



# Northumberland

## County Council

### CABINET

13 JULY 2021

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#### ESTABLISHMENT OF A NORTH EAST ENHANCED BUS PARTNERSHIP

**Report of:** Rick O'Farrell, Interim Executive Director of Local Services and Regeneration

**Cabinet Member:** Wojciech Ploszaj, Portfolio holder for Business

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#### Purpose of report

To outline the rationale for and implications of the creation of a North East Enhanced Bus Partnership and the associated preparation of a Bus Service Improvement Plan by the North East Joint Transport Committee to conform with the Government's National Bus Strategy.

#### Recommendations

**Cabinet is recommended to:**

- **Fully support and endorse by the North East Joint Transport Committee the creation of an Enhanced Bus Partnership for the region in accordance with the National Bus Strategy;**
- **Approve a one-off financial contribution to Transport North East of £204,694 from contingencies to support the work to create the Enhanced Bus Partnership over the next 9 months; and**
- **Agree to receive further reports on the progressive development of the Enhanced Bus Partnership and its implications for Northumberland.**

#### Key issues

The Covid-19 pandemic and subsequent advice to stay at home and avoid unnecessary travel has had a profound effect on the public bus network over the last 12 months

The resulting decline in patronage has meant that, in common with other regions, the Northumberland bus network is now being heavily supported by the public purse.

It is anticipated that the current funding arrangements will be in place until August 2021, at which point any additional funding will be dependent on the establishment of a network of Enhanced Bus Partnerships across the country.

In March 2021, the Government published its National Bus Strategy (NBS), which outlines an ambitious vision to dramatically improve bus services (outside London) through greater local leadership with the creation of these Enhanced Bus Partnerships.

The NBS requires that, by the end of June 2021, local transport authorities must commit to developing an Enhanced Partnership (EP) and publish a statutory notice to that effect. Furthermore, they must develop and publish a Bus Services Improvement Plan (BSIP) by the end of October 2021, setting out the outcomes they wish to see delivered through the Enhanced Partnership; and negotiate and implement an Enhanced Partnership by April 2022.

At its meeting on 16 March 2021 the North East Joint Transport Committee (JTC) in its capacity as the LTA for the region agreed to commence the development of a voluntary bus partnership, building on the shared objectives and principles of the JTC and the region's bus operators (NEBus).

The timetable associated with this work is very challenging and the implications for Northumberland will progressively emerge over the next 9 months. Regular reports will be brought to Cabinet to highlight and consider these implications.

Equally, however, it is anticipated that patronage is unlikely to return to pre Covid-19 service levels, due to changes in travel patterns and demand. As a result, some network reduction is expected over the next 18 months. Any significant changes to the network in Northumberland will be highlighted as part of the regular updates to Cabinet.

## **BACKGROUND**

### **Impact of Covid-19 in bus services**

1. The regional bus network is a vital component of our transport system and has a key role to play in the region's recovery from the pandemic, supporting both the decarbonising agenda and helping to rebuild our economy.
2. However, in common with most industries the Covid-19 pandemic and subsequent advice to stay at home and avoid unnecessary travel has had a profound effect on the public bus network over the last 12 months. Table 1 below show the total number of boardings in Northumberland broken down by quarters and contrasting the current financial year against the pre pandemic 2019/20 financial year. It is anticipated that total boardings for the 2020/21 financial year will show nearly 6.5million fewer boarding than 2019/20.

	2019/20	2020/21	% prior year
April - June	2,174,000	357,000	16.4%
July - September	2,487,000	915,000	36.8%
October - December	2,282,000	836,000	36.6%
January – March	1,904,000	788,000	41.4%

3. The resulting decline in patronage has meant that, in common with other regions, the Northumberland bus network is now being heavily supported by the public purse, due to farebox revenue that allows commercial bus services to make a return on costs having been decimated. Table 2 below shows the change in revenue streams for operators and highlights the ongoing dependence on public funding.

