

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 4 March 2022

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: In Part:
Report – Not exempt
Appendix 1, 2 & 4 - Exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

KEY DECISION Yes

REPORT OF THE EXECUTIVE DIRECTOR OF CORPORATE SERVICES AND THE PORTFOLIO HOLDER FOR TRANSPORT AND AIR QUALITY

NEXT STAGES TOWARDS BUS REFORM IN THE LIVERPOOL CITY REGION

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to determine the approach of the Combined Authority to the next stages in Bus Reform within the Liverpool City Region ("City Region") under the requirements of the Bus Services Act 2017 (the "Act").
- 1.2 It follows an earlier decision of the Combined Authority in February 2020 which endorsed a bus franchising model of governance as the emerging leading option for bus reform in the City Region.
- 1.3 This decision was conditional on further and more detailed work being undertaken in relation to the bus franchising scheme by way of an assessment pursuant to the Act, to the level of detail set out in an Outline Business Case ("the "Assessment"). This work is now close to finalisation subject to completion of the work streams set out below, and the results of the Draft Assessment are being reported back to the Combined Authority in this report in accordance with the decision of February 2020.

- 1.4 The Draft Assessment supports the introduction of franchising having compared franchising against realistic alternative options. This report now seeks the Combined Authority's endorsement to delegate authority to the Executive Director of Place in consultation with the Executive Director of Corporate Services, the Combined Authority's Monitoring Officer, the Metro Mayor and the Transport and Air Quality Portfolio Holder, to complete the Assessment and appoint an independent auditor to provide a report on the Assessment in accordance with the Act.
- 1.5 The report also seeks to draw attention to the costs and risks of a franchising model and alternatives to a franchising model, to ensure that the Combined Authority has given due consideration to each of these factors in reaching its decision.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Liverpool City Region Combined Authority:
 - (a) Receive and consider the Draft Outline Business Case for Bus Franchising as presented in the exempt Appendix 1 to this report
 - (b) For reasons set out in Section 4 of the report determine to continue to endorse the Bus Franchising model as the City Region's intended future model of bus governance
 - (c) Note that the assessment of a bus franchising scheme remains subject to further revisions and refinement in light of continued uncertainty of Bus Service Improvement Plan (BSIP) funding and other bus funding
 - (d) Delegate authority to the Executive Director of Place in consultation with the Executive Director of Corporate Services, the Combined Authority's Monitoring Officer, the Metro Mayor and Transport and Air Quality Portfolio Holder to complete the financial assessment referred to above and undertake any amendments required to finalise the Draft Assessment presented in the exempt Appendix 1;
 - (e) Delegate authority to the Executive Director of Place to commission an independent review of the Outline Business Case (exempt Appendix 1) in accordance with the provisions of the Bus Services Act 2017
 - (f) Report the findings of the independent review back to the Combined Authority
 - (g) Recognise the importance of bus operators to the City Region and recognise the constructive and collaborative approach they have taken to working with the Combined Authority through the Bus Alliance
 - (h) Instruct the Executive Director of Place to continue to work constructively with regional bus operators as the next stage in the evaluation of bus franchising options is undertaken.
 - (i) Note that future consideration of appropriate legal, commercial and governance structures to be applied by the Combined Authority in the event of an ultimate decision to adopt a bus franchising model will be required.

- (j) Approve the establishment of a panel to provide political oversight to the delivery of these recommendations as set out in paragraph 4.6
- (k) Report progress against these recommendations back through to the Combined Authority at appropriate intervals during the municipal year 2022/23

