

WEST NORTHAMPTONSHIRE COUNCIL CABINET

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CABINET MEMBER WITH RESPONSIBILITY FOR ENVIRONMENT, TRANSPORT, HIGHWAYS AND WASTE: COUNCILLOR PHIL LARRATT

Report Title West Northamptonshire Enhanced Partnership

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Appendix A – Enhanced Partnership Plan

Appendix B – Enhanced Partnership Scheme

Appendix C – Stakeholder consultation responses

1. Purpose of Report

- 1.1. This report provides an update on key developments affecting West Northamptonshire's bus services. It seeks agreement for the Enhanced Partnership Plan and Scheme between the Council and local bus operators and the arrangements for reimbursing bus operators for concessionary travel in 2022-23. It notes the need to work with operators to design a financially sustainable and passenger-focused network that works for changing travel patterns

post-pandemic and proposes the allocation of some funding to encourage people to travel by bus.

2. Executive Summary

- 2.1 The Government's National Bus Strategy Bus Back Better required the Council to develop a Bus Service Improvement Plan and Enhanced Partnership in order to be able to access future funding for bus services. Following the publication of the Council's Bus Service Improvement Plan in October 2021, work has been undertaken to develop an Enhanced Partnership Plan and Scheme with local bus operators. These documents form a legally binding agreement between the Council and operators with actions ascribed to all parties. Following consultation with operators and wider stakeholders it is proposed that the Plan and Scheme be made without modification.
- 2.2 Having agreed a new budget for subsidised bus services, the Council needs to develop, consult on and publish a policy on how that budget should be used to meet the requirements of the Transport Act 1985.
- 2.3 While Government has extended Covid-related support for the bus industry until September 2022, the Council needs to work with local bus operators to develop a financially sustainable and passenger-focused public transport network, that works for changing travel patterns post-pandemic.
- 2.4 Having reimbursed bus operators for concessionary travel at pre-Covid levels since March 2020, the Council has options on how much reimbursement should be paid in 2022-23; but any reduction in funding will impact on the level of service which operators can provide.
- 2.5 As the best way to mitigate any reduction in bus services is to have more people travel, it is proposed that funding should be allocated to work with operators to market bus travel across West Northamptonshire.

3. Recommendations

- 3.1 It is recommended that the Cabinet:
 - a) Make the Enhanced Partnership Plan and Enhanced Partnership Scheme, which form Appendices A and B of this report, as proposed in accordance with Section 138G of the Transport Act 2000.
 - b) Note the requirement to develop, consult on and publish a policy for subsidising bus services.
 - c) Note the allocation of additional Government funding to support bus services and the requirement to work with bus operators to co-design a financially sustainable and passenger-focused public transport network, that works for changing travel patterns post-pandemic.

- d) Agree to reimburse bus operators for concessionary travel at 100% of pre-Covid levels until 30 September 2022 and then at 90% of pre-Covid levels until 31 March 2023.
- e) Agree to allocate £50,000 of the resultant projected saving in the concessionary travel budget for 2022/23 to work with operators on a marketing strategy for bus services.

4. Reason for Recommendations

- 4.1 Meeting the Council's legal duties to consult on and publish a policy on subsidised bus services and to provide West Northamptonshire communities with the best possible level of bus service with post-pandemic travel patterns.

