

REPORT TO: Environment and Urban Renewal PPB

DATE: 21 February 2024

REPORTING OFFICER: Matt Goggins – Assistant Director for Bus (LCR Combined Authority)

PORTFOLIO: Environment and Urban Renewal

SUBJECT: Bus Franchising in the Liverpool City Region

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The Combined Authority's Assistant Director for Bus will provide an overview of bus franchising in the Liverpool City Region, how it forms part of the creation of a London-style integrated transport system, and the current programme for transition.

2.0 RECOMMENDATION: That:

Members of the board note the contents of the presentation.

3.0 SUPPORTING INFORMATION

- 3.1 On 6th October 2023 the Combined Authority considered a report detailing the outcome of the consultation exercise on the Liverpool City Region's proposals for Bus Franchising and making recommendations on a proposed Bus Franchising Scheme.
- 3.2 The Mayor stressed the significance of the decision and the potential transformative effect it would have on the City Region by improving connectivity; facilitating social mobility; providing a lifeline to the most vulnerable.
- 3.3 He reiterated his commitment, made in his Manifesto, to build a London-style integrated public transport network that was quicker, cheaper, cleaner, better connected and more reliable.
- 3.4 The Mayor stressed the importance of buses to the public transport system, with approximately 82% of all public transport journeys in the Liverpool City Region taken by bus, equating to nearly 400,000 journeys every day. He also draw the distinction between the approach taken in the 1980s to public transport between London and elsewhere in the country, where London retained control that allowed it to provide convenient, reliable and innovative services to all in the city, whereas for others it became deregulated, fragmented and underfunded and gave little real alternative to the car.

- 3.5 The Devolution Deal included the ability to change the way bus services were delivered in the City Region. Having worked through the steps required by the law, it was possible for the Combined Authority to choose to move to a franchising model that would provide greater control over fares, tickets and routes and ensure that bus services could be run in the best interests of passengers.
- 3.6 The statutory consultation showed significant support for franchising plans with around 70% of more than 6,000 responses from members of the public supporting the proposals.
- 3.7 Following consideration of the report, the Combined Authority recommended to the Mayor that he make the franchising scheme, which he subsequently did. Following this decision, the Liverpool City Region became a franchising authority and began a transition from the current deregulated bus system which has been in operation since 1986, towards a franchised system under public control.
- 3.8 The update provided by the Assistant Director for Bus at the Combined Authority will provide further context to bus franchising, including an update on current transition plans.

4.0 POLICY IMPLICATIONS

- 4.1 Reforming the region's public transport system is at the heart of the Combined Authority's Corporate Plan. Public transport, with bus reform as a key enabler, makes a major contribution to the creation of a fairer, cleaner, connected City Region. The Corporate Plan's priorities, and the role of a reformed public transport system in delivering them, contribute to several key Combined Authority strategies including the Plan for Prosperity, Five-Year Climate Action Plan, the emerging Local Transport Plan and the Spatial Development Strategy (currently under development).
- 4.2 The Plan for Prosperity is the economic and place-based strategy for the City Region. It recognises that prosperity is more than just monetary wealth: it is about health, well-being, good employment and a high-quality living environment. An essential component is to strengthen and improve the City Region's public transport services and networks that support modal shift and serve economic ambitions. The Plan is explicit that local bus transformation is key with an objective that bus provision across the city region will be efficient, fully integrated with the rest of the public transport system and deliver value for money, with bus franchising identified as the leading bus reform option to deliver bus services in the City Region.
- 4.3 The strong environmental case for an integrated public transport system of which bus reform is a key element, has been taken forward

in the Combined Authority's Five-Year Climate Action Plan. The Plan sets out a series of actions designed to help achieve the Mayoral objective of a net zero carbon City Region by 2040 or sooner. With a third of the City Region's carbon emissions coming from transport, it is essential that this sector is addressed. Evidence prepared for both the Climate Action Plan and the emerging Local Transport Plan confirms that reducing carbon emissions from transport to meet 2040 targets will require significantly more people using public transport instead of the car, than at present. An integrated, reliable and good value public transport system is essential. The Climate Action Plan therefore advocates that the Combined Authority reforms the region's bus services.

4.4 The emerging Local Transport Plan will look to further reduce the amount of carbon emitted from the transport sector in the City Region. In line with both the Plan for Prosperity and the Five-Year Climate Action Plan, this will focus on the role of active travel and an integrated public transport network, including bus reform, to help deliver the environmental, social and economic objectives of the City Region.