3. BACKGROUND

- 3.1 In April 2016 the Combined Authority set out a new Bus Strategy for the City Region. This document, and its successor the Bus Services Improvement Plan (BSIP), underline the importance of bus services within the City Region and sets a strategic vision for improving services in support of its wider objectives of inclusive economic growth and a zero carbon economy.
- 3.2 In September 2016, the Combined Authority established a Bus Alliance with the region's two largest bus operators to progress the delivery of this Bus Strategy.
- 3.3 The Bus Alliance has been broadly successful and remains in place. However, the Alliance affords the Combined Authority only limited scope to make many of the changes it requires to deliver its Vision for Bus. Such changes would need to be agreed with the operators who are a party to the Alliance. Such agreement can be challenging to achieve, particularly where the commercial interests of bus operators do not coincide with the Combined Authority's ambitions, either in scope or pace of change.
- 3.4 Other bus operators are also not included in this joint approach unless they decide to join the Alliance. To date, only one other operator has chosen to join the Alliance and they have subsequently withdrawn.
- 3.5 The Government recognises the importance of bus through policy initiatives such as Bus Back Better (March 2021) and also recognises the limitations of the current model of industry governance outside London.
- 3.6 The Act provides all Local Transport Authorities with additional powers to propose alternative bus service delivery options through Enhanced Partnerships.
- 3.7 The Act also provides additional powers for Mayoral Combined Authorities to introduce bus franchising.
- 3.8 In response to these additional powers the Combined Authority took a decision in September 2018 to publish the required statutory notices and commence a detailed evaluation of the options available under the Act to reform City Region bus services. The Combined Authority commissioned an initial analysis which reported back in 2020.
- 3.9 This initial analysis, alongside the detailed provisions of the Act were considered within the report to the Combined Authority in February 2020. Having due consideration of the potential benefits of each available option and of all the powers and obligations under the Act, the Combined Authority established Bus Franchising as the emerging leading option subject to completion of the assessment.

- 3.10 The Act requires Mayoral Combined Authorities to base any decision to adopt a franchising model on robust evidence and analysis, with both the needs of passengers and the affordability of plans to local taxpayers to be carefully considered as part of this. The provisions of the Act also require the Combined Authority to give due consideration to the impact on bus operators.
- 3.11 Following the February 2020 decision, the Combined Authority continued to commission Addleshaw Goddard, supported by PWC and Steer to complete a draft assessment. It is this draft assessment that underpins the recommendations within this report.
- 3.12 Since the February 2020 decision, significant events impacting upon the bus market have included the Covid-19 pandemic and the publication in 2021 of Bus Back Better - the Government's national long-term strategy for bus services in England (outside London). The pandemic caused the Combined Authority to pause work on the assessment in 2020, pending greater clarity emerging on the medium and longer term impacts of Covid on the bus market, and the range of possible futures that could reasonably be considered in the Assessment.
- 3.13 This strategy comes alongside potential additional funding for bus services through the establishment of BSIPs. A condition of BSIP funding is the determination of a preferred model of bus governance to deliver improvement plans.

4. The Liverpool City Region Preferred Option for Reform

4.1 Bus Franchising Draft Assessment

- 4.1.1 Where an authority is considering making a franchising scheme which covers all or part of their area, they are required under section 123B of the Transport Act 2000 to prepare an assessment of the proposed scheme.
- 4.1.2 The introduction of franchising would see the suspension of the current deregulated bus market and in its place a system where the Combined Authority both specifies and procures the network which is operated by bus operators under contract.
- 4.1.3 Bus franchising provides the greatest degree of public sector influence over the bus offer and would allow the Combined Authority to specify the network, set the fares and control the fare policy.
- 4.1.4 Under the current operational model, the public sector locally provides around £65 million per year to support bus operations in the City Region, much of which is funded by the Combined Authority through the transport levy. Further support is provided by government through Bus Services Operational Grant payments.

4.1.5 Table 1 below provides a breakdown of the local composition of these costs from the 2022/23 budget.

Table 1 LCRCA Budget Allocations for Bus 2022/23 (net)

Cost Centre	Annual Budget £'000
Supported Bus Services (net of fares)	£17,066
Concessionary Travel Payments to operators	£40,467
Administration of Ticketing Scheme	£1,067
Travel Centres & Hubs	£3,075
Bus Services Team	£2,372
Other	£1,111
Total	£65,158

4.1.6 In return for such a high level of support and subsidy, the Combined Authority currently has very little meaningful influence over factors such as network coverage and pricing strategies.

4.1.7 The draft assessment supports the previous decision that established a franchising model as the emerging leading option for reform. A franchising model provides a level of public sector influence and accountability that is commensurate with the level of public sector funding that bus services receive in the City Region.

4.1.8 The draft assessment considers the bus franchising model against other realistic options and in doing so, follows the HM Treasury Green Book methodology of strategic, economic, financial, management and commercial case assessments.

4.1.9 In most individual aspects of the draft assessment and overall, bus franchising is evaluated as the most favourable option in terms of its capacity to use bus services to deliver the Combined Authority's broader ambitions.

4.1.10 There are, however, a number of key risks within the franchise model and affordability of franchising is challenging. These aspects are considered below.

4.2 Alternative Options: Enhanced Partnerships

4.2.1 The Government's *Bus Back Better* strategy effectively set the delivery options available to Mayoral Combined Authorities as being either a franchise model or an enhanced partnership model.