5. Report Background

- 5.1 The Government published Bus Back Better, the National Bus Strategy for England (outside London) in March 2021. Backed with transformational funding of £3bn during the current Parliament, the strategy sets out a vision to make buses more frequent, more reliable, easier to understand and use, better co-ordinated and cheaper so that increased passenger numbers lead to reduced congestion, carbon and pollution, and encourages motorists to use a bus rather than their cars.
- 5.2 In order to receive this funding, local authorities were required to commit by the end of June 2021 to forming either an Enhanced Partnership or introducing bus franchising across the whole of their area. Cabinet agreed, in June 2021, to form an Enhanced Partnership, which is a statutory arrangement under the Bus Services Act 2017. The Enhanced Partnership can specify, for example, timetables and multi-operating ticketing and allows the Council, as Local Transport Authority, to take over the role of registering bus services from the Traffic Commissioners, the government body responsible for licensing bus and heavy goods vehicle operators.
- 5.3 Having committed to forming an Enhanced Partnership, the Council had to publish a local Bus Service Improvement Plan, detailing how we propose to use our powers to improve services, by 31 October 2021. In order to meet the timescales set by Government, this was submitted under delegated authority agreed by Cabinet on 12 October 2021.
- 5.4 According to the requirements laid down by Government in the National Bus Strategy, the Council then had to form an Enhanced Partnership by 31 March 2022. This requires the preparation and publication of both an Enhanced Partnership Plan and an Enhanced Partnership Scheme. There are statutory requirements relating to consultation on these documents:
 - A 28-day consultation with local bus operators, with statutory objection thresholds; followed by
 - A consultation with stakeholders; followed by
 - A further 28-day consultation with local bus operators, with statutory objection thresholds, if any modifications to the Enhanced Partnership Plan or Enhanced Partnership Scheme are proposed.
- 5.5 In January 2022, during the initial 28-day consultation period with local bus operators, the Government advised that they now only required a draft Enhanced Partnership Plan and Scheme

to be submitted to them by the end of April 2022. In common with many other councils who had reached a similar stage, it was decided to continue to progress the Enhanced Partnership, but to delay the report to Cabinet to 'make' the Enhanced Partnership Plan and Scheme from March to April 2022.

6. Funding for bus services

- 6.1 The majority of bus services in Britain (outside London) are operated commercially. This means that like any commercial business, the bus operator decides when and where to run their services and the fares to be charged.
- 6.2 Local transport authorities, such as the Council, have a duty under Section 63 of the Transport Act 1985 “to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements ... which would not in their view be met apart from any action taken by them for that purpose”. Section 64 of the Act requires consultation and publication of the Council’s policies in that regard.
- 6.3 Since the former County Council withdrew its bus subsidy budget in 2018/19, the only services which have been subsidised by the local transport authority in West Northamptonshire have been through Section 106 developer funding, funding through parish or town councils and through Government grants.
- 6.4 The Council’s budget for 2022/23 includes a new ongoing budget of £100,000 to support implementation of the Bus Service Improvement Plan and subsidy of bus services, together with a further £215,000 for 2022/23 only. In accordance with the Transport Act 1985 the Council will need to develop, consult on and publish policies for how it wishes to spend money subsidising bus services.
- 6.5 The Council bid, through its Bus Service Improvement Plan, for additional funding to improve bus services in West Northamptonshire. At the time of writing the outcome of that bid is still awaited, and should it be received before the date of Cabinet a verbal update will be provided.
- 6.6 The onset of the Covid pandemic from March 2020 led to a significant reduction in the number of people travelling by bus and a consequent drop in farebox revenue. Operators have been able to sustain services levels through Government funding, initially the Covid-19 Bus Service Support Grant, and since September 2021 the Bus Recovery Grant. The majority of this funding has been paid to commercial operators, but a small proportion has been paid to local transport authorities.
- 6.7 With bus patronage still only having recovered to 70-75% of pre-Covid levels, the Government has agreed a final allocation of £150m to support local bus services across England, to be known as the Local Transport Fund. Details of the allocation of this funding have not yet been determined. This funding is dependent on local areas and operators co-designing a financially sustainable and passenger-focused public transport network, that works for changing travel patterns post-pandemic.
- 6.8 Alongside this support from Government, and at their request, the Council has been maintaining the reimbursement of bus operators for those carried free of charge with concessionary bus passes at 100% of pre-Covid levels. This required a temporary change in

secondary legislation (The Mandatory Travel Concession (England) (Amendment) Regulations 2021 (SI 2021/205)).

6.9 Government had advised in October 2021 that 100% reimbursement would no longer be allowed after 5th April 2022, and that operators should then reimburse operators at 90% of pre-Covid levels from 6th April 2022, and then gradually decrease their reimbursement payments to bus operators by 5% every other month until these payments meet with actual patronage levels.

