



Doing buses differently

BUSINESS FACTSHEET

BUS REFORM AND COVID-19 IMPACTS

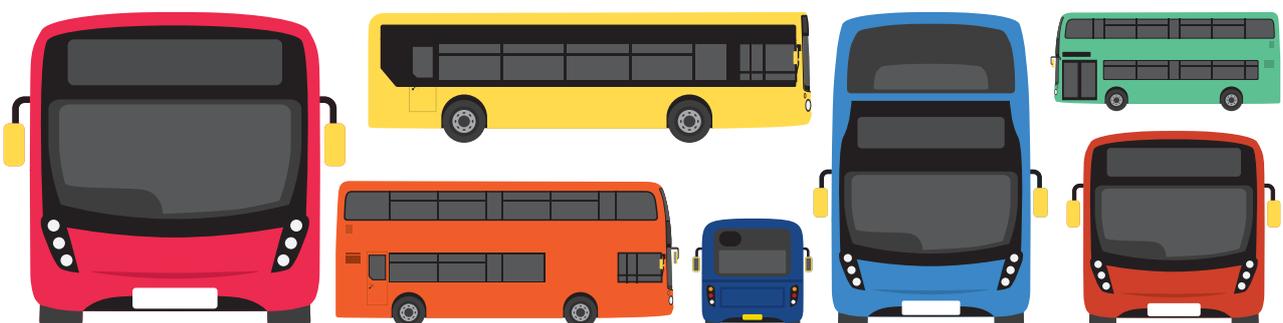
Greater Manchester (GM) has previously consulted on proposals to franchise the bus market. In December 2020, GMCA launched a further consultation following a review of potential impacts of Covid-19. The deadline for responding is **29 January 2021**. Find out more at gmconsult.org.

The role and importance of buses in GM

- 2019's Our Network vision set out GM's aim for an integrated transport network to support ambitions for the region to be one of the best places to grow up, get on and grow old.
- Our Network links to and is supported by the GM Transport Strategy 2040, which looks to develop a sustainable transport network to support the projected increase in journeys of c.1 million every day, as a result of our economic and population growth.
- It is essential that our transport system can support this growth in a sustainable way to meet our health, environmental and social objectives.
- Without a truly integrated transport system of public transport and active travel, we will see an increase in car use which, in turn, means increased congestion, air pollution and emissions.

The case for change

- Bus has a central role to play as part of an integrated transport system – accounting for 75% of public transport journeys (around 190 million journeys) pre-Covid. Buses are vital to connecting communities with jobs, essential services and leisure; particularly for the one third of GM household without a car.
- However, even before the pandemic, the bus market in GM has been in decline and without intervention GMCA considers it will continue to do so.
- GM's bus market is currently deregulated, meaning routes, services and fares are set by operators. There is limited competition in deregulated bus markets and in GM this has meant that benefits such as value for money and innovation have not been seen.
- This can mean fare increases above inflation, which has been the case in GM between 2003 and 2017.
- Fares and ticketing are complex, with over 150 different ticket options available. The current market does not incentivise integration between operators or modes of transport, which is confusing for passengers. Additionally, having a ticket to travel on buses run by different operators costs more.



- The social and economic needs of GM are not a consideration for services, which can leave gaps if they're not profitable, such as evening and weekend services.
- Even now, with the current market in place the public purse spends a lot on bus services in GM. Over £250m of capital expenditure has been spent on infrastructure projects since 2014m such as bus priority measures, stations and interchanges, along with over £100m from local and central government funding each year covering subsidised services, concessionary fares and fuel duty rebates.
- With the disruption of Covid-19, the bus sector has been further supported with extra emergency funding to operators from government totalling £33.6m between March and September 2020. It is likely that additional public funding will need to continue for some time.
- GMCA is seeking better outcomes for its investment. The economic assessment of the Proposed Franchising Scheme concludes that it would provide the best value for money by offering a 'high' benefit to cost ratio and the greatest net economic value.
- Our Network is built on five principles: 1. Convenient; 2. Affordable; 3. Sustainable; 4. Accessible; 5. Accountable.
- The Proposed Franchising Scheme would support all these objectives and, in particular accountability, by enabling GM's leaders to specify how services should operate, informed by the people to whom leaders are accountable.

The impact of Covid-19

- Covid-19 has caused a lot of uncertainty over how people will travel in future. TfGM has used four scenarios to look at the potential change to future travel demand in GM and what it could mean for GMCA's proposals introduce bus franchising.
- Under all scenarios, franchising is still the best option to achieve GM's long-term ambition for a fully integrated public transport system and GMCA still has funding available to pay for the transition to franchising.
- Under franchising, GMCA would be responsible for the bus network and that means it would have more of the financial responsibility and the risks. So, depending on the impacts of Covid-19, GMCA might have to make difficult choices about the bus network in the future to manage these financial risks.
- But even under the other options available – such as entering into a partnership with bus operators or making no change to the bus market – there would still be difficult choices. This is because GMCA would need to pay to fill more of the gaps in the commercial bus network, but would have to do this with no overall coordination and none of the other benefits of franchising. For example, without intervention, GM could be looking at c.£60-£65m increased costs across 5 years of levy-funded bus costs - without any of the benefits that franchising would deliver.
- Despite the additional financial risks, the net benefits of franchising for GM are still likely to be higher and more deliverable than other options, such as a partnership with bus operators, and so will provide value for money.

Get involved and share your views

GMCA is consulting on the Proposed Franchising Scheme in the light of the findings of the Covid-19 Impact Report. The consultation runs between 2 December 2020 and 29 January 2021. Please get involved and share your views – for more information and details of how to respond go to gmconsult.org. We would also be grateful if you could help raise awareness of and encourage participation in the consultation via your networks and can provide a toolkit with relevant content and messaging to support.

