

**MINUTES OF THE VIRTUAL MEETING OF THE
GREATER MANCHESTER COMBINED AUTHORITY
HELD ON TUESDAY 23 MARCH 2021 VIA MICROSOFT TEAMS**

PRESENT:

Greater Manchester Mayor	Andy Burnham
Bolton	Councillor David Greenhalgh
Bury	Councillor Eamonn O'Brien
Manchester	Councillor Richard Leese (In the Chair)
Oldham	Councillor Sean Fielding
Rochdale	Councillor Allen Brett
Salford	City Mayor Paul Dennett
Stockport	Councillor Tom McGee
Tameside	Councillor Brenda Warrington
Trafford	Councillor Andrew Western
Wigan	Councillor David Molyneux

IN ATTENDANCE:

Manchester	Councillor Bev Craig
Rochdale	Councillor Janet Emsley
Stockport	Councillor Elise Wilson

OFFICERS IN ATTENDANCE:

GMCA & TfGM - Chief Executive Officer	Eamonn Boylan
GMCA - Deputy Chief Executive	Andrew Lightfoot
GMCA – Monitoring Officer	Liz Treacy
GMCA – GMCA Treasurer	Steve Wilson
Bolton	Tony Oakman
Bury	Donna Ball
Manchester	Joanne Roney
Oldham	Lewis Greenwood
Rochdale	Steve Rumbelow
Salford	Tom Stannard
Stockport	Pam Smith
Tameside	Steven Pleasant
Trafford	Sara Todd
Wigan	Alison McKenzie-Folan
Office of the GM Mayor	Kevin Lee
TfGM	Steve Warrener
TFGM	Michael Renshaw
TFGM	Kate Brown
TFGM	Simon Warburton
TFGM	Ian Palmer
GMCA	Simon Nokes
GMCA	Claire Norman
GMCA	Julie Connor

GMCA 42/21 APOLOGIES

RESOLVED /-

That apologies be received and noted from Baroness Bev Hughes, Deputy Mayor.

GMCA 43/21 CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

RESOLVED /-

1. That it be agreed that the report on Bus Reform: Bus Back Better - Item 5A on the agenda, be considered as an item of urgent business, given the report details the recent publication of the National Bus Strategy by Government.
2. That the meeting of the GMCA be adjourned at 11:50am and reconvened at 12.10pm in recognition of Covid-19 National Day of Reflection to allow members of the GMCA to observe the national minutes silence in memory of all those who have lost their lives due to Covid over the past year.

GMCA 44/21 DECLARATIONS OF INTEREST

RESOLVED /-

There were no interests declared at the meeting.

GMCA 45/21 MINUTES OF THE GMCA HOUSING, PLANNING AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE HELD 19 MARCH 2021

RESOLVED /-

That the minutes of the Housing, Planning & Environment Overview & Scrutiny Committee held on 19 March 2021 be noted.

GMCA 46/21 BUS REFORM: BUS BACK BETTER

RESOLVED /-

That the contents of the National Bus Strategy and the matters considered in this report be noted.

GMCA 47/21 BUS REFORM: CONSULTATION AND THE GMCA RESPONSE

Eamonn Boylan, Chief Executive Officer GMCA & TfGM introduced a suite of reports which brought together the outcome of work that first commenced in June 2017 with the preparation of an Assessment of a proposed franchising scheme following process set out in the Bus Services Act. The reports further set out the outcome of two periods of consultation totalling 20 weeks, including views on the conclusions of the Assessment and the proposed franchising scheme in light of Covid-19 further to the additional analysis completed between June and November last year.

The consultation saw over 12500 responses from the public and stakeholders including those currently running bus services in Greater Manchester. The detailed analysis includes a report prepared by Ipsos Mori who analysed and reported on key themes from the consultation as well as a detailed consideration of the issues raised and the TfGM response to these issues.

On Monday 15th March, the Government published the National Bus Strategy 'Bus Back Better'. The Strategy was very much aligned to GMCA's own vision for bus and objectives to reform the market, with Greater Manchester's proposals specifically referenced in the document.

All these reports have also been considered by the GMCA Housing, Planning and Environment Overview and Scrutiny Committee at their meeting on the 19 March, and their minutes had been included with this agenda for Members to note.

The assessment had been based on a statutory required structure consisting of five cases. In relation to the strategic case the assessment considered how the different options for reform were likely to perform in terms of meeting GMCA's objectives. Both the original Assessment and the subsequent Covid -19 Impact report concluded that franchising is the best option to pursue to deliver Greater Manchester's Vision for Bus as part of an integrated transport network. Furthermore, this was very much endorsed by respondents to the consultation, both individuals and statutory consultees. The greatest challenge to the Strategic Case came from incumbent operators, advocating a Partnership model.