6.10 However, Government advised in February 2022 that while the above remains their default approach, local authorities will be able to continue to reimburse operators at 100% of pre-Covid levels, or at some alternative level, should local circumstances require it. Further secondary legislation is due to be laid before Parliament to permit this.

7. Issues and Choices

7.1 The Enhanced Partnership Plan and Scheme together form a legally binding agreement between the Council and local bus operators over actions they will take to improve bus services in West Northamptonshire over the three-year period to 31 March 2025.

7.2 The Enhanced Partnership Plan is essentially a condensed version of the Bus Service Improvement Plan which was agreed by Cabinet in October 2021, containing relevant proposals. The key actions described in the Enhanced Partnership Plan are grouped around the themes of:

- Bus priority
- More modern buses and decarbonisation and making passengers feel safer
- Fares and integrated ticketing
- Service network improvement
- Integrated services and information
- Giving passengers a say

7.3 The Enhanced Partnership Scheme describes existing and new facilities and measures for both the Council and bus operators. The Council will continue to:

- Maintain the bus lanes and the bus-only street in Northampton
- Maintain the bus stations in Northampton and Daventry
- Maintain real-time information displays
- Maintain street lighting at current levels in the vicinity of bus stops
- Reimburse operators for concessionary travel
- Use its parking and traffic enforcement powers to make bus journey times more reliable
- Provide bus timescale and mapping information on its website
- Provide systems for reporting highway defects and information about planned roadworks

7.4 New actions to be taken by the Council are, in consultation with bus operators, to:

- Reduce the effect of road works on bus services
- Develop and implement a three-year marketing plan for local bus services

- Develop a passenger charter (also with bus user representatives)
- Work with operators to develop a strategy for replacing diesel buses with electric (or alternative) buses.

And subject to available funding:

- Introduce bus priority measures on the Bedford, Harborough, Kettering, London and Towcester Road corridors
- Improve facilities at bus stops
- Undertake a review of bus stop safety
- Improve and extend the coverage of real-time information displays

7.5 Actions for bus operators contained in the Enhanced Partnership Scheme are:

- To maintain normal daytime frequencies between 0730 and 1830 Monday to Friday on Urban Tier 1 and 2 routes (defined in the Scheme).
- Enhance the bus network to better service visitor attractions
- Undertake a joint network review by April 2023
- Fleet to have Automatic Vehicle Location equipment by April 2023
- 80% of fleet to have digital recording CCTV by April 2025
- Work with Council to phase out Euro III and IV engine buses
- Operators with over 20 buses operating in West Northants to develop investment plans to move to a non-fossil fuel fleet
- Make contactless payment available by April 2023
- Explore common fare stage boundaries by April 2023
- Develop a multi-operator ticket across West Northants
- Work to put in place fare capping for Smart Card or contactless payments
- Improve information provided to the public
- Develop a customer charter

7.6 The Enhanced Partnership Scheme also contains the governance structure for the partnership. This consists of a Management Forum (with 50% voting rights to the Council and 50% to the operators) and a Wider Stakeholder Group. It also provides details of a Bespoke Variation Arrangement to make future changes to the Enhanced Partnership Plan or Scheme in accordance with Section 138E of the Transport Act 2000.

7.7 As described in more detail in section 8.4 of this report, there have been no statutory objections from bus operators to the proposed Enhanced Partnership Plan or Scheme; and there are no modifications proposed to either the Enhanced Partnership Plan or Scheme which would require a second operator consultation. The Council is therefore in a position to be able to make the Enhanced Partnership Plan and Scheme as proposed in accordance with Section 138G of the Transport Act 2000 (as amended by the Bus Services Act 2017).

7.8 As a result of the change in Government requirements described in section 4.5 above, the Council does have a choice of not 'making' the Enhanced Partnership Plan and Scheme and only submitting draft documents to Government. This is not recommended because the Enhanced Partnership would form a useful forum to tackle the challenges which the bus industry will face over the coming years, and provide the basis to spend any funding secured from Government through the Bus Service Improvement Plan.

