

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND
NEIGHBOURHOOD SERVICES

TO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT COMMITTEE		
DATE:	16 NOVEMBER 2021	AGENDA ITEM:	
TITLE:	READING BUS SERVICE IMPROVEMENT PLAN 2021-26		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Committee on preparation of the Reading Bus Service Improvement Plan 2021-26 (BSIP), which will set the strategy for enhancing bus services in Reading over the next 5 years. The BSIP has been prepared in partnership with all local bus operators and neighbouring authorities in accordance with guidance issued by the Department for Transport, which included a requirement to publish the first iteration of the strategy by the end of October 2021.
- 1.2 Following publication of the BSIP which sets the overall strategy, more detailed proposals are currently being developed in partnership with local operators through the establishment of Enhanced Partnership arrangements and associated action plans. These Enhanced Partnership arrangements are due to be in place by April 2022, in line with the timetable set by Government.
- 1.3 Appendix A - Reading Bus Service Improvement Plan 2021-26

2. RECOMMENDED ACTION

- 2.1 That the Committee approves the Reading Bus Service Improvement Plan 2021-26 as provided at Appendix A.

3. POLICY CONTEXT

- 3.1 The National Bus Strategy 'Bus Back Better' was published in March 2021 as part of a £3 billion funding package aimed at building back Britain's bus services. It sets out how the Government intends to deliver on its commitment to achieve ambitious and far-reaching reform of the bus services sector.

- 3.2 The strategy requires each Local Transport Authority (LTA) to produce a BSIP for their area, and to either establish Enhanced Partnerships with local bus operators or to implement a franchise system to manage the provision of local bus services. The following timetable has been mandated by Government for this work:
- By the end of June 2021, LTAs will need to commit to establishing Enhanced Partnerships under the Bus Services Act 2017 or, alternatively, begin the statutory process of franchising their bus services. Bus operators in such areas are required to co-operate with the LTAs in this process.
 - By the end of October 2021, each LTA will need to publish a local BSIP for their area. Each BSIP will need to be updated annually and the contents reflected in the local authority's Local Transport Plan and other relevant local plans such as the Local Cycling and Walking Infrastructure Plans.
 - From April 2022, in order to access the new streams of bus funding, LTAs will need to have in place an Enhanced Partnership or have commenced the statutory process to decide whether to implement a franchising scheme. Only those bus services operating under either an Enhanced Partnership or through a franchising scheme will be eligible to receive funding from the Government.
- 3.3 Guidance for the development of BSIPs has been published by the Department for Transport (DfT) for local authorities and bus operators. This states that due to the tight timescales associated with BSIPs they will necessarily be high-level, providing an overview to enable further details to be worked out with local operators post-October, in preparation for the Enhanced Partnership arrangements. The guidance provides a standard document structure with sub-headings for all local authorities to follow and emphasises the need to comply with the ambitions of the National Bus Strategy.
- 3.4 It is intended that the BSIP and Enhanced Partnership arrangements together will make up a blueprint for bus service improvement, with the Enhanced Partnership action plan containing details of how the BSIP objectives will be delivered in partnership with operators. In terms of funding, BSIPs will provide an early basis for Government funding decisions in the autumn and winter in preparation for the financial year 2022/3 when transformational funding will begin (subject to the outcome of the autumn Spending Review). Government has indicated that guidance on the establishment of Enhanced Partnership arrangements will be published shortly.
- 3.5 In June, the Council published on its website its intention to develop a BSIP and establish Enhanced Partnership arrangements with all local bus operators. Due to the local bus market being dominated by one main operator (Reading Buses), it was decided by the Council that a franchising scheme was not required and Enhanced Partnership arrangements would be the best route to achieve enhancements in local bus services. The BSIP is being developed in line with the core objectives contained within our local policies, including the Reading 2050 Vision, the Council's Corporate Plan 2021/22 'Investing in Reading's Future', our Draft Reading Transport Strategy 2036 and the Reading Climate Emergency Strategy 2020-25. In addition, priorities within the BSIP have been aligned with our future cycle aspirations as set out within the Local Cycling & Walking Infrastructure Plan 2020-30.

4. THE PROPOSAL

- 4.1 The Reading Bus Service Improvement Plan 2021-26 sets the strategy for enhancing bus services in Reading over the next 5 years. It identifies existing barriers to growing bus usage and outlines a package of proposed interventions to help achieve the strategy's objectives.
- 4.2 The BSIP aims to build on the strong track record in Reading of achieving the second highest bus use per head of population in England (outside of London) prior to the pandemic, with over 20 million passenger journeys every year. The strategy presents

an opportunity to secure external funding for the delivery of measures to complement the existing network of bus priority measures which includes bus lanes, bus gates and signal priority junctions, the town centre bus loop restrictions, initial phases of the South Reading BRT (Bus Rapid Transit) scheme on the A33 growth corridor and the introduction of the first red route outside of London on the busiest bus route in Reading, the purple route 17 corridor.