Funding Stream	Pre COVID-19 Revenue	Revenue (April - March 2021)
From Fares	61%	25%
Concessionary Travel (Local Authority)	23%	23%
Secured Services (Local Authority)	10%	10%
Bus Services Operator Grant (DfT)	6%	12%
Bus Services Support Grant (DfT)	0%	30%

4. The way in which funding for the sector is currently being provided is complex and has gone through a number of iterations by national government. Ongoing funding is predicated on national and local government continuing to maintain payments at pre Covid-19 levels, in practice this has meant Northumberland County Council has continued to pay contracted supported bus services and English National Concessionary Travel Scheme payments at pre Covid-19 levels, rather than basing payments on actual service levels and patronage. This support has been supplemented by additional funding by the Department of Transport; and further bolstered by wider Government schemes designed to support businesses (such as furloughing and rate relief).
5. This unparalleled level of financial support has enabled operators to continue delivering a significant proportion of the bus network, in order to provide public transport for essential travel. It is anticipated that the current funding arrangements will be in place until August 2021, at which point any additional funding will be dependent on the establishment of a network of Enhanced Bus Partnerships across the country.

### **National Bus Strategy**

6. In March 2021, the Government published its National Bus Strategy (NBS), which outlines an ambitious vision to dramatically improve bus services (outside London) through greater local leadership. The NBS sets out a more formal framework for partnership working between local transport authorities and local bus operators and requires that each Local Transport Authority (LTA) implement a statutory Enhanced Partnership under the Bus Services Act 2017.
7. The NBS requires that, by the end of June 2021, local transport authorities must commit to developing an Enhanced Partnership (EP) and publish a statutory notice to that effect. Furthermore, they must develop and publish a Bus Services Improvement Plan (BSIP) by the end of October 2021, setting out the outcomes they wish to see delivered through the Enhanced Partnership; and negotiate and implement an Enhanced Partnership by April 2022.
8. The BSIP should show how Local Transport Authorities and local bus operators will work with local highway authorities and local communities to plan and deliver a bus network where buses are more frequent, more reliable, easier to understand and use, better coordinated and cheaper, providing a fully integrated service with simple, fit for purpose ticketing products, more bus priority measures, high-quality information for all passengers in more places, and better turn-up-and-go frequencies that keep running into the evenings and at weekends.
9. The Government have announced funding of £3 billion nationally to support the policies set out in the NBS. Government have been clear that local transport authorities and bus operators that do not follow the NBS guidance will not be eligible

for any of the new funding and will face losing existing funding streams that support bus services.

10. From 1 July 2021, all government funding streams for buses will only be available to LTA areas that have committed to entering an EP with their bus operators (this includes both Covid-19 support grants and bus subsidy to operators which has funded bus operators to continue running essential services throughout the pandemic, and which continues to fund the revenue shortfall between actual fares revenue and pre Covid-19 fare revenue). In addition, Government have stated that they will also take account of a region's performance against the NBS when considering funding allocations for wider, non-bus local transport schemes.
11. The NBS and its funding support provides the opportunity to start delivering against the objectives set out in the region's Transport Plan; and will help buses to play an even greater part in enabling economic growth, achieving better and more equal outcomes for communities and contributing to healthy and vibrant places to live and work in the region.

### **Enhanced Bus Partnership for the North East**

12. At its meeting on 16 March 2021 the North East Joint Transport Committee (JTC) in its capacity as the LTA for the region agreed to commence the development of a voluntary bus partnership, building on the shared objectives and principles of the JTC and the region's bus operators (NEBus).
13. Given the process set out in the NBS, the timetable associated with this work is very challenging with Table 3 summarising the key dates and milestones.

<b>North East Enhanced Bus Partnership Indicative Key Dates and Milestones</b>		
<b>Date</b>	<b>Event</b>	<b>Milestone</b>
Immediate effect	<ul style="list-style-type: none"> <li>• Create detailed project plan, risk register and other project management suite documents;</li> <li>• Commence work on our region's 'Vision for buses' document;</li> <li>• Prepare engagement and communications plan;</li> <li>• Establishment of financial, commercial and operational modelling suites, and;</li> <li>• Baseline data for BSIP and Partnership discussion.</li> <li>• Discussion with LA7 members over bus infrastructure schemes.</li> </ul>	
15 June 2021	JTC Formal Meeting	JTC agree to enter into process to establish Enhanced Partnership and issue notice of intention to enter Enhanced Partnership to DfT.
14 July 2021	Public Engagement Launch (Jointly with bus operators)	Big Bus Conversation (North East Vision for Buses) commences and triggers the