- 7.9 Having made the decision to reinstate a bus subsidy budget, the Council now has a statutory duty to consult on and publish policies for how this funding will be spent. It is a condition of the new Local Transport Fund that the Council works with bus operators to co-design a financially sustainable and passenger-focused public transport network, that works for changing travel patterns post-pandemic. The Council could choose not to receive any funding via the Local Transport Fund, and therefore not oblige itself to work with operators in this way, but that is not recommended as it would either lead to reduced levels of bus service or increase the call on the Council's own financial resources.
- 7.10 The need to work with operators to co-design a future network and develop a policy for subsidised services aligns well with the requirement for a Bus Network Review in the Enhanced Partnership Scheme, which would consequently be advanced. Although the April 2023 date for such a review in the Enhanced Partnership Scheme cannot be changed without a further round of statutory consultation, there is no reason to believe that bus operators will not cooperate with bringing such a review forward.
- 7.11 As outlined in Sections 6.9 and 6.10 above, the Council has a choice with regards to the rate at which it reimburses bus operators for concessionary travel after 6th April 2022. Broadly the choices are to:
- Continue to maintain payments at 100% of pre-Covid levels for the duration of the 2022/23 financial year.
 - Reduce payments on the basis outlined in section 6.9;
 - Adopt an alternative approach.
- 7.12 The Council could not adopt a less favourable approach than that outlined in section 6.9 without giving operators at least four months' notice as, in accordance with Government guidance at the time, that approach was included in the draft West Northamptonshire Concessionary Travel Scheme published in December 2021, and Section 150 of the Transport Act 2000 requires that operators are given at least four months' notice of any changes. (It is assumed that operators would not object to being given less than the statutory notice should the change be more favourable).
- 7.13 With concessionary bus travel currently at around 60-65% of pre-Covid levels (lower than overall patronage recovery), it is important to recognise that any reduction in reimbursement to operators will inevitably lead to a reduction in service levels. Equally, it seems unlikely that concessionary travel will return to pre-Covid levels in the foreseeable future, and since reimbursement at pre-Covid levels is unlikely to be permitted in the longer term, an eventual reduction in reimbursement seems inevitable.
- 7.14 It is therefore recommended that concessionary reimbursement is maintained at 100% of pre-Covid levels until 30th September 2022 and then reduced to 90% of pre-Covid levels until 31st March 2023.
- 7.15 Although the new bus subsidy budget could allow bus services to be provided for some communities that do not currently have one, it is important to recognise that unless patronage returns to pre-Covid levels in the next few months, a reduction in bus service levels seems inevitable, as beyond September 2022 operators will need to balance their incomes and expenditure without the benefit of Government support.

7.16 The best way of maintaining service levels is therefore for more passengers to be travelling, and to support this it is recommended that £50,000 of the forecast saving in the concessionary travel budget for 2022/23 as a result of the reimbursement approach outlined in section 6.9 is allocated to a marketing strategy to be developed and implemented, working alongside bus operators, to support bus services.

7.17 The next steps to be followed will be:

- A Notice of the making of the Enhanced Partnership Plan and Scheme will be published in accordance with section 138G of the Transport Act 2000.
- Work will commence on the co-design of a financially sustainable and passenger-focused bus network, including exploring options for subsidised services.
- Work will begin on developing plans for the marketing of bus services.
- Bus operators will be advised of the concessionary fare reimbursement for 2022/23.
- The Council will await the announcement of the funding announcement to determine which elements of the Bus Service Improvement Plan and Enhanced Partnership Scheme can be delivered.

8. Implications (including financial implications)

8.1 Resources and Financial

8.1.1 The proposals outlined in this report can be met from existing or new budgets, or grant incomes received from Government or section 106 developer contributions, or funding contributions from Town or Parish Councils.

8.1.2 It should be noted that the Enhanced Partnership Scheme will legally oblige the Council to continue maintaining certain facilities and measures for the three-year period to 31 March 2025, and that this will in consequence limit the freedom which would otherwise exist to reduce budgets in certain areas during this period.

8.1.3 The Bus Service Improvement Plan agreed by Cabinet in November 2021 included a bid for further Government funding, the results of which are currently awaited. Measures in the Enhanced Partnership Scheme which are dependent on this or other funding, are clearly indicated as being subject to funding, and do not represent firm obligations on the Council without such funding.

