

Leeds City Council Response on the West Yorkshire Combined Authority Bus Reform Consultation

Date: 13 December 2023

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief Summary

The following White Paper Motion resolution was made at Leeds City Council's Full Council meeting on 15th November 2023 and was carried by a majority: -

This Council fully supports a franchised bus system in West Yorkshire as set out in the recently published West Yorkshire Combined Authority consultation on bus reform. Council calls for a report to be presented to the December Executive Board meeting to provide Council's formal response.

The West Yorkshire Combined Authority (WYCA) has commenced public consultation on their Bus Reform proposals. The Consultation ([Link Here](#)) is a Statutory requirement of the process, to consult with key stakeholders which include the five West Yorkshire districts (amongst others) ahead of working towards its ultimate adoption as part of the Local Transport Plan for the region.

The report sets out the key points to note and outlines details of the Leeds City Council (LCC) formal response to the Statutory consultation which is required by January 7th, 2024, and the Mayor of West Yorkshire will look to make a decision around mid-March depending on the nature and volume of the responses to the Consultation.

A draft letter of response has been prepared which sets out LCC's support for the process recognising the strategic importance of the Bus, and how it aligns with LCC's Vision and Ambition and aligns with the Three Pillars of the City Ambition (Appendix A).

The letter includes reference to the LCC response to the specific questions set out in the Questionnaire, although the Questionnaire itself (47 Questions) is included as Appendix B.

The letter outlines the advantages of Bus Reform but also refers to the potential financial risks which Bus Reform entails and outlines the measures WYCA have outlined to alleviate those risks.

Recommendations

Executive Board is requested to: -

- a) Note the contents of this report as requested by Full Council on November 15th, and endorse the response as set out in the draft letter (Appendix A) and the detailed response to the Questionnaire (Appendix B)
- b) Endorse the process as outlined going forward and support the Mayor in the final decision.
- c) Approve that the decisions from this report are exempt from Call In pursuant to paragraph 5.1.3, Part 4 of the Constitution on grounds of Urgency, as referenced in full at paragraphs 25 – 27.

What is this report about?

- 1 The West Yorkshire Combined Authority (WYCA) has commenced public consultation on the Bus Reform proposals for West Yorkshire. As a statutory consultee and strategic partner Leeds City Council is one of the five West Yorkshire districts and our response forms a key element of the consultation.
- 2 On November 15th, Leeds City Council's Full Council endorsed the motion; -
 - a) *This Council fully supports a franchised bus system in West Yorkshire as set out in the recently published West Yorkshire Combined Authority consultation on bus reform. Council calls for a report to be presented to the December Executive Board meeting to provide Council's formal response.*
- 3 This report sets out the key points to note and outlines the proposed LCC response to the statutory consultation and that of the motion at full Council. A formal response is required to be submitted by January 7th, 2024.
- 4 WYCA has set out a bold ambition to make West Yorkshire greener, more inclusive, and better connected. To achieve this, it is recognised that the bus service needs a fundamental reorganisation to become the cornerstone of the sustainable transport offer in West Yorkshire.
- 5 This is mirrored by Leeds's own Connecting Leeds Transport Strategy which makes a viable, modern, and clean, bus service a cornerstone of the Strategy.
- 6 WYCA have developed proposals which were enabled by the National Bus Strategy of 2021. The progress has then developed thus: -
 - 2021: WYCA published the Bus Services Improvement Plan
 - 2022: An Enhanced Partnership was made with local bus operators and the districts, including an EP Corridor on the A61 South.
 - 2022: WYCA launched an Assessment of the Five Business Cases which was concluded by May 2023.
 - 2023: In May the Combined Authority approved that Assessment to proceed to Independent Audit.
 - 2023: In September the Independent Report was approved to proceed to consultation.
 - 2024: A Mayoral decision between a Franchising Scheme & the EP Plus will be made after analysis of the responses.