4.2.2 An enhanced partnership model builds on the existing Bus Alliance (Voluntary Partnership). In this case it would make obligations set out in the agreement legally enforceable across all bus operators. As such, subject to the content of the enhanced partnership, it is likely to provide greater influence over the bus offer for transport authorities than is currently the case.

- 4.2.3 There are potentially many attractive features within the enhanced partnership model. It is recognised that such a model could deliver improvements more quickly, with a lower cost of transition from the current arrangements and at a lower level of risk to the local transport authority than the franchise model.
- 4.2.4 The draft assessment considers these factors. However, on balance the additional control afforded by the franchise model provides greater scope to deliver the outcomes desired by the Combined Authority within its Vision for Bus, primarily control of the design of the bus network, ticketing and pricing.
- 4.2.5 The draft assessment considers a realistic but ambitious conceptual enhanced partnership model in order to ensure a robust comparison is made of how franchising might perform against enhanced partnerships. It also considers a high level enhanced partnership offer developed in conjunction with the two leading bus operators within the City Region in late 2021, noting how that compares to the ambitious model (“the 2021 Enhanced Partnership) (Appendix 2 (exempt)).
- 4.2.6 This 2021 enhanced partnership proposal was the culmination of a meaningful and constructive dialogue with bus operators, consistent with the way they have engaged with the Combined Authority particularly since the formation of the Bus Alliance.
- 4.2.7 However, the Combined Authority notes that the 2021 enhanced partnership offer is reliant on increasing levels of public sector funding, including BSIP funding and Zero Emission Bus funding. The Combined Authority has already set out ambitious investment in bus priority measures through the City Region Sustainable Transport Settlement.
- 4.2.8 The Combined Authority has carefully considered this 2021 Enhanced Partnership offer. Despite its many attractive features, it does not advance sufficient elements of control, direction and accountability that the Combined Authority seeks in order to deliver its Vision for Bus within the City Region.

4.3 Affordability

- 4.3.1 The draft assessment highlights some significant financial costs that would be incurred should the City Region assume control over the bus network under a franchising model.
- 4.3.2 These costs are quantified in detail at Appendix 1 (exempt) within the Financial Case section of the Assessment.
- 4.3.3 The draft assessment identifies around £20m in transitional costs which could increase by a further £18m should a number of key risks materialise.
- 4.3.4 In addition to these transitional costs, there are significant costs associated with the acquisition of the assets required to operate under a franchise model – most notably fleet and depot acquisition. It should be noted that the fleet costs relating to zero emission buses and the related depot costs would be incurred under either model.

- 4.3.5 Delivery of the depot strategy set out in the assessment is estimated at around £56m. Costs associated with fleet are harder to determine at this stage and will be influenced by available government funding for low and zero emission vehicles. In order to model a financial case for franchising, fleet costs have been estimated at an initial cost of £85m, with annual renewal costs of £18m.
- 4.3.6 As such, asset acquisition costs under a franchise model would be significant. Notwithstanding the availability of government funding, it is assumed that these costs would be met through borrowing to be repaid from bus revenues and the draft assessment suggests that revenues derived under a franchising model would be sufficient to repay the capital charges associated with borrowing on this scale.
- 4.3.7 As part of the next stage towards franchising, it is proposed that a further and more detailed piece of work is commissioned to examine the financial model and in particular to understand how this can be accommodated within the Combined Authority's medium and longer term budget.
- 4.3.8 Greater certainty around the availability of government funding through BSIP awards and funding for zero emission vehicles will be required before this work can be completed.

4.4 Commercial Risk

- 4.4.1 Under the franchising option the Combined Authority would hold the revenue risk for all bus services within the City Region. This is a highly significant increase in the Combined Authority's exposure to financial risk and is considered in detail within Appendix 1.
- 4.4.2 Under the current model – and under an Enhanced Partnership model – the Combined Authority's direct exposure to financial risk is limited to those services that form the supported bus network.
- 4.4.3 Under a franchise model, the level of financial risk increases from fare income relating solely to the supported bus network of around £2m per year pre-pandemic to over £100m for the network as a whole.
- 4.4.4 Similarly, it is likely that certain elements of cost risk may not be contained within contracts for services should fuel prices, interest rates and payroll costs increase beyond the levels anticipated within the draft assessment.
- 4.4.5 In order to mitigate these risks, the Combined Authority would need to construct a governance mechanism for its bus operations that facilitated effective operational and commercial decision making while retaining strategic control at a political level.
- 4.4.6 Identifying an appropriate mechanism by which the Combined Authority can accommodate the commercial responsibilities associated with bus franchising, such as through an arms-length company or equivalent legal construction will be a necessary element of the next steps.

