

Report Title	Delivering the Liverpool City Region's Vision for Bus										
Portfolio Holder	Portfolio Holder for Transport and Air Quality										
Summary of decision being sought	To approve the recommended priorities for the Bus Service Improvement Plan (BSIP) funding and consider the wider requirements and ambition for Bus in the City Region.										
Is this report exempt? No	Reason for Exemption Not applicable										
Is this a Key Decision	Yes										
Local Authorities affected	All										
Impact and implications of this report											
Financial impact	Yes, see paragraph 9.1										
Delegation of decision	Yes, see recommendation 2(e)										
Supporting the Corporate Plan <i>(tick as appropriate)</i>	<table> <tr> <td>A Fairer City Region</td> <td>√</td> </tr> <tr> <td>A Stronger City Region</td> <td></td> </tr> <tr> <td>A Cleaner City Region</td> <td>√</td> </tr> <tr> <td>A Connected City Region</td> <td>√</td> </tr> <tr> <td>A Vibrant City Region</td> <td></td> </tr> </table>	A Fairer City Region	√	A Stronger City Region		A Cleaner City Region	√	A Connected City Region	√	A Vibrant City Region	
A Fairer City Region	√										
A Stronger City Region											
A Cleaner City Region	√										
A Connected City Region	√										
A Vibrant City Region											
Climate Change Implications	Yes, see paragraph 9.2										
Equality and Diversity implications	Yes, see paragraph 9.3										
Social Value implications	None										
Human Resources implications	None										
Physical Assets implications	None										
Information Technology implications	Yes see paragraph 9.8										
Legal implications	No										
Risks and Mitigation	Yes ,see paragraph 9.10										
Privacy implications	No										
Communication and consultation implications	No										
Contact Officer(s)	Matt Goggins, Assistant Director for Bus Laura Needham, Bus Strategy Programme Manager										
Appendices	Yes										
Background Documents	None										

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Liverpool City Region Combined Authority

Meeting: 10 June 2022

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

DELIVERING THE LCR'S VISION FOR BUS

1. PURPOSE OF REPORT

- 1.1 This report sets out the Liverpool City Region's significant level of ambition for the region's bus offer as part of the delivery of a London-style transport system. It does this in the context of:
- the Government's initial Bus Service Improvement Plan (BSIP) financial offer,
 - the renewed focus on the prioritisation of bus services and allocation of road space for buses on the LCR's highway network,
 - the recovery of the transport network after the Covid-19 pandemic
 - the critical role buses are playing in the region's economic recovery, and
 - the direction of travel set by the Combined Authority for the future reform of bus services.
- 1.2 It highlights the willingness of the City Region to work proactively with Government to secure further funding to quicken the delivery of our *Vision for Bus*, which includes more zero emission hydrogen buses, extensive bus priority, simplified and better value ticketing, and a network that serves the needs of all of our communities.

2. RECOMMENDATIONS

It is recommended that the Liverpool City Region Combined Authority:

- (a) restates its full endorsement and support for the LCR's *Vision for Bus* and the projects that make up the region's BSIP, including the use of powers available to Local Authorities to prioritise buses on the LCR's road network in line with the City Region Sustainable Transport Settlement;
- (b) approves the acceptance of BSIP revenue funding, expected to be £12,294,398;
- (c) approves the allocation of the majority of the government's indicative BSIP allocation on initiatives to reduce the cost of bus travel across the region as set out in Appendices one and two;
- (d) notes that other BSIP proposals including a reduction in the cost of bus season tickets, enhancing the bus network, increasing the number of zero emission buses in the region and developing Bus Rapid Transit schemes

cannot be taken forward at this stage due to a lack of funding from government; and

- (e) delegates authority to the Executive Director Place (Director General Merseytravel) in consultation with the Portfolio Holder for Transport and Air Quality, to finalise and submit any further documentation required by the BSIP process.

3. BUS IN THE LIVERPOOL CITY REGION

- 3.1 The LCR's future prosperity depends on an ability to improve connectivity and create a fully integrated, modern and inclusive transport network that benefits everyone in the City Region. The lack of availability of good public transport connectivity remains a barrier to employment and opportunity for too many in the City Region. At the same time, the bus system needs to support a reduction in the impact of the private car on the environment and on the health of residents and visitors, and ensure that it plays its full part in creating a "net-zero carbon" LCR no later than 2040.
- 3.2 Buses are the backbone of the LCR's public transport network, and around 8 out of 10 of all public transport journeys are made by bus. They are critical to the city region's economy and its social capacity, with the LCR having some of the highest levels of bus use per head of population in the country. However, the long-term trend for bus use in the region, and across many parts of the UK, has been one of decline.
- 3.3 It was against this backdrop of declining bus use that in 2016 the LCR launched both its Bus Strategy for the City Region – *Changing the Way We Do Bus* – and the LCR's Bus Alliance – a partnership between Merseytravel and the region's two biggest bus operators Arriva and Stagecoach.
- 3.4 Though the LCR Bus Strategy and LCR Bus Alliance, over £50m was invested in the local bus offer and a range of customer-driven initiatives such as smart and affordable multi-operator ticketing (particularly for young people), coordinated timetables on key corridors and investment in new vehicles were delivered, which resulted in both bucking the trend of decline and growing the market.
- 3.5 In 2018, the Metro Mayor began a *Big Bus Debate* with the City Region's residents, to understand the issues facing bus users and non-users in every district of the region and to help create a new *Vision for Bus* to help prioritise future investment and inform how and why bus services might be reformed in the future.
- 3.6 In March 2021, the Government created a new policy framework which similarly recognised the critical role of bus services, setting out a national ambition and strategy in *Bus Back Better* which closely aligned with the LCR's vision, and crucially promised a transformational £3 billion of investment in England's bus services outside London. In order to access this £3bn, transport authorities were asked to set out their plans through "ambitious" Bus Service improvement Plans (BSIPs).