- 7 The BSIP recognised the decline in Bus Patronage (see Strategic Case) and prioritised 5 areas to address the decline: -
- Network: there is a need for a more innovative approach to the development of the network, acknowledging that the current network requires financial subsidy
 - Fares & Ticketing: While 'The Mayor's Fare' has simplified the process recently in West Yorkshire there is still a need for a single transparent ticketing system.
 - Customer Services and information: There is no single point of contact for customer information, with an uneven response to issues, and it is difficult to assess initiatives.
 - Bus Priority: While the Leeds District has benefited greatly from the LPTIP Bus Infrastructure programme, a number of key corridors remain without bus priority, and this situation is worse around the other West Yorkshire districts.
 - Greener and better vehicles. There is still a wide range in the quality of the bus offer in West Yorkshire, and more importantly it is imperative that all buses are zero emission as soon as possible.
- 8 The consultation then outlines the options available, against the current situation namely the current Enhanced Partnership which is used as the Reference Case: -
- Enhanced Partnership Plus
 - It is a legal model where the Local – or Combined Authority in this instance can enter a legally binding (Statutory) agreement and specify how they will work together to improve bus operations.
 - The services remain privately owned and the Operators retain the Revenue and operators decide how, where and when the buses run. Operators outside the agreement would still be bound by it on selected routes.
 - It is likely that not all routes would be included within the agreement.
 - The Franchising Scheme
 - Buses run under the ownership and control of the CA.
 - The CA (or its arms' length body) would also need to purchase and own the Bus Depots.
 - This would give the CA the power to set the routes, frequency, fares & overall standards.
 - It can ensure that services integrate properly with the remainder of the public transport offer. (Heavy Rail now and Mass Transit later).
 - It is similar to the model which has been introduced in Greater Manchester in September (2023).

WYCA has worked with the Bus Operators to draw up what would aim to be the most ambitious EP+ that could be delivered. This culminated in a joint operator offer to WYCA in August.

- 9 The assessment is based around the five assessment cases which are necessary by Law: -
- Strategic Case:
 - Economic Case
 - Commercial case
 - Financial Case
 - Management Case

The Consultation outlines the issues concerned with each of the cases and makes a direct comparison between the Enhanced Partnership Plus offer, and the Franchising Offer.

The Combined Authority subjected the options – as well as the reference case - to an independent review by Grant Thornton.

Strategic Case

10 The Strategic Case sets out the current situation describing the long-term decline in the bus market and a Bus Service which is not meeting the needs of the customer.

In West Yorkshire, bus passenger journeys fell by 21% between 2009 and 2019 (from 169m per year to 133m per year. Greater Manchester had a similar decline. Since then, it is thought that passenger levels have recovered to around 84% of the pre-pandemic level.

The number of miles being operated has also fallen from 60.9 million miles to 46.3 million miles over the last 10 years. Significantly during the same time-period, the Combined Authority has had to contribute more than £21 Million per annum to the operation of this shrinking network, an increase of some 25%.

It should be emphasised that this situation is occurring at the same time when 30% of the people of Leeds do not have access to a car. This has a great impact on the Three Pillars of the Best City Ambition (see para 15 and on).

Unfortunately, not all of the data is currently available on a Leeds basis with some information still to be disaggregated by WYCA and external partners.

It is acknowledged that the policy objectives will only be met by ensuring that the other four Business cases are met. That is the Strategic Case provides the reason why it should be done while the other four Cases need to be achieved to deliver the changes.

<u>Case</u>	Performance
Strategic Case	Both perform well against the reference case. However, all the proposals in the EP+ rely on operator agreement, and in some instances public sector funding. The FS is better aligned with the WYCA Transport Strategy (& the LCC Strategies) due to the certainty it offers, and the control over Bus Services and potentially Mass Transit.
Economic	Both perform well – the FS has a higher NPV but the EP+ has a better BCR.
Commercial	FS allows for greater control of Bus Services at the detriment of a greater level of risk. Again, the EP+ would also be subject to ongoing operator agreement.
Financial	Both options are affordable by the Combined Authority, & while the FS offers more scope to develop the Network, it comes with the corresponding increase in Risk. This would not be the case with the EP+.
Management	Both options are deliverable by the CA albeit with increased roles and responsibilities for FS, but for the EP+ there is likely to be duplication of roles between WYCA and the Bus Operators.
Key –	FS = Franchising Scheme EP+ =Enhanced Partnership Plus.

