

Report of Director of City Development and WYCA

Report to Scrutiny Board (City Development)

Date: 27 January 2016

Subject: Inquiry into Bus Service Provision

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The Scrutiny Board at its meeting on the 17th of June 2015 resolved to undertake an inquiry to consider bus service provision.
2. The Board expressed a desire to have a clear understanding of current service delivery and how this supports our objectives as a Council to connect residents and visitors to employment, training, culture and leisure and support the economic prosperity of the city. This report provides the board with initial background information on the following:
 - De-regulation and the West Yorkshire Context
 - Key Achievements
 - Role of the Highway Authority & WYCA in the Bus System
 - Bus Services and the economy
 - Bus Strategy and Single Transport Plan
 - Partnership and Quality Contract Legislation
3. Further sessions of this inquiry will focus in more detail on the following:
 - WYCA Bus Strategy, Single Transport Plan Consultation and Buses Bill
 - Stakeholder Involvement
 - Operator representations

Recommendations

4. Members are requested to note and comment on this report.

Purpose of this report

- 1.1 This report provides Members with initial background information on bus services in Leeds and West Yorkshire.

2 Background information

- 2.1 Local bus services are an important, but often neglected, mode of transport with a customer base that is less 'vocal' than rail passengers. Recent research by Greener Journeys and the Urban Transport Group (formerly pteg) has confirmed the importance of bus services to local economies. The 2014 Greener Journeys report (Buses and Economy 2), which was based upon research undertaken by Leeds University (Institute of Transport Studies), concluded that:

There is a significant relationship between accessibility by bus and employment. People in urban areas who are currently unemployed and seeking work depend heavily on the bus for access to employment. This is particularly the case for younger people, females, those with no car available and those with lower skills.

The bus is a vital artery for shopping trips. In our sample survey, 70% of non-food shopping trips are to town/city centres with 30% out of town. Bus has the largest market share (one third) of retail/expenditure trips to city centres. Bus users contribute 22% of expenditures on non-food and entertainment across all locations.

The bus has an important social insurance dimension. This is the value of having the option available of using the bus, plus any social or community value buses have on behalf of others.

- 2.2 The pteg report (Making the Connections: the Cross Sectoral Benefits of Supporting Bus Services) re-enforces these findings and also concludes that:

The bus provides exceptional value for money in generating economic benefits for urban areas. In PTE areas, bus networks are estimated to generate over £2.5bn in economic benefits, against public funding of £0.5bn - around £1.3bn reflect user benefits from access to jobs, training, shopping and leisure opportunities.

The bus is a unique and effective tool of social policy. Vulnerable and socially disadvantaged groups in society are most reliant on bus networks; this includes low income households; young people in education, or trying to enter the job market; older people; disabled people; jobseekers; and women.

Bus services are key to providing access to opportunity including providing the jobless with access to work; young people to education and training; and providing a way out of social isolation for older and disabled people.

- 2.3 The quality and effectiveness of local bus services will be important in delivering the Strategic Economic Plan as buses provide access to employment and training opportunities, support retail and other activities as well as helping to address congestion.

De-regulation and the West Yorkshire Context

- 2.4 The 1985 Transport Act de-regulated and privatised local bus services, with the exceptions of London and Northern Ireland. As a result bus services in West Yorkshire are operated by private companies within a de-regulated framework, with circa 90% of bus service mileage provided on a 'commercial' basis (i.e. without direct subsidy from WYCA and associated contractual arrangement), with a small proportion of operating costs offset by Bus Service Operators Grant (BSOG). Bus operators of commercial services determine most aspects of service standards, including routes, frequencies, fares, ticketing, and quality of delivery.
- 2.5 Local Transport Authorities, such as WYCA, are able to influence the performance and development of local bus services through partnership agreements (either voluntary or statutory) or through a Quality Contract Scheme, which has the effect of suspending bus de-regulation and introducing the tendering regime that applies in London and most major European cities. Further information on these approaches is set out in Section 3 and will be covered in the second session to the Scrutiny panel.