4.4.5 For either enhanced partnership or franchising other measures can be introduced that support bus patronage growth and thereby increase revenues. These measures include using the City Region's KeyRoute Network powers to introduce further bus priority arrangements.

4.5 Next steps

4.5.1 Any decision to adopt a franchising model has to be conditional on an independent audit of the assessment of the proposed franchising scheme and conclusion of a statutory consultation. As such, there are a number of steps to take before a final decision on franchising can be reached. At any stage throughout these steps, the Combined Authority could receive further improved enhanced partnership proposals from the bus operators. If one is received this will be reported to members accordingly.

4.5.2 Following completion of the assessment, the Combined Authority must obtain a report from an independent auditor in order to proceed with the franchising scheme (Section 123D).

4.5.3 The independent auditor's report must state whether (in its opinion):

- (a) the information relied on by the Combined Authority in producing the economic (value for money) and financial (affordability) cases of the Assessment is of sufficient quality;
- (b) the analysis of that information is of sufficient quality; and
- (c) the Combined Authority has had due regard to guidance issued by the Secretary of State under section 123B of the Act in preparing the Assessment.

4.5.4 It is envisaged that the completion of this independent audit will commence following a competitive tendering process. The process itself may take several months to complete or substantially longer depending on the independent auditor's assessment of the work undertaken so far.

4.5.5 Following legal advice, it is important that the formal independent audit process only commences once the finance assessment is complete. Continued uncertainty over government funding through the BSIP process will mean that further refinement of the business case will be required once the City Region's allocation of devolved funding becomes apparent. The report therefore recommends that the process of reviewing and signing-off the financial case and appointing the independent audit reviewer is delegated to the Executive Director of Place in consultation with the Executive Director of Corporate Services, the Combined Authority's Monitoring Officer, the Metro Mayor and the Transport and Air Quality Portfolio Holder.

- 4.5.6 Following the completion of the independent auditor's review, and provided that the elements as set out in paragraph 4.5.3 above are met satisfactorily, the next step required to progress a franchising model would involve a statutory consultation which is expected to run for a minimum of 12 weeks with involvement from key stakeholders, businesses, passengers and members of the general public.
- 4.5.7 Only on completion of these formal processes, having had due regard to the outcomes of the consultation process, can the Metro Mayor make a final decision on whether to implement a franchising scheme.

4.6 Internal Governance

- 4.6.1 The Combined Authority is at an important juncture in the life of this project. Given its significance, the project would benefit from increased internal structure and oversight to ensure that timely recommendations can be made to future Combined Authority meetings. It is proposed that the recently established Portfolio Board structure be utilised. The Portfolio Board (Transport) is chaired by the Combined Authority Portfolio Holder (Air Quality and Transport) who is also Chair of the Transport Committee. Attendees include the Deputy Portfolio Holder (Vice Chair of the Transport Committee) and nominees from each of the constituent Local Authorities, as well as the relevant Chief Executive or their nominated deputy.
- 4.6.2 Given the complexity of the project and the potential significance of the future financial implications, it is proposed that the Portfolio Board arrangements be augmented to include a specifically purposed sub-group which would derive membership from the Portfolio Board and seek additional members nominated from the local authorities
- 4.6.3 Membership could therefore be as follows:
- Portfolio Board Chair (or Vice Chair when absent)
 - Three Members from the Portfolio Board representing three constituent authorities
 - Three Members (representing three constituent authorities nominated by Local Authority Leaders and Mayor
 - Supported by the Director General/Deputy Chief Executive or nominated officers
- 4.6.4 The aim of such a structure would be to ensure that each authority had one representative on this this group but that there was a balance of transport and financial views present in receiving information for the next steps and formulating recommendations to the Combined Authority.