Assessment Conclusion

11 The assessment concludes that the Franchising Option offers better Strategic Benefits in line with the stated objectives and a greater level of opportunity to achieve both the CA's objectives

and ambition (and those of Leeds City Council) compared to the EP (Reference Case) and the EP+.

However, the assessment also makes it clear that to instigate the process requires significant capital investment by the CA, and contains ongoing key risks: -

- Financial: Concerning the management of budgets and fare box revenue (in an acknowledged time of decline)
- The management of the transition between the current operating system and Bus Franchising.
- The purchase and management of bus depots.
- Ensure that the CA has the necessary skills and resources to deliver the change and the new operation.

The independent Review demonstrated that the proposed Franchising Scheme delivers greater benefits while aligning with the Combined Authorities Strategic objectives.

This was modelled against numerous scenarios all assumed that bus use would continue to decline. It found that the decline would be less pronounced with the Franchising Option, and policy interventions combined with investment will be required to further change this trajectory.

What impact will this proposal have?

- 12 In the first instance immediately after the transition, WYCA are seeking a status quo, i.e., they adopt control of the Bus Network, and everything operates almost as before in an efficient and robust fashion.
- 13 In the longer- term Bus Franchising provides an opportunity to re-cast the Network, enabling better integration overall and particularly with Mass Transit, and providing the opportunity to develop a hub and spoke Bus Network. It also creates an opportunity to introduce modern buses (with multiple doors) and deliver innovative forms of ticketing to speed up bus journey times.
- 14 Bus is a key mode in delivering the outcomes of the Connecting Leeds Transport Strategy therefore improving and securing the bus offer is imperative.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

15 Health and wellbeing

The development of Bus Reform will improve Bus Services as the cornerstone of the sustainable public transport offer and allow it to complement Mass Transit. A modern attractive bus offer will support healthy, physically active lifestyles whilst encouraging the feeling of safety when using transport infrastructure.

16 Inclusive Growth

An attractive and responsive Bus Service will boost productivity by helping businesses to grow and invest in the region and their workforce, to drive economic growth, increase innovation and

create jobs. It will help people travel to jobs and education in a reliable, efficient, and affordable manner, while increasing the job and training opportunities people can easily reach.

17 The Inclusive Growth Strategy acknowledges the role of Transport in supporting and delivering inclusive growth in the city. Investing in our places and transport to create a sustainable economy and greener future where you don't need a car, bringing jobs and opportunities closer to people and continue to support the most disadvantages communities across Leeds.

18 Zero Carbon

Bus Reform with its emphasis on a Zero Emission Bus Service and a more attractive offer which will draw people away from other less environmentally friendly modes, will directly tackle the objective of tackling the climate emergency by growing the economy while cutting emissions and improving the environment.

What consultation and engagement has taken place?

Wards affected: **ALL**.

Have ward members been consulted? Yes No

19 WYCA have held briefings for each party grouping of Ward Members, and the Executive Member and has been briefed additionally by Leeds officers.

20 Appendix B is the detailed 47 question response to the Consultation. There is also a more streamlined ten question Questionnaire contained in the Executive Summary of the Bus Reform documentation, but although significantly shorter, it still requires a level of knowledge/interest that may not lead to a satisfactory level of response from the General Public.

What are the resource implications?

21 Currently none directly for LCC, but (as outlined below in the following Risk section) the Risks entailed in Bus Franchising over the current Enhanced Partnership, or the Enhanced Partnership Plus are more significant.

What are the key risks and how are they being managed?