Key Achievements

- 2.6 There has been considerable bus related investment by the former WYITA (now WYCA), District Councils and bus operators. Operators have moderated the frequent service changes and fares increases of a few years ago and introduced some fare reductions, as well as investing in vehicles (including hybrid buses) and introducing wifi on some services. Patronage appears to have stabilised at around 180-185 million journeys per year, with the major operator currently reporting year-on-year growth. The most recent Passenger Focus survey of existing passengers reports an increase in satisfaction with bus services in West Yorkshire.
- 2.7 Working together, WYCA, the Council, Operators and other stakeholders have delivered successes across the Bus system in West Yorkshire, including:
- Rebuilt/refurbished almost all bus stations/interchanges across West Yorkshire to a modern standard
 - Introduced a fully low floor bus fleet in accordance with the Disability Discrimination Act
 - Implemented the largest Real Time system outside London
 - Implemented changes to tendered services to better reflect passenger needs
 - A65 Quality Bus Corridor enhancements
 - Opened a Park & Ride at Elland Road
 - Implemented the MCard, the West Yorkshire smartcard multi-modal ticketing scheme with a range of products, with over 95% of all West Yorkshire's buses able to read MCards, covering all routes
 - Implemented a new, smart-enabled retail network incorporating travel centres, website and 700 Payzone outlets
 - Achieved over 1,000,000 smart ENCTS & MCard bus journeys per week

Role of the Highway Authority & WYCA in the Bus System

- 2.8 The Council does not have a statutory responsibility for the co-ordination, provision or financial support of bus services, which in West Yorkshire lies with the West Yorkshire Combined Authority (WYCA).
- 2.9 Leeds City Council, as the Local Highway Authority have the following duties with regard to buses in accordance with the Acts of Parliament outlined below;
- The Highway Act (1980), which sets out the main duties of highway authorities in England and Wales, with regard to the management and operation of the road network. This legislation relates to the creation, maintenance and improvement of the highway. In terms of provision for buses, this act gives the Highway Authority the responsibility for the creation, maintenance and improvement of bus infrastructure, for example bus lanes and traffic light priority measures.
 - The Traffic Management Act (2004), includes a duty for local traffic authorities to secure 'the expeditious movement of traffic on the authority's road network' to tackle congestion and disruption on the road network, including the movement of buses.
 - Under the provisions of the Road Traffic Regulation Act (1984), local authorities can implement 'Traffic Regulation Orders'. A traffic regulation order (TRO) is the legal instrument by which traffic authorities implement most traffic management controls on their roads. TROs are designed to regulate, restrict or prohibit the use of a road, or any part of the width of a road by vehicular traffic or pedestrians.
 - In November 2005, new regulations enabled local authorities outside London to carry out camera enforcement of bus lanes provided that their area had been designated as a permitted/ special parking area under the provisions of Schedule 3 of the Road Traffic Act 1991 undertaking enforcement by way of the Decriminalised Parking Enforcement (DPE) provisions. A number of local authorities have adopted these powers to enforce bus lanes.
 - Local Development Plan working closely with WYCA on strategic transport developments, such as HS2 and Transport for the North.
- 2.10 On its formation in 2014 the West Yorkshire Combined Authority (WYCA) brought together previously dispersed decision-making powers around Transport, Economic Growth and Regeneration into a single body. It works on behalf of the 2.2 million people of West Yorkshire, under the brand 'Metro' for its public transport services, to help plan and coordinate public transport services. WYCA undertakes the following roles with regard to bus provision:
- As the Local Transport Authority for West Yorkshire under the 2008 Local Transport Act, WYCA has a statutory duty to produce and maintain a Local Transport Plan for the region. WYCA is currently developing a new, overarching Single Transport Plan to replace the existing Local Transport Plan. Through this Local Authorities have input into public transport policies contained within these plans.
 - The planning and delivery of tendered bus services (those bus services which are considered to be "socially necessary" and are not provided

commercially by bus operators). These services, at present around 10% of the bus system in West Yorkshire, are typically funded by the public sector;

- Managing the English National Concessionary Travel Scheme on behalf of the registered residents in West Yorkshire, including Senior, Disabled, Disabled and Companion. In addition WYCA manages Young Persons, Scholars and 16-25 year olds concessionary travel schemes;
- Managing school transport by procuring bus services for school pupils across the county, co-ordinating the needs of statutory travel (the responsibility of the District Local Education Authorities) and non-statutory needs.
- Administering and facilitating the development and implementation of M-Card smartcards
- Managing transport assets across the region, including 14,000 bus shelters and stops, and 30 bus stations and bus points.
- Providing travel information at stops, stations, online, and over the phone through Metroline

