

BRIEFING PAPER

SUBJECT: ENHANCED BUS PARTNERSHIP
DATE: 9 MARCH 2023
RECIPIENT: OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

THIS IS NOT A DECISION PAPER

SUMMARY:

1. This report outlines the progress that has been made in developing a Southampton Enhanced (Bus) Partnership (EP) between the City Council and local bus operators in line with the National Bus Strategy. This includes an update on statutory consultation that has been undertaken with local bus operators and stakeholders.
2. The report also sets out next steps to formally establish the EP in accordance with the governance arrangements set out in the draft EP Scheme, and to finalise and legally 'make' the EP Agreement in consultation with the Director - Governance & HR and the Executive Director for Place. The reports also sets out the next steps in creating the EP, including proposals to hold the first Enhanced Partnership Board meeting in April 2023.

BACKGROUND and BRIEFING DETAILS:

National Bus Strategy

3. In March 2021 the Department for Transport (DfT) published the National Bus Strategy (NBS) 'Bus Back Better' as its long-term strategy for buses in England outside London. It aims to support economic recovery from Covid, meeting carbon emission targets and increase investment in buses to London standards - making buses an attractive alternative to the car. It sets out Government's vision to improve local bus services through greater local leadership, to reverse the recent shift in journeys away from public transport and encourage passengers back to the bus.
4. To deliver the NBS ambitions, the DfT recommended that LTAs should develop and adopt a long-term vision for buses to be known as a Bus Service Improvement Plan (BSIP). Following this the DfT recommended that an EP or Franchising Agreement be established to support delivery via improved collaboration with bus operators. In June 2021, Cabinet decided that Southampton should pursue the development of an EP and prepare a BSIP. The BSIP would be assessed by DfT and used to allocate a proportion of the £3bn available for buses.
5. In October 2021, Cabinet adopted the Southampton BSIP. This had been developed in partnership with bus operators and followed engagement with local stakeholders and residents. The BSIP sets out the long-term vision for buses in Southampton to 2030 based around nine ambitions.

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6. In March 2022, the DfT announced the successful LTAs who would receive a share of the funding. Unfortunately, Southampton was not successful in being allocated any funding. Feedback from the DfT and the no-funding award from the DfT has informed the updated BSIP which in turn has fed into the development of the EP. The key aims of the bid were to deliver an ambitious proposal of transport investment to sustainably connect people from where they live to the City Centre, places of work, education and leisure, aiming to increase the number of people cycling, walking and using public transport, reduce congestion, improve air quality, and place Southampton at the forefront of economic competitiveness and productivity.
7. The BSIP is a live document that is reviewed annually to ensure it remains up-to-date. The first review took place in Autumn 2022 and updated BSIP republished in January 2023. Having an up-to-date BSIP enables the Council to access future funding for buses such as capital projects, revenue support etc.

Enhanced Partnership Agreement

8. Following the approval of the BSIP and subsequent no-funding announcement, officers have worked with local bus operators to develop the Enhanced Partnership.
9. The EP Agreement consists of two sections – the ‘Plan’ and the ‘Scheme’ (Annex 1), which sets out the detail on how the vision and objectives will be achieved.
 - The EP Plan - This is the BSIP (latest 2022 version).
 - The EP Scheme - The Scheme sets out obligations, both individual and joint, for the Council and bus operators. It sets out the geographical coverage, commencement date, obligations for the Council, bus operators, and those shared jointly, the governance arrangements, and reporting. The obligations can be varied through a bespoke mechanism that is set out in the EP Plan & Scheme in Annex 1.
10. The Scheme obligations for the Council are summarised as:
 - Facilities – which seek to maintain the existing bus infrastructure such as bus lanes, bus priority, bus stops, bus shelters and real-time information displays, and implementing new facilities subject to funding.
 - Measures – bus lane enforcement, ticketing (such as Breeze being delivered via the Solent Future Transport Zone), journey planning, marketing, registration, concessionary fares, roadwork coordination, supported services, and responding to planning applications.
 - With the no-funding the facilities and measures identified are no or low cost activities that are funded via existing external funding detailed in the Medium Term Financial Strategy including, but not limited to, Local Transport Plan (LTP), Transforming Cities (TCF) and Solent Future Transport Zone.
 - Obligations on bus operators include commitments on maintaining and growing the bus network, vehicle standards including need to maintain a minimum of Euro VI compliant vehicles operating in Southampton, driver training, bus priority, reinvestment, ticketing and data requests.