- 4.3 A key immediate priority is to help bus patronage recover from the significantly reduced levels of usage as a result of the health pandemic, which are currently at around 70% of pre-Covid levels in Reading. Whilst there is some uncertainty regarding the speed of recovery and changes to travel patterns, a core objective of the BSIP is to avoid a car-based recovery and ensure the bus network returns to a sustainable position in the short-term, alongside creating the conditions needed for bus patronage to ultimately grow beyond pre-pandemic levels in the longer-term.
- 4.4 The BSIP has being prepared with the active engagement of all local bus operators, including the municipal Reading Transport Limited, and all neighbouring local authorities. In addition to ensuring operators are eligible for recovery funding from Government to address the immediate revenue gap, the BSIP seeks to strike a balance between setting ambitious longer-term objectives whilst being realistic in terms of what can be achieved given the current financial position of operators. This balance is particularly important to ensure the Council and local operators are in the best possible position to secure future transformation funding from Government as the current level of recovery funding for the industry is ultimately phased out.
- 4.5 The role of the BSIP is twofold, firstly to set the overall context and objectives for the local bus network within which individual operators will make operational decisions on service levels in line with their business plans. Secondly, for local authorities and operators to collectively make the case to Government for future capital and revenue funding to enhance bus services in the local area. The Enhanced Partnership arrangements will provide local authorities with a greater ability to work with operators to achieve the overall vision for the area, however any immediate decisions on service levels should be made by operators to ensure their longer-term sustainability given the uncertainty regarding future levels and duration of funding allocated by Government.
- 4.6 Government has recently provided details to operators regarding the new Bus Recovery Grant (BRG) which replaced the previous Covid Bus Service Support Grant (CBSSG) in September. Levels of BRG funding for individual operators will be allocated by the DfT using a formula which will calculate an operator's revenue loss, scaled for mileage operated in comparison to their pre-Covid mileage. To be eligible for the funding, operators need to have scheduled to run service mileage of 90% or above compared to their 2019 baseline, with the allocation of funding increasing the closer an operator is to 100% of their baseline mileage. The baseline calculated by operators must be approved by local authorities prior to submission to the DfT, therefore officers have been working with all local operators to agree their pre-Covid baseline to enable recovery funding to be received. The current indication from Government is that this funding will run until March 2022, therefore operational decisions made by bus companies should be taken in the knowledge that this funding will be time limited.
- 4.7 The approach taken in the BSIP strategy is to prioritise future capital schemes which have the greatest operational benefits, alongside ensuring any revenue proposals have a realistic chance of becoming commercially sustainable following the ending of any external pump-prime funding. The BSIP contains a package of capital opportunities which will result in quicker and more reliable journey times, thereby achieving benefits for passengers alongside operational efficiencies. Where proposals for future revenue funding are included, such as service enhancements and fares initiatives, these will be further explored and developed with local operators through the Enhanced Partnership arrangements.

- 4.8 The BSIP sets the context for the establishment of Enhanced Partnership arrangements with local operators by April 2022. These plans are being developed in accordance with the legal requirements of Competition Law, therefore whilst individual operational decisions regarding fares and service levels will be made independently by operators, the BSIP and Enhanced Partnerships will set the blueprint and conditions in which sustainable growth of services and passenger numbers can be achieved.
- 4.9 For the strategy to be effective a key element is the provision of cross-boundary services, particularly within the Reading urban area. The BSIP has therefore been developed through close engagement with all neighbouring authorities to identify opportunities to ensure our respective plans and arrangements are joined-up and consistent. We are also exploring opportunities for future monitoring and governance arrangements within the wider Reading urban area.
- 4.10 The focus of the BSIP is on local bus services which are open to the public as required by the DfT guidance, however we also worked with local community transport providers as services such as dial-a-ride provide a vital lifeline for residents who are unable to use public bus services. This included exploring opportunities to seek funding through the BSIP process to support these important services, for instance to enable the purchase of zero emission minibuses and associated charging infrastructure.
- 4.11 Following publication of the BSIP, officers have commenced work on the Enhanced Partnership arrangements and associated action plan. This work is being undertaken in partnership with operators and neighbouring authorities, with the objective of achieving a sustainable future for bus services in Reading. In addition, the BSIP strategy will be reviewed and updated annually in line with the guidance issued by the DfT.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposals as set out within this report will help to deliver the following strategic aims of the Council through the delivery of a thriving public transport network in the town:
- Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 5.2 In turn, the BSIP will contribute to the Council's vision *'To help Reading realise its potential - and to ensure that everyone who lives and works here can share the benefits of its success'* by providing affordable access to education, training and employment through enhanced bus services for residents.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 Transport is the biggest greenhouse gas emitting sector in the UK accounting for around 27% of total carbon emissions. As set out in the Reading Climate Emergency Strategy, this figure is lower in Reading with transport accounting for around 20% of carbon emissions. However, significant investment in sustainable transport solutions is vital in order to respond to the Climate Emergency declared by the Council in February 2019 and to help achieve the target of a carbon neutral Reading by 2030.
- 6.2 The transport strategy is focused on encouraging the use of sustainable transport, walking and cycling as attractive alternatives to the private car. This includes managing congestion and improving air quality by providing a more efficient network and suitable alternatives for vehicular traffic, which will enable existing highway capacity to be reallocated for the use of sustainable modes. The delivery of the BSIP and Enhanced Partnership arrangements as set out within this report form part of this overall strategy, which has achieved considerable success in recent years including bus usage in Reading being the second highest in the country outside of London, having increased by 23%