In relation to the economic case the Assessment concluded that the case was for investment and reform was strong, with both partnership and franchising options representing high value for money. The Assessment further concluded that the Proposed Franchising Scheme was preferable because it created more economic value (as defined by a Net Present Value, "NPV") and was likely to result in more durable and lasting economic impacts. It also concluded that the Proposed Franchising Scheme would create a better platform to deliver further potential economic value.

The Covid-19 Impact Report concluded that the additional analysis that it provided confirmed that, on balance, the conclusion that the Proposed Franchising Scheme represents value for money was likely to be robust to the uncertainty created by Covid-19 in all reasonably likely scenarios. It also concluded that the Proposed Franchising Scheme remained preferable to the Operator Proposed Partnership option as, on balance, the overall net benefits were likely to remain higher and more deliverable, particularly given the considerable uncertainty surrounding what, if any, partnership options were on offer.

Taking into account consultation responses, TfGM remained of the view that, on balance, the value for money of the franchising scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely scenarios and that it remained preferable to both the partnership options as, on balance, the net benefits were likely to remain higher and be

more deliverable, particularly given the uncertainty surrounding what, if any, partnership options were on offer.

The financial case in the Assessment set out that the GMCA would be able to afford the transition to, and to operate, any of the options, including the Proposed Franchising Scheme. The financial case considered the forecast income, costs and risks of each option and the associated funding requirements. The Covid-19 Report concluded that the Proposed Franchising Scheme remained affordable, provided that mitigation options of the form and scale included in the report were accepted. It confirmed that the sources of funding which were included in GMCA's preferred funding strategy for the transition period, which total £134.5m, remained available for the Mayor, GMCA and local authorities to prioritise to bus reform over a transition period to 2025/26 if they wished to do so. These resources were intended to cover the transition to a fully franchised bus network across the whole of Greater Manchester and include acquisition of assets such as depots and ticketing systems, staffing and IT, as well as providing an allowance to manage risks. Proceeding with franchising would mean more financial responsibility and associated risks belonging to the GMCA.

During the transition period, and beyond, GMCA would assume financial risk on the farebox (c£180m p.a. in total within GM pre-Covid-19). In the Impact Report's two 'central' scenarios, the reduction in farebox that was assumed to accrue to GM in the Assessment would be circa £82 to £96m in the period to 2025/26, at which point the whole market would be fully franchised. Under the most optimistic scenario, farebox is similar to the Assessment. Under the most pessimistic scenario (that assumes no further government Covid-19 related funding) and that assumes patronage levels below those currently being experienced, the farebox that would accrue to GMCA would reduce by c£292m in the period to 2025/26. Having considered the responses to the first and second consultations, TfGM considered that it remained the case that in light of Covid-19 there was now significantly greater uncertainty over future bus patronage and related factors. If bus revenues, and net revenues, were lower than forecasted in the Assessment, GMCA would need to consider further mitigations and/or funding sources. These mitigation options would build upon the Assessment, but the scale of any or all of the options may need to change. These mitigations could include:

- Paying concessionary reimbursement based on actual usage as opposed to pre-Covid-19 levels.
- Reducing transition costs.
- Using other sources of funding available to GMCA.
- Making reductions to the network.

Whilst this uncertainty was not specific to the Proposed Franchising Scheme, and GMCA would still face risks under a Do Minimum or Partnership option, it would assume financial risks more directly under the Proposed Franchising Scheme. For this reason, it was important that GMCA notes this uncertainty and accepts the potential requirement to implement mitigation options of the form and scale identified in the Covid-19 Impact Report. If this were the case, TfGM considered that this would provide an acceptable balance of risks to achieve GMCA's objectives for bus services and that the GMCA could afford to make and operate the Proposed Franchising Scheme.