		process of dialogue with and within LA7 councils and bus operators.
19 October 2021	JTC Formal Meeting	BSIP Signed off and submitted to DfT
16 November 2021	JTC/NE Bus Forum	Heads of Terms of EP Agreed
14 <sup>th</sup> December 2021	JTC Formal Meeting	Draft Enhanced Partnership Agreed for Public Consultation. This includes: <ul style="list-style-type: none"> <li>• LA7 Members/CAs for review and any required cabinet discussion and consultation on schemes.</li> <li>• Governance within bus operators;</li> <li>• Governance within Nexus and NTL;</li> <li>• Discussion of EP by members of the public;</li> <li>• Due diligence on behalf of JTC.</li> </ul>
15 December 2021 (May require call in period)	Issue Statutory Notice that an Enhanced Partnership Plan and Scheme have been prepared – 28 days objection period to operators launched.	
12 January 2021	Statutory formal consultation commences on content of EP, includes operators, passenger's reps, LAs, competition and markets authority, police services etc.	
15 March 2021	JTC Formal Meeting	Agreement to enter into EP and issue Statutory Notice of intention to make a formal EP Plan and Scheme.
1 April 2021	Enhanced Partnership goes live.	

14. As this process is rolled out, the potential implications for Northumberland will emerge and as such it is anticipated that regular reports will be brought to Cabinet over the next 9 months to highlight and consider these.
15. Equally, however, it is anticipated that even with the development of an Enhanced Bus Partnership, patronage is unlikely to return to pre Covid-19 service levels, due to changes in travel patterns and demand. As a result, some network reduction is expected over the next 18 months, the scale and speed of this reduction will be dependent on what additional funding is available, and what actions can be taken to mitigate against potential service reductions or cancellations. Any significant changes to the network in Northumberland will be highlighted as part of the regular updates to Cabinet.

### **Supporting the work to create the Partnership**

16. Each of the 7 local authorities that form the North East Joint Transport Committee have been asked to make a one-off financial contribution to support Transport North East in coordinating the work to create an Enhanced Bus Partnership within the accelerated timescales set out by Government in the NBS. Given the potential

implications of this work for the county, Cabinet is recommended to approve a County Council allocation of £204,694 from contingencies.

17. In addition, an officer from within the Public Transport Team of the Economy and Regeneration Service has already been seconded to Nexus on a three-day per week basis to provide the necessary expertise to support this work. The Council will be reimbursed by Nexus for this input from the centralised budget. It also means that the centralised team includes someone who can promote the interests of rural bus services within this work from the outset.

## **IMPLICATIONS**

<b>Policy</b>	This proposal would provide ongoing support to transport providers during the Covid-19 recovery phase and support the economic recovery of the region.
<b>Finance and value for money</b>	<p>The proposed NCC commitments (ENCTS payments at pre-covid level and supported contract payment at pre-covid levels) can be met from existing budgets. Additional funding will be made available from central government following a competitive bidding process associated with the development of a BSIP.</p> <p>Should NCC decide against supporting the development of an EP, this will lead to the withdrawal of government funding to bus operators in Northumberland, which will result in the need to significantly reduce the frequency and scope of services to preserve the viability of the business in the face of suppressed patronage. Whilst this will lead to a saving on ENCTS payments to operators (circa £1m per annum), this will likely be offset by increases to the supported services budget deemed necessary to preserve key public transport routes and provide links to employment, education, and service centres.</p> <p>It is proposed that the Council make a one-off financial contribution of £204,694 to Transport NE to help finance the work to create the Partnership.</p>
<b>Legal</b>	Public transport operators will need to confirm acceptance of the conditions pertaining to the payment at pre-Covid levels.
<b>Procurement</b>	None
<b>Human Resources</b>	None
<b>Property</b>	None
<b>Equalities</b>	<p>(Impact Assessment attached)</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/></p>
<b>Risk Assessment</b>	None

<b>Crime &amp; Disorder</b>	N/A
<b>Customer Consideration</b>	None
<b>Carbon reduction</b>	None
<b>Health and Wellbeing</b>	None
<b>Wards</b>	All wards

**Background papers:**

- National Bus Strategy - <https://www.gov.uk/government/publications/bus-back-better>
- National bus strategy: bus service improvement plans – guidance to local authorities and bus operators - <https://www.gov.uk/government/publications/bus-service-improvement-plan>
- JTC Paper – 5 May 2021 – Bus Partnership Update
- JTC Paper – 7 April 2021 – National Bus Strategy ‘Bus Back Better’

**Report sign off**

***Authors must ensure that officers and members have agreed the content of the report:***

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