8.1.4 The 2022/23 budget agreed by Full Council on 24 February 2022 included a new ongoing budget of £100,000 to support implementation of the Bus Service Improvement Plan and subsidy of bus services, together with a further £215,000 for 2022/23 only.

8.1.5 The Council has a concessionary fares budget of £4.359m per annum. This covers both the reimbursement of operators for passengers carried free of charge, the issue of concessionary passes and the associated back-office systems. This report describes three alternative options for reimbursement of operators, all of which would achieve savings against the allocated budget, as described in the table below. These figures include an allowance for new operators who have either started or expanded their operations since before the pandemic, and for some new subsidised services being introduced which would require additional reimbursement.

Option	2022/23 cost	Saving
Budget available	£4.359m	-
Option A: Reimbursement at 100% of pre-Covid levels for full year	£4.348m	-£0.011m
Option B: Reimbursement at 100% of pre-Covid levels for six months, then 90%	£4.136m	-£0.223m
Option C: Reimbursement at 90% of pre-Covid levels from 6 April, then stepped down by 5% every other month until actual levels reached.	>£3.403m	<£0.956m

8.1.6 It should be noted that the full savings for Option C would not be realised, as the level of reimbursement based on actual loadings and fares foregone would be expected to be higher than this figure. However, owing to the uncertainty of what would happen, a value cannot be predicted. There is, however, confidence that the 90% figure would not be breached during 2022/23.

8.1.7 The savings in the Concessionary fares budget may not be sustained in the longer-term, even if patronage does not recover, as the reimbursement is reduced to account for extra patronage generated by availability of free travel. It is likely that Government will reduce the generation factor used in the reimbursement calculations in future years, increasing the reimbursement received by operators.

8.1.8 It is proposed that £50k of the forecast saving in concessionary fare reimbursement in 2022/23 (achievable under any of the options outlined above) is allocated to a marketing strategy for bus services in order to increase patronage and reduce the risk of West Northamptonshire communities having a lower level of bus service in future.

8.2 Legal

8.2.1 The arrangements for consulting on and making an Enhanced Partnership Plan and Scheme are set out in the Transport Act 2000 (as amended by the Bus Services Act 2017) and related secondary legislation. The legislation has been followed in drawing up and consulting on the Enhanced Partnership Plan and Scheme, and this report proposes that the Plan and Scheme are 'made' in accordance with the Act.

8.2.2 The Transport Act 2000 is very prescriptive about the contents of the Enhanced Partnership Plan and Scheme and the appendices to this report have been prepared in accordance with the statutory requirements.

8.2.3 Should Cabinet wish to make modifications to the Enhanced Partnership Plan and Scheme which form Appendix A and B of this report, it will be necessary for them to undertake a further 28-day consultation with bus operators in accordance with section 138G of the Transport Act 2000.

- 8.2.4 It should be noted that once the Enhanced Partnership Scheme is made the Council will have a legal obligation to undertake the measures ascribed to it in the Scheme over the three-year period to 31 March 2025.
- 8.2.5 The Council's statutory duties in relation to subsidised bus services are set out in the Transport Act 1985 and related secondary legislation. The recommended approach for developing, consulting on and publishing a policy for bus subsidy is required to accord with this legislation. Subsidised local bus services must be procured in accordance with the Transport Act 1985 and other procurement legislation, and the Council's own procurement governance.
- 8.2.6 The Council's duties for the issuing of concessionary bus passes and the reimbursement of bus operators under the English National Concessionary Travel Scheme are set out in the Transport Act 2000 (as amended by the Concessionary Bus Travel Act 2007) and related secondary legislation. The recommended approach for reimbursing operators proposed in this report is in accordance with this legislation, and guidance issued by Government

8.3 **Risk**

- 8.3.1 There are no significant risks arising from the proposed recommendations in this report