3 Main issues

Bus Services and the Economy

- 3.1 Good transport is essential to support economic growth. People need to travel to access jobs, education and training and to get to amenities and leisure activities in communities across West Yorkshire and the wider Leeds City Region. 'Better transport connectivity is the driving force' of the City Region's Strategic Economic Plan.
- 3.2 Buses account for most public transport journeys by far. In 2013/14, there were more than three times as many bus journeys as rail journeys. Every day, almost 2.5 million people all over Britain travel to work by bus. Bus users make 1.4 billion shopping trips per year and spend an estimated £27 billion on retail goods. Across Great Britain, 30% of people are frequent bus users (defined as using the bus at least once a week) – a quarter of men and a third of women. Over half of 16-19 year olds and over a third of 20-29 year olds are frequent bus users.
- 3.3 The bus has a critical role in supporting the growth of urban economies. In PTE areas alone bus networks are estimated to generate over £2.5 billion in economic benefits by providing access to opportunities; reducing pollution and accidents; and improving productivity. Across West Yorkshire the majority of public transport journeys are made by bus. However bus patronage has declined significantly over the last 20 years.
- 3.4 The urban bus offers excellent value for public money. Every pound spent gets traffic off the road and reduces congestion for other road users. However, it is a transport measure that also meets multiple social policy goals. It gives the jobless access to jobs, gives young people access to education and training and gets older and disabled people out of isolation. It also contributes to public health through the associated exercise as well as getting people to healthcare appointments.
- 3.5 Although our transport network supports a high volume of passenger and freight movement, it is not keeping up with the pace of growth in our economy and the

growth in our workforce. The bus system offers the flexibility to enable transport provision to reflect and adapt to these changes. And there is mutual benefit in developing the bus system to meet West Yorkshire's economic needs. Only by steadily increasing its use can we underpin the long term commercial viability and financial sustainability of West Yorkshire's bus system.

Bus Strategy and Single Transport Plan

- 3.6 There has been an on-going debate about the effectiveness of bus de-regulation, with some strongly held opposing views. The Competition Commission undertook an investigation of the bus industry between 2010 and 2012. The Commission's final report of 2012 concluded that there was, in general, little effective competition between bus operators and that some detriment (the Adverse Effect on Competition) was likely as a result. The Competition Commission noted that the Adverse Effect on Competition was, in general, more likely to occur in West Yorkshire than other comparable metropolitan areas.
- 3.7 The Competition Commission proposed a number of remedies aimed to promoting competition between bus companies. The former WYITA were advised that these remedies were unlikely to be effective in the West Yorkshire context as they were already in place or were considered to have little potential impact. Recent market analysis has demonstrated that the level of competition has not changed significantly since the Competition Commission's report was published, meaning the potential for significant detriment (Adverse Effect on Competition of c £30 million per annum) remains.
- 3.8 Bus patronage in West Yorkshire has declined by 11% between 2001 and 2011, despite an increase in population and the introduction of the English National Concessionary Travel Scheme. The reasons for decline are complex and include changes in car ownership, growth in local rail travel, the relative costs of public transport and car use, perceptions of value for money and operational performance.
- 3.9 WYCA are currently developing a West Yorkshire Single Transport Plan, to update the existing Local Transport Plan, bringing a range of current strategic transport plans and programmes into one single plan and provide a clear statement of the Combined Authority's vision for transport.
- 3.10 A key element of the Single Transport Plan is the Bus Strategy for West Yorkshire. This will be a 10 to 15 year strategy to set out what we want to achieve from the Bus System. WYCA are currently working with a range of stakeholders to develop the principles and vision. A full Public and Stakeholder Consultation is planned for early 2016.

Partnership and Quality Contract Legislation

- 3.11 Current legislation and guidance in England sets out two broad alternative approaches to improving local bus services
- Partnership Approaches, including voluntary, qualifying and statutory forms, which are non-contractual ways of joint working between Local Transport

Authorities (such as WYCA), highway authorities and private bus operators. Most areas are developing partnership approaches and these may be supplemented by a Ticketing Scheme; and

- A Bus Quality Contract Scheme. This would suspend the 1985 Transport Act (de-regulation) for a period of up to ten years and introduce a London style contracting regime for the majority of local services. No Local Transport Authority (LTA) has introduced a Bus Quality Contract Scheme. The only area to have used the powers is the North East Combined Authority (NECA).

3.12 Whichever approach is taken, all aspects of a scheme must comply with the respective competition law which is intended to remove barriers to market entry and prevent anti-competitive practices.

