 BSIP submissions which the DfT then prioritised for the national funding available.

- 4.6 DfT announced the BSIP funding allocations on 4 April 2022. Derby was one of 31 successful counties, city regions and unitary authorities. Our 'indicative funding is up to £7,024,648. This funding is intended to commence the delivery of the BSIP and is for three years up to the end of 2025. Current expectation is that all the funding allocations will be confirmed and released in September 2022.
- 4.7 This indicative amount and any future allocation of BSIP funding is made to the Council as the accountable body. The award, however, is to the new statutory Enhanced Partnership. This means that the decisions on investment must be both in line with national guidance, as well as requiring joint agreement of both the Council and the bus operators as equal partners, with equal voting rights.
- 4.8 The 'indicative' funding is subject to the Council being able to fully satisfy DfT that it meets criteria and priorities for bus services. The initial criteria was provided to local authorities following the submission of the initial BSIP, with additional guidance published following the 'indicative' funding offer. These give very clear guidance that our BSIP activities must be focused primarily on bus priority and fares initiatives and that the draft Enhanced Partnership document will therefore have to be amended. This revised document was submitted to DfT before the deadline of 30 June 2022. Weblink at: [Enhanced Partnership Plan and Scheme 2022 - Derby City Council](#).
- 4.9 The EP Scheme sets out the legal obligations on the Council and local bus operators and it is the mechanism by which the commitments made in the BSIP and the EP Plan are delivered 'on the ground'. Targets include those for journey times, reliability improvements, passenger growth and customer satisfaction.
- 4.10 **Market challenges**
The passenger transport industry, across all sectors, remains fragile. Passenger numbers have not returned to pre-pandemic levels and there is a national shortage of staff, particularly drivers. Rising costs for labour, fuel and inflation are having a major impact on the sector.
- 4.11 The bus industry is exposed to these commercial forces and this has led to services (depleted during the pandemic) not being reinstated. Bus service patronage is currently around 75–80% of pre-pandemic levels. Operators have had to make difficult decisions on service reductions, sometimes effecting frequency, and some routes have been stopped entirely. This pattern is happening across the country.
- 4.12 During the pandemic special funding measures were put in place by Government to assist bus operators, but these have been gradually removed, with the final support mechanism ending in September 2022. As the national support funding declined, operators have been faced with commercially based decisions around which services to operate.
- 4.13 The bus industry remains de-regulated and the Council's ability to intervene is severely limited. The Council has no powers to direct companies to provide a service.

4.14 Network Review

The October Cabinet on the draft BSIP referred to the requirement to carry out a network review. Cabinet accepted the recommendation of Executive Scrutiny, that the network review needed to consider the needs of the community and not just focus on commercial routes. At this time it was understood that the network review requirements of the BSIP would include consultation with the community and that this would be part of the evidence base for the on-going work of the Enhanced Partnership. As a result of the Cabinet decision the intention to conduct a review became a fundamental element of our BSIP and Enhanced Partnership proposals.

- 4.15 The intention to carry out a detailed review of the network has not changed, however, after further Government guidance a requirement emerged for an immediate review, primarily to assess the likely state of the network from October 2022. This review has been limited to local authorities requesting information, under strict conditions of commercial sensitivity, from the bus operators for submission to the DfT by 30 June 2022. We hope that we will be able to make the information available in due course.

Public/stakeholder engagement

- 5.1 To comply with legislation, and with the recommendations of Council Cabinet, the Derby Enhanced Partnership requires full public consultation before the it can be 'made' and become operational. This consultation was delayed by the funding announcement, and by clarification required from the DfT on BSIP priorities, and the revision of the draft document. The consultation commenced on 24 June and will run until 16 September 2022.

Other options

- 6.1 Not applicable.

Financial and value for money issues

- 7.1 The receipt of the indicative allowance funding is subject to the Council being able to fully satisfy DfT that it will meet several criteria and priorities for bus services. DfT have recently suggested that the actual allocation of the indicative funding will now be delayed until September 2022. Should the required criteria be deemed not to be met, then part or all of the funding may not be allocated.

Legal implications

- 8.1 The Bus Services Act 2017 is the enabling legislation for the National Bus Strategy. It states that an EP is 'a statutory partnership between one or more LTAs and their local bus operators that sets out how they will work together to deliver BSIP outcomes in the defined geographical area(s) set out in the EP.'

Climate implications

- 9.1 Greater use of public transport over personal vehicle use will have a positive impact on reducing carbon emissions.

Other significant implications

- 10.1 None directly relevant to this report.

This report has been approved by the following people:

| Role | Name | Date of sign-off |
|---------------------|---|------------------|
| Legal | Olu Idowu, Head of Legal Services | 24/06/2022 |
| Finance | Janice Hadfield, Head of Finance | 24/06/2022 |
| Service Director(s) | Verna Bayliss, Director for Planning, Transport & Engineering | 23/06/2022 |
| Report sponsor | As above | |
| Other(s) | | |

Background papers:

National Bus Strategy <https://www.derby.gov.uk/transport-and-streets/public-transport/transforming-bus-services/national-bus-strategy/>