

# BRIEFING ON GREATER MANCHESTER BUS REFORM CONSULTATION

## 1. Background – Our Network

- Our Network, which was launched by the Mayor in June 2019, is Greater Manchester’s vision for a joined up public transport network, which makes getting around the city-region easy, accessible and affordable. By encouraging more people to travel by public transport, walking and cycling we can unlock growth, cut congestion and air pollution and enable Greater Manchester’s residents to lead fulfilling and rewarding lives. This aligns with Greater Manchester’s Transport Strategy 2040, the city-region’s long-term plan for transport.

## 2. Vision for Bus

- Greater Manchester’s Vision for Bus services is that they should be **integrated with the rest of the transport network, have a simplified and integrated fares system, offer value for money and provide a consistent experience for passengers across all services.**

## 3. How buses work now

- Buses are a vital part of our transport network. Currently, **three out of every four public transport journeys in Greater Manchester are made by bus.** Demand on our transport network is growing and by 2035 it is estimated we will need to support 600,000 extra daily journeys. Despite this, bus use in Greater Manchester is falling. **Between 2008-09 and 2017-18 there was a decline of 39m journeys, a reduction of 17%.** To deliver the 2040 Strategy, 50% of all journeys in the city-region will need to be made by foot, bike and public transport (including bus) by 2040. Currently, 61% of daily trips in Greater Manchester are made by car. Meeting that ambition requires one million more journeys every day to be made on foot, bike or public transport.
- Since 1986 Greater Manchester bus services have been deregulated and are now run by private operators who decide routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits. **For passengers this means that there is a lack of oversight or coordination between bus services and other modes of public transport;** a lack of integrated ticketing; no consistent branding; often confusing travel information and differing standards.
- The bus companies decide which services to run and they can modify services as they wish, including where they are not sufficiently profitable. At times of the day and in areas where there is a social need, GMCA pays operators to run subsidised services on those routes. Around 20% of services would not run if not for GMCA’s intervention. **In the 2018/19 financial year, the total spend on subsidised services in Greater Manchester was approximately £27m.**
- GMCA also funds much of the infrastructure to support bus services – for example building new and improved interchanges at Altrincham, Wythenshawe, Wigan, Rochdale; and bus priority schemes such as the Leigh Guided Busway and the Cross City Bus scheme. **Since April 2014, over £250m has been spent on bus priority measures, bus stations and interchanges, including the schemes referred to above.**
- In addition, the public sector pays for concessionary fare schemes for free or low-cost travel. For bus travel this cost approximately £46m in the 2018/19 financial year. Alongside this, central government funds the Commercial Bus Services Operating Grant (“BSOG”). This refunds some of the Fuel Duty incurred by operators. In the last financial year 2018/19, across Greater Manchester this came to approximately £16m.

## 4. Greater Manchester bus reform

- The Bus Services Act 2017 gives Mayoral Combined Authorities new powers to choose the way to run bus services in their area. In accordance with the Act, TfGM on behalf of the GMCA carried out an assessment of a proposed franchising scheme for Greater Manchester, comparing it against other options.
- The assessment **concluded that the preferred option for the future of Greater Manchester’s bus network is for all buses, with a small number of exceptions, to be run under a franchised system.**

Following the completion of the assessment GMCA instructed an independent auditor to prepare a report on the assessment in accordance with the Act. The purpose of the audit report was to ensure that the assessment and any subsequent consultation is based on appropriate material which has been analysed effectively.

- Franchising means bus services – including routes, timetables, fares and standards – would be brought under local control. **Under franchising, TfGM on behalf of GMCA would coordinate the bus network and contract bus companies to run the services, with surpluses being reinvested in the buses.** This would enable Greater Manchester to develop an integrated, multimodal public transport network that can meet the demands of both passengers and the city-region's economy.
- The other options considered by the assessment were new partnerships with the bus companies or leaving the buses like they are now – both of these would mean that the bus companies would still decide the routes, timetables, fares and standards.

## 5. Funding

- The Financial Case for the Assessment includes a range of credible funding sources which could be used to fund the costs associated with the Proposed Franchising Scheme, should a decision be taken to introduce it. In identifying these options, the Assessment concludes that the Proposed Franchising Scheme, including the transition phase, would be affordable and represent value for money for the public purse.
- The forecast net costs over the transition period up to 2024/25 are approximately £134.5m (including £122m for moving to a franchised bus market in Greater Manchester by 2024/2025, and a £12.5m forecast increase in costs over the same period relating primarily to travel concessions and supported bus services). Since the Assessment was completed GMCA has approved a proposal for how these costs would be funded, should a decision be taken to introduce the Proposed Franchising Scheme.
- The majority of the proposed funding would come from earn back funding, provided by central government as part of Greater Manchester's Devolution Agreement. Additional funding could come from the Mayoral precept and a one-off contribution from Greater Manchester's local authorities.
- Following completion of the assessment, the government has indicated that it will support Greater Manchester to "deliver a London-style bus system in the area" which could include revenue funding. If government funding becomes available, this could offset any local contribution – including any requirement from the council tax/Mayoral precept. The government has stated that a long-term funding package for bus services will be announced as part of the 2020 spending review.

## 6. Consultation process

- On 7 October GMCA agreed to proceed to the next stage of the bus reform process and to launch a consultation on a proposed bus franchising scheme for Greater Manchester. **The consultation launched on 14 October 2019 and will end on 8 January 2020.**
- The consultation is open to everyone, including stakeholder organisations, elected representatives, public transport users, non-bus users, local residents and businesses so they can share their views on the proposed bus franchising scheme. Respondents answering in an official capacity are being made aware that their responses may be published.
- Responses will be independently assessed as part of the consultation process and fed into a report that will go before GMCA. The Mayor of Greater Manchester will then use the report and its recommendations to inform any decision made by him on whether to introduce the proposed franchising scheme. **This decision is currently expected in March 2020. However, this is subject to change depending on the progress and outcome of the consultation and any subsequent decision-making process.** It is also important to be aware that the Bus Service Act 2017 allows the Proposed Franchising Scheme to be amended after the consultation closes, for example, to reflect the bus network at that moment in time or to amend the network to reflect consultation responses.