As part of the Assessment, the Act required GMCA to compare the making of the proposed franchising scheme to one or more courses of action. Various options were considered in the Assessment and in particular, two alternative options were considered in detail. These options were a 'do minimum' option, which effectively meant leaving the market as is, and partnership. The Assessment considered two different partnership options which illustrated the range of potential outcomes that could be achieved, including an Ambitious Partnership which went further than GM operators were prepared to go themselves and which would have required an Enhanced Partnership Scheme to be implemented. Having considered these options in the Assessment, it was concluded that the Proposed Franchising Scheme would be GMCA's preferred option in terms of meeting the objectives for improving bus services in GM. During the first consultation, two substantive partnership proposals were put forward by OneBus, building on their previous proposals, and Stagecoach, being a partnership for the south of Greater Manchester only. Both were reviewed in detail and it remained the conclusion that the Proposed Franchising Scheme was GMCA's preferred option. During the second consultation, some of the operators stated their preference for a partnership however OneBus and Stagecoach both confirmed that its previous proposals were no longer valid given the uncertainty caused by Covid-19. A number of operators also proposed that a 'recovery partnership', based on high-level principles set out by the Confederation of Passenger Transport, should be considered by GMCA. Operators clarified that this was not an alternative to the longer-term partnership but would be focused on the short to medium term as the operators seek to stabilise the network and grow patronage.

The National Bus Strategy sets out the Government's strategy for the future of bus services including continued financial support as the market recovers and the requirement for Local Transport Authorities to explore either an enhanced partnership or franchising by June 2021 and references Greater Manchester specifically. There was strong alignment between the National Bus Strategy and Greater Manchester's Vision for Bus and the strategic case in the Assessment which was highlighted in the report on the National Bus Strategy. Due to the commitment to ongoing funding, the National Bus Strategy had reduced the likelihood of the downside scenarios materialising when considering the value for money and affordability of the proposed franchising scheme. The Strategy may be said to increase the incentives for operators to agree to an Enhanced Partnership that they had previously rejected, but the overall conclusion of the Assessment was that, despite the extensive engagement the level of ambition from operators for a partnership was low. Members of the GMCA had also received further correspondence overnight from Diamond Bus who are part of Rotala which highlighted the fact that these strategies were very much aligned. Indeed, the Strategy required all Local Transport Authorities to determine whether a franchising scheme or an Enhanced Partnership Scheme was the best option for them. Greater Manchester's Proposed Franchising Scheme was specifically referenced as we are significantly further advanced in this area, having fully considered the other options available against our strategic objectives. The report before Members expressly stated that this was the case and highlights that Enhanced Partnerships were considered in the assessment in detail but that this does not provide the platform for investment and the fundamental structural market change required to deliver GMCA's ambitions. The advice from officers was that any further delay would postpone the structural reform of the bus market in accordance with these strategic objectives, which the analysis concluded best delivers its vision for bus. It would also reduce GMCA's ability to plan for the long-term future of the bus market and the fullest recovery from Covid-19.

In relation to questions from Operators regarding the audit activity, it was confirmed that Grant Thornton had provided its opinion on the Assessment in accordance with the Bus Services Act. The independent auditor had also been asked to provide a review of the Report to provide the GMCA with independent assurance on the approach taken by TfGM in preparing the Covid-19 Impact Report. The audit opinion on the Assessment and the audit review of the Covid-19 Impact Report were published as part of the consultation processes and have been appended to the various reports to GMCA. During the first and second consultation period, some consultees made comments relating to the auditor's reports on both the Assessment and the Covid-19 Impact Report. Details of the issues raised, and responses are also set out in the appendices. Having considered the points raised through the consultations, TfGM did not agree that either Grant Thornton failed to consider anything deemed material or that its opinion was not one that they were reasonably entitled to reach when carrying out their audit of the Assessment. Further, with regard to the criticisms of Grant Thornton's approach to its review of the Covid-19 Impact Report made during the second consultation period, it was not accepted that a further audit report was required, but rather that reliance can be placed on the auditor's conclusion in respect of it.

The main legal matters for consideration were set out in section 18 of this report and section 16 of the TfGM report. In particular, members were advised to have regard to the public sector equality duty, the requirement to carry out a fair consultation and the operator's rights under the Human Rights Act. In relation to the Public Sector Equalities Duty, an equality impact assessment is attached to the report and following a review of the responses to the consultations, it was not anticipated that the Proposed Franchising Scheme would have any significant adverse impacts on those with protected characteristics and there would in fact be positive impacts of varying degrees on certain groups. Regarding the human rights implications of the recommendation and proposed decision the GMCA and the Mayor would need to be satisfied that in the absence of provision for compensation, the public interest in the benefits of franchising justify the interference with the operator's possessions and that it does not impose an individual and disproportionate burden on any of them.

Members were also made aware that bus operators had raised issues in their responses to the consultation about the lawfulness and rationality of making a decision to implement the Proposed Franchising Scheme at this time and on the basis of the information available. Two incumbent operators had made claims for a Judicial Review of these processes and they were being considered by the courts. Those claims were being defended and Officers were satisfied that the requirements of the legislation had been met, there was no impediment to the GMCA should it approve the recommendations today.