since 2010, and around 35% of trips into Reading town centre being made by pedestrians and cyclists.

- 6.3 The Climate Impact Assessment tool has been used to assess these proposals, resulting in an overall Net Medium Positive impact. This is as a result of the BSIP intending to recover bus use to pre-pandemic levels. In addition, the BSIP is intended to make buses more relevant to people's travel needs through more frequency, faster services, more bus routes, better integration with other modes of transport and easier to access. The success of this BSIP would help to reduce car use, car congestion, harmful emissions and climate change. The BSIP is required by the DfT as a high level statement of intent and as a bidding document for future bus service funding which will be a mixture of capital and revenue to enable better bus services as set out in the National Bus Strategy to be delivered. For instance, as part of the BSIP we are seeking funding to replace low emission diesel buses with zero emission electric buses and to improve and replace Council owned legacy bus shelters with a number of green roofed shelters.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 As set out within the report, the BSIP has been developed in collaboration with all local bus operators and neighbouring local authorities. The proposals include the establishment of a Passenger Charter which will provide bus users with a greater say on the future provision of services in Reading. The Charter will be set out at a high-level within the BSIP, and further developed and adopted alongside the Enhanced Partnership arrangements by April 2022.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equalities Impact Assessment (EIA) scoping assessment has been undertaken which concludes that an EIA is not required at this time due to the fact that the BSIP is a high-level strategy designed to address the mobility and travel needs of all residents in Reading by improving bus services and access to them, and developing services to be more relevant to residents.
- 8.2 Further EIA assessments will be undertaken at the appropriate time as individual proposals contained within the BSIP are developed in further detail.

9. LEGAL IMPLICATIONS

- 9.1 The development of the BSIP has been undertaken with local bus operators in accordance with Competition Law. It is proposed that following publication of the BSIP, the Council establishes Enhanced Partnership arrangements with all local operators serving Reading Borough, which is a statutory arrangement termed 'enhanced partnership arrangements' under the 2017 Bus Services Act. The Enhanced Partnership will set out commitments for both the Council and bus operators, for instance the Council will deliver a new section of bus lane (subject to funding being secured from Government) and in return operators will commit to providing an enhanced level of service on routes that will benefit from reduced journey times which use the new facility. The overarching objective is for the Council to work xxx with all local operators for the benefit of passenger in Reading.
- 9.2 It is envisaged that an element of internal legal support will be required to assist with the preparation of documentation required to formalise the Enhanced Partnership arrangements with each bus operator, alongside legal resource provided by the bus operators themselves.

10. FINANCIAL IMPLICATIONS

10.1 The direct costs of preparing the BSIP and subsequent Enhanced Partnership arrangements with local operators is being funded by a £150k revenue grant provided to the Council by the Department for Transport, as set out below:

Revenue Implications

	2021/22 £000	2022/23 £000	2023/24 £000
Employee costs (see note1)			
Other running costs	100	25	25
Capital financings costs			
Expenditure	100	25	25
Income from:			
Fees and charges (see note2)			
Grant funding	150		
(specify)			
Other income			
Total Income	150	0	0
Net Cost (+)/saving (-)	-50	+25	+25

10.2 Development of the proposals contained within the BSIP will be subject to securing additional external funding and value for money assessments. The BSIP has been developed in accordance with the objectives of the National Bus Strategy to ensure the Council and local bus operators are eligible for continued support through the current bus recovery funding and any future opportunities from the £3 billion transformational Government funding.

11. BACKGROUND PAPERS

11.1 National Bus Strategy: Bus Back Better, Department for Transport, March 2021

11.2 Bus Service Improvement Plans: Guidance to Local Authorities and Bus Operators, Department for Transport, May 2021

11.3 National Bus Strategy - Next Steps, Report to Strategic Environment, Planning & Transport Committee, 30 June 2021