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11. To support this, it is proposed that the EP Board identifies a three-year rolling programme, which will be reviewed annually to reflect agreed Council and operator budgets – including any new external funding.

Consultation & Engagement

12. The contents of the EP have emerged from the BSIP which had stakeholder and public engagement in Summer 2021. Consultation on the EP is required to follow a process set out by the DfT.

13. Throughout the development of the EP, the Council has engaged with bus operators to get their input on the contents. This was followed by an operator objection period, which took place in December 2022 and resulted in 'no objection' from Go South Coast and First Bus. No other operators formally responded to the consultation.

14. The formal stakeholder consultation, which took place between 16 January and 15 February 2023, included engagement with:

- Bus users via Bus Users UK
- Bus and Rail Operators
- The Competition and Markets Authority (CMA)
- Hampshire Constabulary
- Hampshire County Council
- The Traffic Commissioner
- Transport Focus.

15. The formal stakeholder consultation resulted in responses from Transport Focus and an acknowledgement from the CMA.

16. Response Summary:

- Transport Focus provided a detailed response, including suggested improvements to the draft bus passenger charter for Hampshire and Southampton.
- CMA – Ensure that the EP meets competition law through a Competition Test.

Governance

17. The EP Scheme sets out the Governance arrangements for the operation of the EP. The delivery of the EP Plan and Scheme will be overseen by 3 levels of governance. This creates new Partnership Board between the Council and bus operators. The scheme sets out the levels of governance and the mechanism for making variations to the EP Scheme or making new EP Schemes. The governance arrangements are set out as part of the draft document in Annex 1.

18. Enhanced Partnership Board, the key oversight body for the EP that make decisions on relevant EP development policies, programmes and schemes, and then makes recommendations to the Council for formal changes to the EP or LTP policies. It is proposed that the Board is chaired by the Cabinet Member for Transport and District Regeneration supported by the Executive Director Place and Head of Transport and Planning. The Board will also be attended by two Managing Directors or Senior Managers

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from local bus operators making up at least 20% the Southampton's bus network and a representative from a smaller operator or South Hampshire Bus Operators Association (SHBOA). Decisions made by officers representing the Council on the Board will be in accordance with the Policy Framework and agreed Council budgets set annually. Decisions made by officers at the EP Board will be subject to normal scrutiny procedures. Decisions made at the EP Board may also be subject to bus operator decision making processes.

19. Enhanced Partnership Forum – An advisory and engagement group that provides external insight, constructive challenge and makes recommendations to the EP Board and Working Group. It is proposed that the Forum is chaired by the Head of Transport and Planning and attended by wider stakeholders.
20. Enhanced Partnership Working Group(s) with members from each of the organisations represented on the EP Board have the day-to-day operational responsibility for the running of the EP. They will be responsible for meeting the EP Scheme obligations, developing the policies, and implementing the facilities and measures set out in an agreed work programme. This will include any 'Task & Finish' Groups on specific items/projects. Other representatives may also be invited to attend these groups where they can provide specific expertise.
21. The draft Terms of Reference for each of these groups is in Annex 2. These will be finalised in consultation with the Director - Governance & HR and the Executive Director for Place and agreed at the first EP Board meeting.

Variations

22. The EP Agreement is a legal document that sets out a series of obligations for the Council and bus operators. When necessary, for example because of funding opportunities, it may need to be adapted. Within the governance arrangements a bespoke mechanism is set out to vary or remove an element, or all, of the EP.