4.5 The role of Halton Borough Council, along with the other Local Authority areas of the City Region is critical to delivering these strategic objectives. Through bus franchising and related projects and programmes, the Council will support the delivery of bus reform by creating the right conditions for buses to thrive. In particular, the need to speed up bus journeys through prioritising buses on the highway network will help to make the bus network more attractive to passengers whilst improving network efficiency. Similarly, the strategic role of the Council in supporting the development of depot infrastructure that supports the long-term shift to zero emission buses will be essential.

5.0 FINANCIAL IMPLICATIONS

5.1 The Combined Authority has agreed a budget to take forward bus franchising transition in 2024/25 financial year. Ongoing costs relating to bus franchising will be agreed by the Combined Authority as required.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

It is widely recognised that good quality and affordable public transport services can help to improve access to key facilities for children and young people within the Borough. The network also provides children and young people with a degree of independence.

6.2 Employment, Learning & Skills in Halton

The local bus network is fundamental to the residents of Halton accessing employment and education facilities not only within the borough but also in neighbouring districts.

6.3 A Healthy Halton

Access to health care facilities is acknowledged as a key priority. Public transport, in particular the local bus network, plays a vital part in accessing these facilities not only within the Borough but also further afield in neighbouring Boroughs.

6.4 A Safer Halton

The public transport network enables all passengers to access facilities in a safe way, ensuring that they are socially included. Investment in public transport infrastructure significantly enhances and encourages its use.

6.5 Halton's Urban Renewal

Provision of public transport services is widely acknowledged as playing a key role in sustainable regeneration and urban renewal. It also allows residents to access key areas within the Borough and cross-boundary to neighbouring districts. In addition, public transport infrastructure significantly enhances and encourages use.

7.0 RISK ANALYSIS

7.1 The bus franchising assessment concluded that franchising would grant greater control over the outcomes of the bus network, better enabling the delivery of commercial objectives and the Vision for Bus. The commercial risks associated with franchising will need careful management given that the Combined Authority would be taking on the commercial revenue risk and has identified several interventions to ensure that a competitive franchise market is maintained.

7.2 In franchising, the Combined Authority would carry the revenue risk of the bus network. It would need to react quickly if the cost of running bus services increased or revenues fell. The Combined Authority has a number of mechanisms by which it could mitigate these financial risks. The Mayor and the Combined Authority have certain fiscal powers whereby local taxation revenue can be used to support the bus network. The Combined Authority is also able to make use of revenues from other transport functions, in particular tunnel tolls. The Combined Authority, and Halton Borough Council have certain powers that can be used to encourage bus patronage through highway powers and examples of this include the investments being currently made in Green Bus Routes. The Council has a transport plan in addition to Highway Authority powers that can be used to support

routes and the efficient flow of buses in traffic.

- 7.3 While the Assessment indicated that the mitigations available to the Combined Authority to manage financial risks are sufficient based on current modelling, there remain significant risk associated with accepting the commercial implications of running bus services in the City Region.
- 7.4 It should also be acknowledged that the risks associated with not progressing franchising are also significant, both financially and in terms of the impact on the City Region's zero carbon and growth agendas.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 An Equality Impact Assessment (EIA) was produced alongside the Bus Reform programme. It assessed whether the proposal had a positive or negative impact on any of the protected characteristics (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation) and concluded that franchising had a positive impact across all protected characteristics.
- 8.2 There were potential negative impacts highlighted across two protected characteristics – older people and socio-economic status. However an action plan has been developed to mitigate and prevent any negative effects. The action plan also outlines how the organisation will ensure that positive impacts are maximised, and benefits are realised for protected characteristic groups.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 Evidence shows that around a third of the City Region's carbon emissions come from the transport sector, mainly through the use of cars. For the City Region to meet its objective of being net zero carbon by 2040 or sooner, emissions from the transport sector have to be reduced.
- 9.2 The provision of an integrated public transport system that is efficient, reliable and affordable is critical to this as it provides a realistic choice for people to meet their transport needs. This is recognised in the Five-Year Climate Action Plan, approved by the Combined Authority in July 2023. Evidence underpinning the Climate Action Plan shows that modal shift away from the car to public transport and active travel has to be significant to meet net zero objectives.
- 9.3 A key element of this, therefore, will be to deliver major improvement to the bus service network via franchising as part of the wider delivery of an integrated public transport network.

**10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF
THE LOCAL GOVERNMENT ACT 1972**

10.1 None under the meaning of the Act.