The November 2020 report set out the reasons for proceeding with a decision at this stage or alternatively deferring the decision until there was more certainty with the pandemic. The GMCA had already agreed to proceed with the consultation, and respondents were asked to consider if this was the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme. The second consultation found that there was substantial support for taking a decision at the present time – from local authorities, stakeholder and academic institutions and from the public. The main criticisms of taking a decision now were that the Assessment was deemed out of date, there was still too much uncertainty with the pandemic, future patronage was unknown, and that the continuing economic uncertainty meant that operators could not put forward credible partnership options. There were clear reasons to take the decision now and these were set out in paragraph 15.4 of the report – particularly in giving GMCA levers to help support the

recovery of the bus market, the wider economy and society of Greater Manchester – therefore, the judgement remains that it was appropriate to make a decision on the Proposed Franchising Scheme now.

In conclusion, it was considered that, when compared to the alternatives, the Proposed Franchising Scheme is preferable to other options including Enhanced Partnership as it would contribute to the implementation of GMCA's local transport plan policies made under the Act and other policies affecting local services that GMCA has adopted and published. The proposed scheme represented value for money, the GMCA can afford to make and operate the scheme and that the GMCA was likely to be able to secure that local services are operated under local service contracts. Although it may have some detrimental effect on services entering Greater Manchester, which GMCA would seek to mitigate as far as possible and is likely to interfere with enjoyment of their 'possessions' by bus operators, it was nonetheless considered that, on balance, it was in the public interest to make the Proposed Franchising Scheme and that it should be progressed subject to a number of minor proposed amendments set out in the report to modify the scheme.

The Chair reiterated that the GMCA were not considering the transport strategy today, as the vision for bus was clearly set out in the GM Transport Strategy 2040, but whether these proposals would allow the strategy's objectives to be delivered. The reports set out in detail the criteria to be considered by Members in relation to economic benefits, commerciality, value for money, equalities & human rights, environmental impact and the impact of the two consultations undertaken. Furthermore, the issue of timing had been raised and whether the decision should be taken now, following the latest 12-month evolution of a process which began in 2017. He added that the final substantial issue to be considered would be the adequacy of the process and documented audit assurances.

Councillor Eamonn O'Brien expressed how important bus travel was to ensure residents can access all areas of the Bury borough and wider conurbation, especially for work and education. Ensuring an integrated public transport network was clearly an ambition that many consulted respondents also echoed, as the current system was described as fragmented and not fit for purpose. The detail of the reports and length of time of the work to date gave assurances that this had been a comprehensive process that not only reflects the challenges of the pandemic but seeks to find long-term opportunities to create a more sustainable network.

Councillor Sean Fielding commented that the consultation findings reflected residents' experiences of a fragmented bus network since de-regulation that was currently made up of a patchwork of isolated routes that often make it difficult for people to travel across the Oldham borough, especially those in more rural areas. It was time for greater local accountability as to how the bus network was designed, overseen and integrated with other modes, akin to the seamless multi-modular first-class system in London that residents of Greater Manchester also deserved. The reports highlighted that these proposals would be the only way to ensure the vision for the sub-region could be realised in providing quality, clean, affordable and reliable bus travel that would also be crucial to the sub-region's recovery from Covid.

Councillor Brenda Warrington agreed with points that had already been made in relation to the fragmented network and unaffordable pricing structure that currently penalised those who had no alternative to public transport. She felt that the de-regulation of buses had led to a system that was predominantly profit focussed to the detriment of many communities who were reliant on bus services to keep them connected. It was important that Greater

Manchester could take some authority in determining the location of routes to ensure that communities were no longer adversely affected by decisions taken for short term commercial reasons that rarely looked to provide a longer-term lasting solution.

City Mayor Paul Dennett emphasised the importance of the bus network in connecting other modes of public transport and allowing people full access to the city-region. In Salford there were 40% of households without access to a car and therefore the provision and reliability of bus services was crucial. The relatively new Guided Busway in Leigh has proven how successful bus provision could be if the infrastructure was right, it was well managed, provided a high quality of service and was well publicised as pre-covid there were 60,000 passengers using these services per week. A strong bus network would also provide some broader benefits including supporting GM's ambitions to tackle congestion and reach carbon neutrality. In London, since 1986 bus patronage has doubled, and this was the type of radical reform that was also needed for Greater Manchester that did not accept cutting off communities and outlying areas for financial reasons despite significant subsidies being provided to operators. He was grateful that the Chief Executive had taken the CA through the wealth of contributing documents today, which had made it clear that residents of Greater Manchester did not think that the current system was fit for purpose and were supportive of the recommendations.