Next Steps

23. Before the EP can come into operation it needs to be legally 'made', following consultation with the Director - Governance and HR. This will include the preparation of a Notice of Intent that will enable bus operators to have a final opportunity to object to the proposals. Once 'made' the EP Agreement will be published on the Council website and shared with the DfT.
24. Following this process the first EP Board meeting is expected to take place in late April 2023. This meeting will focus on agreeing the draft Terms of Reference (set out in Annex 2) and agreeing the priorities for the next three years in line with the Council's Medium Term Financial Strategy and the Policy Framework.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

25. The Connected Southampton Transport Strategy 2040 (LTP4) will continue to set out the Policy Framework. The EP will be integral to developing and delivering the aspirations of

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the Connected Southampton Transport Strategy and the Bus Service Improvements Plan (the EP Plan).

26. The development and delivery of the EP are largely being met through existing officer roles. In addition to existing officer resource, it is proposed that a new FTE post is advertised in the summer and will lead on the delivery of the EP. This post will be funded through the £171,000 DfT bus revenue grant. Activities that the proposed EP lead would undertake could not be undertaken by an existing officer as these are over and above business as usual activities and therefore existing officer capacity is not sufficient and additional resource is required.
27. The Department for Transport made £3 billion available to support the delivery of BSIPs. The Council submitted a bid for £170 million to deliver the ambitions set out in Southampton's BSIP. Southampton, like many other LTAs, did not receive any funding to deliver the BSIP ambitions. Having an EP and BSIP is a requirement in accessing future Government funding for transport. This funding includes the annual Local Transport Plan (LTP) settlement (currently capital funding of £2.14M for Integrated Transport and £2.13M for Highways Maintenance) in 2023/24. Therefore, the EP and BSIP remain important policy tools that will assist with future funding rounds and, particularly those focused on bus and local transport schemes.
28. The measures set out in the draft EP Scheme do not have any additional new financial 'ask' of the Council. They are no/low cost measures that are already being delivered, such as maintaining bus lanes or having a concessionary fare scheme, or those delivered via existing external capital funding sources such as TCF or Solent FTZ.
29. The Council will remain responsible for setting and agreeing the annual Council budget linked to the EP and BSIP, including budgets for public transport, as set out in the Medium Term Financial Strategy approved by Council in February 2023.
30. The proposed EP 'Scheme' will be delivered using confirmed funding, including Transforming Cities, Local Transport Plan, Bus Service Operator Grant, Future Transport Zone, Section 106 contributions and may be supported through local revenue, such as income from the bus shelter contract and bus lane enforcement. Some measures included in the 'Scheme' can also be delivered at little or no cost other than through officer time such governance, communication and promotion.
31. The 'Scheme' will also be supported by financial and/or in-kind contributions from local bus operators.
32. All relevant financial procedures will be followed to approve the use of these resources as and when these are required.
33. Southampton, as an authority who were not awarded BSIP funding, have received a £171,000 Enhanced Partnership Officer Grant from the DfT. The purpose of the EP Officer grant is to support the development and delivery of the EP and BSIP. This grant is proposed to be used to fund a new 'Enhanced Partnership Officer' position within the Transport Policy and Sustainable Transport team. Activities that should be undertaken by the EP role could not be undertaken by an existing officer as these are over and above

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business as usual activities and therefore existing officer capacity is not sufficient and additional resource is required. This role is expected to be recruited in the Summer.