4. THE LCR BSIP – SETTING THE AMBITION FOR BUS

- 4.1 Following guidance set out by Government, the Combined Authority submitted its BSIP in October 2021. The BSIP sets out the critical importance of bus services to our region, a renewed ambition and vision for bus services as part of a London-style integrated public transport system and a fully costed set of proposals which would support the delivery of that vision. It also committed to setting out plans for reform, which were subsequently considered and approved by the Combined Authority in March 2022.
- 4.2 Proposals totalling £667.4m were set out to fund an ambitious passenger-centric programme to improve bus services by making them;
- faster,
 - frequent,
 - reliable,
 - affordable,
 - comprehensive,
 - easier for passengers to understand and
 - with a reduced impact on air quality in the local and global environment.
- 4.3 The financial “ask” contained within the Combined Authority’s BSIP was broadly in line with other comparable city regions. It is estimated that the total amount requested through all BSIPs submitted nationally was in the region of £7-9 billion, in excess of the £3 billion that Government indicated would be available.
- 4.4 The Chancellor’s 2021 Autumn statement revised down the amount available to support the delivery of BSIPs from £3bn to c. £1.2bn. The government indicated at the time that this amount would be split approximately 50:50 between revenue and capital allocations. Furthermore, as a Mayoral Combined Authority with a City Region Sustainable Transport Settlement (CRSTS), the Combined Authority would only be eligible for the revenue element – a share of approximately £600m. As such, it became clear that across England, the level of ambition set out in BSIPs would not be matched by financial settlements from Government. Members will recall that the Combined Authority was awarded c. £710m under the CRSTS fund.
- 4.5 In April 2022, the Combined Authority was informed that it had been offered an indicative revenue funding allocation of £12,294,398 from 2022/23 to 2024/25 to support the delivery of the BSIP. The funding allocation is significantly less than required and along with many other city regions does not match the level of ambition initially sought by Government and set out in the BSIP.
- 4.6 However, it is important that any allocation is still invested in improving the bus offer. As such and in line with the *Vision for Bus*, it is proposed that this funding is allocated towards fare reductions and ticketing initiatives. A draft delivery plan and revised priorities are set out in appendices 1 and 2.

5. REVISED BSIP PRIORITIES

- 5.1 Subject to negotiation and agreement with bus operators, the key initiative proposed through the indicative BSIP allocation would be to improve affordability and

simplicity of bus fares for an initial period of up to three years by reducing the single bus fare to £2 across all bus services in the region, retaining My Ticket (one day bus ticket for young people) at £2.20 and in future supporting the delivery of a “tap-and-go” passenger experience with daily and weekly fare capping.

- 5.2 The LCR (excluding Halton) already benefits from a flat fare structure, delivered by bus operators and the Combined Authority through the Bus Alliance. This proposal would mean that the cost of this flat fare could be reduced and standardised across all bus services.
- 5.3 Proposals to fund fare reduction initiatives, which included daily, weekly and monthly passes, are not affordable within the Government’s BSIP indicative allocation but could be delivered with relatively modest additional levels of funding should it become available in future. Similarly, other elements of the BSIP including enhancing the bus network by providing new routes, improved bus frequencies and better evening and weekend bus services; increasing the number of zero emission buses in the region beyond the scope of the existing hydrogen bus project (*Hybus*); and developing Bus Rapid Transit schemes cannot be taken forward at this stage due to a lack of funding from Government.
- 5.4 Development of a passenger charter is a low-cost proposal which can be progressed. Improving the punctuality and reliability of bus services by investing in bus priority measures remains the overriding priority in the BSIP and will be progressed through the City Region Sustainable Transport Settlement (CRSTS).

6. CRSTS AND BUS

- 6.1 The LCR’s BSIP clearly demonstrates a renewed commitment to prioritising buses on the LCR’s highway network. Improving the punctuality and reliability of bus services is recognised as the biggest priority for bus users and non-users in the region – addressing this means reallocating road space to buses, investing in bus priority measures and (re)introducing bus lanes. The Green Bus Routes programme sets out a methodology and plan for doing this on a structured route-by-route basis which considers the appropriate interventions, the need to work with local communities and stakeholders and the need to deliver the objectives and design principles in *Bus Back Better* and *Gear Change*. The commitment to Green Bus Routes and prioritisation is also clearly set out in the LCR’s CRSTS prospectus and is recognised by government in their offer letter.