8.4 **Consultation**

- 8.4.1 Development of the Enhanced Partnership Plan and Scheme has been guided by a cross-party Bus Improvement Working Group. This group will continue to meet quarterly to oversee the review and development of the Council's strategy and the implementation of the Bus Service Improvement Plan.
- 8.4.2 The Transport Act 2000 sets out the consultation process for an Enhanced Partnership Plan and Scheme, which is in three stages:
- i) A 28-day consultation with bus operators, with statutory objection thresholds;
 - ii) A consultation with wider stakeholders; and
 - iii) Should there be any changes proposed following the wider stakeholder consultation, a further 28-day consultation with bus operators, with statutory objection thresholds.
- 8.4.3 In advance of the first formal consultation with bus operators, they were informally consulted on the proposals in the plan. Operators raised concerns about a number of proposals which would have a potential adverse impact on their business or where they were not currently in a position to commit capital investment. Changes were made to the Enhanced Partnership Scheme to reflect these concerns, particularly regarding potential investment in lower-emission buses.
- 8.4.4 The formal 28-day consultation with bus operators then ran from 22 December 2021 to 19 January 2022. While a number of comments were received, which led to very minor changes to wording, no objections were received from operators.

8.4.5 The wider stakeholder consultation then ran from 26 January to 25 February 2022. Consultation responses were received from 15 individuals or organisations. The details are contained in Appendix C.

8.4.6 Many comments received were supportive of the proposals in the Enhanced Partnership Plan and Scheme. Of the comments which could be read as unsupportive the majority related to two key areas.

- The lack of proposals to improve rural bus services or services more generally - While the objective of the Bus Service Improvement Plan is to increase patronage, in the short-term the reality is that the number of passengers is significantly reduced from pre-Covid levels, and commercial operators are not currently in a position to commit to improved services. As described in section 8.1.4 above, the Council has allocated a new budget for subsidised services, which may likely to lead to improved services for some rural areas, but this will be subject to a separate consideration in the coming months.
- The focus being on Northampton rather than the whole of West Northamptonshire – the legislation means that an Enhanced Partnership is focused primarily on commercial services, and the geography of West Northamptonshire means that these are inevitably focused in an around Northampton. However, commercial services which do not service Northampton, such as Brackley – Banbury are included; and there are proposals for real-time displays in other towns if funding is secured.

8.4.7 While a change has been made to the Competition Test as a result of a comment received from the Competition & Markets Authority, and some very minor changes have been made to wording of the Enhanced Partnership Plan and Scheme which are considered inconsequential in requiring a further statutory consultation, it is not considered that there are any further modifications that could be made to which the Council and/or bus operators could commit at this stage. Therefore, the Enhanced Partnership Plan and Scheme can be made as proposed.

8.5 **Consideration by Overview and Scrutiny**

8.5.1 Not applicable at this stage. Overview and Scrutiny may choose to consider the Enhanced Partnership or bus services more generally in future.

8.6 **Climate Impact**

- 8.6.1 The proposals in this report should have a positive climate/environmental impact through increasing bus use, reducing car use and potentially the introduction of lower or zero emission buses.

8.7 **Community Impact**

8.7.1 The proposals in this report reduce the risk that communities in West Northamptonshire will lose their bus service and may allow some communities which currently have no bus service to regain one.

8.8 Communications

- 8.8.1 Work will be undertaken with the Communications team to develop and implement an effective marketing strategy with the objective of increasing passenger numbers, and hence the reliance on Council funding to achieve this.
- 8.8.2 Communications planning and activities will be key to inform, engage and update all stakeholders as plans proceed to design a financially sustainable and passenger-focused network that works for changing travel patterns post-pandemic, particularly in relation to raising awareness and benefits of bus travel to influence and encourage take-up across all communities.

9. Background Papers

- 9.1 Cabinet paper, 8 June 2021, Agenda No 9 National Bus Strategy
- 9.2 Cabinet paper, 12 October 2021, Agenda No 9 Bus Service Improvement Plan
- 9.3 Transport Act 1985
- 9.4 Transport Act 2000 (as amended by Concessionary Bus Travel Act 2007 and Bus Services Act 2017)
- 9.5 Bus Back Better, the National Bus Strategy for England, Department for Transport 2021