5. RESOURCE IMPLICATIONS

5.1 Financial

- 5.1.1 The financial implications of a franchising model are significant and are considered at section 4.3 above and in greater detail within Appendix 1.
- 5.1.2 The Vision for Bus that was approved in 2016 acknowledged that irrespective of governance model, the City Region would need to invest in the bus network to address reducing patronage and prevent further reductions in network coverage. The draft assessment indicates that bus franchising is the best route to ensure that the benefits of any investment are realised by the City Region, although this remains subject to further analysis.
- 5.1.3 The Combined Authority has devolved fiscal powers through the Mayoral Precept which it may call upon to deliver its priorities and objectives. Similarly, the Mersey Tunnels Act has certain financial flexibilities that allow the Combined Authority to invest toll revenues in the broader transport network. The extent to which these financial mechanisms will be employed is dependent on the extent of government support through BSIP and other devolved funds. There remains considerable uncertainty around this funding at present. The financial case for bus franchising will therefore be refined once the level of government funding is apparent through the next stages of this process.
- 5.1.4 The approved 2022/23 budget has provided for the additional work that needs to be undertaken to move to the next stage in the bus franchising process through a Bus Recovery Reserve.
- 5.1.5 This provision is already budgeted for and will be sufficient to undertake the work necessary to move through to the next stages of the bus franchise process.
- 5.1.6 The full financial implications of bus franchising will be considered at the final decision-making stage and will be informed by the statutory and internal processes identified above.

5.2 Human Resources

- 5.2.1 The Draft Assessment presented at Appendix 1 identifies that significant additional capacity will be required to plan and operate a franchised bus network.
- 5.2.2 Under such a proposal, there would be significant HR implications for both the Combined Authority and for bus operators impacted by these changes including TUPE and pensions.
- 5.2.3 The implications of this would be considered in any final decision and informed by the next stages in the process as identified above.
- 5.2.4 There are no direct HR implications associated with moving to the next stage in the process as the majority of this work will be undertaken by external providers.

5.3 Physical Assets

- 5.3.1 While the asset management implications of a franchise model are very significant, these will be considered in full as part of a final decision to proceed and informed by the next stage in the process as identified above.
- 5.3.2 There are no direct asset management implications associated with moving to the next stage in the process.

5.4 Information Technology

- 5.4.1 While the information technology implications of a franchise model are significant, these will be considered in full as part of a final decision to proceed and informed by the next stage in the process as identified above.
- 5.4.2 There are no direct information technology implications associated with moving to the next stage in the process.

5.5 Legal Implications

- 5.5.1 In accordance with the requirements of the Act and the Department for Transport's Franchising Scheme Guidance (2017), the next stages are (as further detailed below):
- Complete the assessment
 - Commissioning a report to be prepared by an independent auditor
 - Statutory consultation
 - Preparing and publishing a report setting out the Combined Authority's response to the statutory consultation together with a recommendation as to whether to proceed with the proposed franchising scheme
 - If the decision is to proceed with the franchising scheme, making and publishing the scheme, and
 - Transition to and implementation of the franchising scheme.
- 5.5.2 Following preparation of the assessment, the Combined Authority must obtain a report from an independent auditor on its assessment as set out in paragraph 4.5.3.
- 5.5.3 Following the preparation of the assessment, and the report prepared by the independent auditor, the Combined Authority should then consult widely on its proposals. This should ensure that local passengers, businesses, and transport providers are able to comment on the proposals before the Combined Authority takes the decision as to whether to implement the franchising scheme.
- 5.5.4 The following documents must be published in support of this process:
- a consultation document relating to the proposed scheme;
 - the assessment; and
 - the report prepared by the independent auditor.

- 5.5.5 The Combined Authority must consult on its proposals with key stakeholders which will include:
- Local bus operators
 - Representatives of employees of such operators
 - Organisations representing local passengers
 - Local authorities who would be affected by the proposed scheme
 - The Traffic Commissioner, Chief Officers of Police for areas to which the proposed scheme relates, Transport Focus (the Passengers' Council), and the Competition and Markets Authority
 - Any other bodies or individuals it considers to be appropriate
- 5.5.6 Following the consultation process, the Combined Authority must prepare and publish a report setting out its response to the consultation together with its decision as to whether or not to proceed with the proposed franchising scheme. The Combined Authority should address issues raised by respondents to the consultation as part of their response, including setting out any changes to the franchising proposal that they intend to make as a result. Depending on the significance of any changes, the Combined Authority may choose to consult again.
- 5.5.7 If the Combined Authority decides to proceed with the franchising scheme, it must include within its response to the consultation, how it will facilitate the involvement of small and medium sized operators in the provision of services through their procurement processes.
- 5.5.8 At the same time as the Combined Authority publishes its response to the consultation, it must also make and publish the franchising scheme. This is the process of finalising and establishing what the franchising scheme will look like in practice.
- 5.5.9 As the Combined Authority is a Mayoral Combined Authority, it must be the Mayor that takes the decision as to whether or not to proceed with a franchising scheme.
- 5.5.10 The Assessment has been co-ordinated by Addleshaw Goddard in consort with PWC and Steer, in order to support compliance with all legal requirements surrounding the Act, subject to the risks noted in this Report and the privileged legal advice contained in Appendix 3.
- 5.5.11 Further to this, legal counsel has been appointed to provide further independent legal advice with regard to the next steps towards an ultimate decision on franchising following the statutory and internal processes enacted by this decision in accordance with the Act and to comment on the legal aspects of this report.
- 5.5.12 The Combined Authority is therefore confident that it has proceeded lawfully in its consideration of the issues around bus reform and will continue to do so throughout the next stages of the process.