7. BUS REFORM

- 7.1 In March 2022 the Combined Authority unanimously supported recommendations to progress the process to reforming bus services, with franchising as the preferred option for reform. Delivery of these recommendations is now underway. In line with the BSIP allocation process, the Combined Authority must set out its timetable for reform of services. This (high-level) timetable is included in Appendix 3. There is currently no BSIP funding to support bus reform.
- 7.2 It is anticipated that by the end of 2022/early 2023 the Combined Authority will be asked to consider an independent audit of the franchising assessment and decide whether or not to progress to a statutory consultation. Subject to this consultation, a

decision on whether or not to introduce bus franchising in the region is expected to take place in Summer 2023.

- 7.3 A recommendation of the March 2022 report was to establish a panel to oversee the implementation of the other recommendations. The members of this Sub-Group are expected to be confirmed at the Combined Authority's Annual Meeting.

8. COVID – 19 IMPACT ON THE BUS NETWORK

- 8.1 The Covid-19 pandemic has had a significant impact on the delivery of bus services. Throughout the pandemic the bus industry has received government funding to help mitigate revenue losses and ensure a continued level of service provision. The majority of this funding has been paid directly to bus operators, with some funding allocated to transport authorities to help maintain supported bus networks. Additionally, transport authorities were asked by Government to maintain higher levels of concessionary reimbursement as part of this funding mix.
- 8.2 As the country emerges from the pandemic, the Government has indicated that it will not provide additional funding to either bus operators or transport authorities beyond October 2022. This is despite bus services not returning to pre-pandemic levels of usage.
- 8.3 In response to the withdrawal of funding along with a combination of a number of factors including lower levels of ridership than before the pandemic, inflationary cost pressures and a challenging labour market it is expected that bus operators will take measures to reduce costs to support the sustainability of their businesses. In line with funding conditions and the Bus Alliance agreement, any changes will be subject to passenger and stakeholder consultation before any final decisions are taken. It is anticipated that a revised network would be introduced on the agreed Autumn network change date of 4th September 2022. The consultation timetable is set out in appendix 4.
- 8.4 Prioritising bus services through programmes such as Green Bus Routes would have a direct positive impact on the ability to retain more bus services by reducing the cost of bus service operation and increasing revenue through providing more attractive bus services.

9. IMPACT AND IMPLICATIONS

- 9.1 Financial Implications
To support the potential receipt of £12,294,398 BSIP revenue allocation from Government
- 9.2 Supporting the Corporate Plan
Delivery of the LCR's Vision for Bus is an integral part of the LCRCA's Corporate Plan. Delivering better value bus fares and simpler ticketing and fares are a key part of this vision and supports progress towards delivery of a London-style integrated public transport system for the region. The measures proposed are expected to have positive implications for a number of protected characteristics. The March 2022 report contained an equality impact assessment for bus reform

which detailed the expected impact of bus reform for each protected characteristic. The BSIP measures proposed support the objectives of bus reform. In particular women, people from ethnic minority groups, disabled people and people with low incomes are more likely to use bus services and benefit from measures to reduce the cost of travel. From an age perspective, the measures proposed will affect those below the age of 60. Overall, they will reduce the cost of travel for residents right across the region and will provide support and relief for bus users experiencing the effects of rising inflation.

9.3 Climate Change
Not applicable

9.4 Equality and Diveristy
Not applicable

9.5 Social Value
Not applicable

9.6 Human Resources
Not applicable

9.7 Physical Assets
Not applicable

9.8 Information Technology
The Smart Ticketing programme is linked to the BSIP and the implications of this have already been considered.

9.9 Legal
Not applicable

9.10 Risks and Mitigation
Delivery of the BSIP will align to the LCR Combined Authority's BAU and corporate risk register with mitigating action identified.

9.11 Privacy Implications
Not applicable

9.12 Communication and consultation
Not applicable

10. CONCLUSION

- 10.1 The Combined Authority has a high degree of ambition to radically improve bus services as part of creating a London-style integrated public transport system. In order to achieve this ambition, additional funding is required in order to invest in the areas of the bus offer which passengers want to see improved. The Green Bus Routes programme sets out how we will address passengers' first priority, which is to improve the punctuality and reliability of bus services. However, that is only one of a number of areas of the bus offer that require investment and the funding initially provided by Government in support of the LCR's BSIP falls significantly short of what is needed. Reducing the cost of travel for the region's bus users is seen as the best way of investing the LCR's initial BSIP allocation, whilst recognising that significantly more funding from government is required to kick start the transformation we want to see for our bus system.

RICHARD MCGUCKIN
EXECUTIVE DIRECTOR PLACE

PORTFOLIO HOLDER FOR TRANSPORT
AND AIR QUALITY

Appendices

- 1– Draft LCR BSIP Delivery Plan 2022
- 2 – BSIP Summary Table
- 3 – Timetable for reform of services
- 4 – Revised network consultation timetable