34. This is in addition to a DfT Capability & Capacity Grant of £221,000 which supported the development of the BSIP and EP via a temporary resource, which will be in place until 30th April 2023. The grant also partially funds an existing officer role until 31st August 2024. A short-term underspend has been realised through using this funding to partially fund an existing officer role.
35. The Council will continue to seek new funding opportunities, in collaboration with members of the EP, to deliver the aims of the EP Plan and Scheme.
36. The decision to 'make' the EP Agreement does not create any additional/new budgetary pressures or requirement and therefore does not affect Essential Spend criteria. The EP will be integral to developing and delivering the aspirations of the Connected Southampton Transport Strategy (LTP4) and the Bus Service Improvements Plan, which will continue to set out the Policy Framework.
37. An EP agreement is entered into pursuant to section 9 of the Bus Services Act 2017, which amended the Transport Act 2000 by inserting relevant sections (S138A-138S) relating to EPs.
38. The EP is a legal agreement containing both individual and joint obligations on the Council and local Bus Operators.
39. The Competitions and Market Authority have been consulted, as a statutory consultee, on the draft EP as required by Part 1, Schedule 10 of the Transport Act 2000.
40. A competition test has also been undertaken in the development of the EP Agreement and has concluded that it is unlikely to have significant adverse impacts on the bus market.
41. An Equalities and Safety Impact Assessment (ESIA) has been undertaken on the EP proposals and is attached as Annex 3. The overall EP proposals are expected to have a positive impact on people with protected characteristics and community safety, including improved bus access and facilities for all bus users both on-board vehicles and at bus stops.
42. As part of the EP, people will have the opportunity to review and comment on the development of proposals through the EP Forum and newly formed Accessibility Forum. Discussions through these Forums will help inform the completion of more detailed ESIA's, which will be undertaken as part of the design process.

OPTIONS and TIMESCALES:

Do-Nothing

43. An Enhanced Partnership is a formal mechanism for collaboration between the Council and local bus operators. The Enhanced Partnership 'Plan' (the Bus Service Improvement Plan - BSIP) and 'Scheme(s)' are key policy tools that enable the Council to unlock funding from Central Government for buses and local transport schemes. Not having an

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Enhanced Partnership in place could mean that Southampton is unable to unlock future funding and therefore, is unable to deliver the ambitions set out in the BSIP and the overarching Connected Southampton Transport Strategy (LTP4).

44. This approach is not recommended as not having an Enhanced Partnership in place could therefore damage the Council's reputation and relationship with bus operators and Central Government at a time of significant change to the bus network.

Franchising

45. Franchising bus services was considered and not recommended at Cabinet in June 2021. This was due to the need for the Council to take on greater powers and control of local buses, including setting standards, timetables, fares, networks etc. Franchising currently is only within the remit of Mayoral Combined Authorities and for Southampton would require the approval of the Secretary of State. Franchising typically takes longer to achieve, requiring additional resource, and would still require an EP to be in place beforehand.

Enhanced Partnership

46. The National Bus Strategy set out a recommendation for Local Transport Authorities (LTA) to establish either an Enhanced Partnership or Franchising Agreement. It was agreed at Cabinet in June 2021 that Southampton City Council would pursue an Enhanced Partnership. This was followed by the publication of Southampton Bus Service Improvement Plan (BSIP) which sets out the ambition for buses in Southampton.
47. The draft Enhanced Partnership 'Plan' and 'Scheme' have been developed in accordance with guidance published by the Department for Transport and with the Transport Act 2000 and subsequent amendments. Approval to establish the Enhanced Partnership and to legally 'make' the EP Plan and Scheme, and for it to commence from 17th April, will be sought from Cabinet in March 2023.
48. The Council's representatives on the Enhanced Partnership Board will require authority to determine relevant matters recommended by the Board, including variations to the Enhanced Partnership 'Plan' and 'Scheme'. Decisions will be subject to remaining wholly within Council budgets and the Policy Framework.

RISK MANAGEMENT IMPLICATIONS

49. The key risks, which will be monitored through the EP Board, include:
- Legal - Obligations are placed upon the Council and Bus Operators by the EP Plan and/or Scheme which will require joint decisions to be made. This will be managed through the Governance process set out in the EP.
 - Funding – The Council's request for BSIP funding was unsuccessful. Obligations will therefore need to be met through existing funding streams until additional funding has been secured to support increased delivery.
 - Staff Resources – The EP will need to be managed carefully by both the Council and Bus Operators who will be using officer resources to support the Enhanced Partnership. The DfT has provided some funding to increase capacity to support the development and delivery of the Enhanced Partnership, but bus operator

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resources may be diverted in the short-term to support significant network changes within Southampton.

Appendices/Supporting Information:

Annex 1 – The Draft Southampton Enhanced Partnership Plan and Scheme

Annex 2 – Draft Enhanced Partnership Board Terms of Reference

Annex 3 – Equality and Safety Impacts Assessment

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