5.5.13 Members should be aware that, as with any decision taken by the Combined Authority, there is a risk that the Combined Authority may be required to defend itself from legal challenge through judicial review given the significance of the impact of bus reform on the commercial operations of major bus operators within the City Region and elsewhere. Members may be aware that the Greater Manchester Combined Authority has been challenged in this way (March 2021). At the time of writing this report, the decision on the outcome of the legal challenge heard in May 2021, is still awaited.

6. RISKS AND MITIGATION

6.1 The Draft Assessment makes clear that there are a number of significant risks associated with the franchise model of bus reform that will require further work and further key decisions to mitigate should the Combined Authority ultimately adopt a franchising model following conclusion of the next stages of this process.

6.2 These risks will be fully explored at the time that any final decision on a franchising model is taken.

6.3 In the interim, there are a number of risks that have been identified that are associated with the next stages of this review. These can be categorised in two overarching risks that are summarised below:

6.4 Failure to comply with the statutory requirements of the Bus Services Act (2017) and the Guidance in adopting a franchising model

6.4.1 Officers are confident that the Combined Authority has robust arrangements in place to manage this risk. Officers will manage this by working incrementally towards this model of governance and by making any decision ultimately conditional on satisfying the statutory requirements established within this report.

6.4.2 External legal advisors have been appointed throughout this process and this approach will continue as the Combined Authority makes progress towards an ultimate decision that will be compliant with the Act.

6.5 Instability within bus service delivery in the City Region due to continued uncertainty around future bus governance models.

6.5.1 The Combined Authority recognises that this is a risk during continued evaluation of the bus franchising model and during any transition between current and future governance arrangements.

6.5.2 The Combined Authority is conscious that there is a risk that passenger services may be reduced in certain areas of the City Region during any transition and that the ultimate benefits for customers may take longer to be delivered under a franchising model. The Combined Authority recognises that these risks, and proposed mitigations for such risks, have been considered in the Assessment.

6.5.3 The Combined Authority will continue to work closely with its operators to manage this risk and is confident that commercial considerations will ensure that operators continue to work effectively with us for the benefit of passengers.

7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1 An Equality Impact Assessment has been completed and is included at Appendix 3.

7.2 Further Equality Impact Assessments will be undertaken at each stage of the bus franchising process.

8. PRIVACY IMPLICATIONS

8.1 No privacy implications have been identified in respect of this report.

9. COMMUNICATION ISSUES

9.1 There is a communications and engagement plan associated with this report which will consider members of the public and relevant stakeholders, in particular bus operators.

9.2 Any subsequent decision to adopt a franchising model will be subject to a statutory consultation period and an appropriate communications plan.

10. CONCLUSION

10.1. The Combined Authority has examined in great detail the options available to it under the devolved Mayoral Powers contained within the Act. This has been a major undertaking and has used external expertise as well as an internal project team and is reflected in the draft assessment which is now close to completion and sets out a preferred option.

10.2 The detailed analysis undertaken between February 2020 and March 2022 and set out in the draft assessment reinforces the decision taken by the Combined Authority in February 2020 which identified a bus franchising model as the emerging leading option at that stage.

10.3 As such, this report also proposes that the Combined Authority delegates authority to complete the assessment and move into the next stage of bus franchising through the independent review of the assessment.

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Appendices:

Appendix One – The LCR Bus Reform Assessment, Bus Franchising in the Liverpool City Region Assessment, January 2022. (Exempt)

Appendix Two – LCR EP Operator Offer, *Operator LCR EP Slides, February 2022 (Exempt)*

Appendix Three – Bus Reform Equality Impact Assessment

Appendix Four – Legal Advice – Privileged (Exempt)

Background Documents

None