22 The assessment makes it clear that to instigate the process requires significant capital investment by the Combined Authority, and contains key risks: -

- Concerning the management of budgets and fare box revenue (in an acknowledged time of decline)
- The management of the transition between the current operating system and Bus Franchising.
- The purchase and management of bus depots.
- Ensure that the CA has the necessary skills and resources to deliver the change and the new operation.

Moreover, while the projections demonstrate how in all the scenarios tested Franchising represents good value for money, the responsibility for the complete operation of the buses lies

with the Combined Authority while in the Enhanced Partnership Plus the responsibility is shared.

The Bus Reform process has been modelled for Low, Central and High demand against different funding levels. However, concerns remain that if there is a sudden and rapid decline (such as a Pandemic) and therefore Fare Box revenue rapidly decreases, we would be concerned that WYCA (and ultimately ourselves) would be left with a stark choice between putting further funding into the Network, or simply allowing the network to go into further decline.

This is highlighted in the Corporate Risk Register which contains the following Risk.

Transport Issues: Keeping the City Moving: Failure to adequately maintain and manage the current transport infrastructure to keep the city moving.

The ongoing responsibility to underwrite West Yorkshire bus operations in an ongoing decline beyond the parameters set out in the Consultation document and the Assessment remains an unlikely but unpalatable risk, and should it occur would have a detrimental effect on the Bus Network, which is a key element of the transport infrastructure. That responsibility lies with the CA in the first instance, and ultimately LCC.

There is also a Risk that the Lotting system will rely on the more lucrative Leeds zones cross subsidising the other Zones around West Yorkshire within a Lotting Round, and we are concerned that this may lead to a sub-optimal solution for Leeds. However, we recognise that it is a West Yorkshire scheme that will need to be developed.

What are the legal implications?

- 23 The Council is responding to a formal consultation that has been initiated by WYCA. Formal consultation is required by the Transport Act 2000 as amended by the Bus Services Act 2017 ('the Act') and has been prepared in accordance with the Act and the supporting Bus Services Act 2017: Franchising Scheme Guidance).
- 24 The Council's consultation response alongside all other replies will inform a decision by the Mayor of West Yorkshire on whether to introduce the Proposed Franchising Scheme.
- 25 This report to the Executive Board is designated as being exempt from Call In pursuant to paragraph 5.1.3 of Part 4 of the Constitution (Exemption from Call In) on the basis that the decision is considered to be urgent and that "any delay would seriously prejudice the Council's or the public's interests".
- 26 The Consultation was launched by WYCA on October 10th, and consultation events continue around West Yorkshire until December 8th, therefore it was not possible to present this item at an earlier Executive Board due to governance processes.
- 27 Regarding the grounds for urgency. Given the deadline of 7th January for the submission of formal responses to the Statutory consultation, in considering the report at today's meeting (13th December), if the report was open for Call In and Call In invoked, then it would be likely that the required Call In processes would not be able to be concluded prior to the 7th January deadline. As such, there would be a risk to the Council meeting the deadline of 7th January for formal responses to the Statutory consultation.

Options, timescales and measuring success.

What other options were considered?

- 28 The Consultation goes into detail with regard to how the chosen Franchise option compares and is superior to the EP+, against the Reference case.

It also acknowledged that continuing in the current way i.e., with the Enhanced Partnership (Reference Case) will not arrest the current decline.

How will success be measured?

- 29 If after the transition period a robust (if similar) network is in place, which slows down the decline in Bus Patronage.
- 30 In the medium term the ability to re-cast the Bus Network, in a more functional way which better meets passenger needs.
- 31 Going forward having the ability to ensure that that the Bus Network compliments Mass Transit and does not compete against it.

What is the timetable and who will be responsible for implementation?

- 32 The consultation outlines that the first contract will be let in 2026, and remainder over 18 months or so into 2027.
- 33 WYCA have responsibility for implementation.

Appendices

- **Appendix A** – Draft Letter, LCC response to WYCA
- **Appendix B** – Extended Bus Reform Consultation Questionnaire Response
- **Appendix C** - Equality, Diversity, Cohesion, and Integration (EDCI) impact assessment.

Background papers

None.