3.13 In November 2014, the North East Quality Contract Scheme Board gave an opinion on NECA's proposals. The Board concluded that the NECA's proposal to introduce a Quality Contract Scheme did not meet all of the public interest tests. NECA is currently reconsidering its position following the Board's findings and is considering four options:

- In theory, NECA could introduce the QCS as it currently stands, setting out in a response to the QCS Board any actions taken to respond to its recommendations
- NECA could revise the QCS proposals and supporting evidence (particularly the economic appraisal and the approach to financial risk management), in such a way that seeks to address the QCS Board's concerns.
- NECA could seek to introduce bus franchising using powers to be included in the forthcoming Buses Bill referenced in the devolution agreement.
- NECA could continue discussions with the bus operators as to the proposed Voluntary Partnership Agreement. The operators have proposed this as a way forward in their public responses to the QCS Board's findings.

3.14 The challenges of using the existing legislation were illustrated by the opposition from the local bus operators.

Buses Bill

3.15 The Government is planning a Buses Bill. The Buses Bill will provide local authorities, elected Mayors and bus operators with a more effective toolkit to enable improvements to be made to bus services in their areas. The Bill will make it easier for Mayoral Combined Authorities to introduce bus franchising and also provide a better framework for enabling Local Authorities and Operators to reach an Enhanced Partnership agreement.

3.16 The new franchising powers are being designed to be clearer and simpler to use than the current Quality Contract Scheme (QCS) process, but would achieve the same end outcome – the replacement of the de-regulated bus market within an area or area(s) with a new system in which the local transport authority would take responsibility for planning and specifying the services to be delivered, and bus operators would bid to provide those services.

- 3.17 The Buses Bill would enable local transport authorities to pursue franchising, but not require them to. Areas that will have access to these powers, including as part of a devolution deal, will be able to take a local decision on whether or not they wish to franchise their bus services. This reflects the Government's commitment to devolution and the principle that local areas must decide for themselves the most appropriate approach for improving bus services in their areas.
- 3.18 The Bill will also contain stronger arrangements to allow local government to work in partnership with bus operators and other local stakeholders. The Bill is likely to revise existing quality partnership rules by removing the requirement that LTAs are always required to provide new facilities and by adding to the measures that can form part of a quality partnership scheme. This reflects the views that the existing quality partnership framework was too restrictive.
- 3.19 The DfT are also continuing to work up proposals for "Enhanced Partnerships". This is to encourage partnership working to go further by improving governance arrangements, expanding the areas that partnership measures can cover and allowing local implementation and enforcement. Overall, it is intended that these powers will allow Enhanced Partnerships to deliver some of the outcomes that are only otherwise possible under a franchising model. The Enhanced Partnership proposals will also allow for majority decision-making and provide some additional protection from the competition legislation

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 WYCA have taken a phased approach to the development of the Bus strategy with both public and stakeholder consultation taking place over the next 6 months with the aim to produce a 'WY Bus Strategy Policy Document' adopted by WYCA by April 2016.
- 4.1.2 Highways and Transportation schemes are subject to the following four stage consultation process;
- Stage 1 – Internal Scheme Development Consultation List (Technical).
 - Stage 2 – External Scheme Development Consultation List (Key Stakeholders).
 - Stage 3 – Public Engagement Consultation List.
 - Stage 4 – Review Feedback, Report Back Findings & Recommendations.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 WYCA will be responsible for ensuring compliance with Equality and Diversity requirements of the Bus Strategy.

4.3 Council policies and Best Council Plan

- 4.3.1 This inquiry will support objectives as defined in The Vision for Leeds 2011 – 2030 and the Best Council Plan 2015-20

4.4 Resources and value for money

4.4.1 This report has no specific resource and value for money implications

4.5 Legal Implications, Access to Information and Call In

4.5.1 This report has no specific legal or access to information implications

4.6 Risk Management

4.6.1 This report has no risk management implications. Processes for risk and project management form part of the various projects related to the bus strategy being progressed by Leeds City Council and WYCA.

5 Conclusions

5.1 This report has presented an initial overview of the background position to the provision of bus services in Leeds, in the context of the history of the deregulation and privatisation of the bus industry. The report outlines the current legislative position of the Council as the Local Highway Authority, and the role of the West Yorkshire Combined Authority with regard to the provision of bus services in Leeds. The report also provides background to Bus Services in Leeds and West Yorkshire, and the relationship between Bus Services and the economy.

5.2 This report also provides members with the background to the WYCA Bus Strategy and the emerging Single Transport Plan.

6 Recommendations

6.1 Members are requested to note and comment on this report.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.