Councillor David Molyneux expressed his support for the proposals, the comments which had already been made and added that a strong bus network was fundamental to the public transport system in Wigan.

Councillor Tom McGee recognised the importance of multi-modal travel to ensure that rail and Metrolink services were knitted together with a strong bus network and furthermore that cross-ticketing would enable people to travel across Greater Manchester seamlessly.

Councillor Andrew Western explained that due to the significance of this decision, he had considered in detail all options outlined in the reports and chosen the proposal which was most in line with GM ambitions as this was the best approach to not only deliver a truly integrated public transport system but to also drive forward economic growth. A lack of transport connectivity could often in fact be a barrier to such growth and opportunities for residents and therefore it was imperative to ensure that all parts of Greater Manchester were better connected, and that no community was detrimentally affected by a network that penalised outlying areas.

Councillor David Greenhalgh recognised the need for bus reform as the current system was not acceptable and did not meet GM's ambition for a truly integrated network. However, he expressed his concerns in relation to the timing of making a decision on a chosen proposal in light of the current uncertainty around covid recovery and future Government funding opportunities. He felt that deferring such a decision would not be detrimental as the earliest point of delivery would not be until 2023-2025, furthermore the funding model for phase two was still to be secured. In times of Local Authority funding uncertainties, it would be difficult to give a strong commitment to delivery and it would be wise to defer to allow further modelling of an enhanced partnership model to be explored. In view of his significant reservations, it would prevent his support to pursuing this approach as the situation was very different to when initial decisions were taken by the GMCA. Further exploration of other options would ensure that the GMCA could make the right decision and reduce any additional risk or uncertainty.

Councillor Allen Brett said that all communities needed a strong bus network and that the current de-regulated arrangement did not actively support this. Therefore, in his view the proposed franchising scheme would be necessary to ensure this could be achieved.

Clerks note: The meeting was adjourned between 11.50am and 12.10pm to give opportunity for Members of the GMCA to mark the National Day of Reflection and take a minute's silence for all those who have lost their lives due to Covid-19.

Councillor Richard Leese agreed with members comments that the current system was not sustainable and needed to see fundamental change, however as now, a continued cooperative and collaborative relationship with bus operators was desired. Thanks were expressed to them for their significant efforts in keeping the city region moving throughout the pandemic specifically, and it was acknowledged that they would be instrumental in ensuring GM could recover at the required pace. The work on bus reform to date had indicated that short term decisions had not made the substantial changes that were needed across the bus network, and therefore it was time for serious consideration to be given to the long-term future of buses in Greater Manchester. At the end of the first consultation there were three partnership models put forward by operators, however none covered the whole of Greater Manchester nor were they compatible with one another and following the second consultation there were no partnership proposals still on offer predominately due to the level of uncertainty faced by operators post pandemic. He said that in his view deferring any decision would not address this uncertainty and in line with the expectations of the National Bus Strategy, all Local Authorities were to have committed to enhanced partnership models by June 2021, unless they were Combined Authorities who had already begun the franchising process. Although there were risks associated with both proposals, there were more risks associated with a partnership model where the GMCA could have no level of certainty as to the location of future bus routes or ticketing prices. GM would also have access to funding as detailed in the National Bus Strategy to further enhance the bus network irrespective of which model was selected, however this Strategy identified that a franchising model would be Government's preference.

In response to questions, officers confirmed that the National Bus Strategy had stated that by July 2021 all Local Authorities who had met the requirements would have access to available Government grants and that as the GMCA had already begun its legal process under the Bus Services Act, the Combined Authority were already underway with the required steps to meet this deadline.

The Chair requested a named vote on all the recommendations in the report. This was recorded as follows:

Cllr David Greenhalgh, Bolton	Against
Cllr Eamonn O'Brien, Bury	For
Cllr Richard Leese, Manchester	For
Cllr Sean Fielding, Oldham	For
Cllr Allen Brett, Rochdale	For
City Mayor Paul Dennett, Salford	For
Cllr Tom McGee, Stockport	For
Cllr Brenda Warrington, Tameside	For
Cllr Andrew Western, Trafford	For

RESOLVED /-

1. That the Mayor be recommended to make a franchising scheme as set out in Appendix 5 to this Report.
2. That the completion of the consultation process on the Proposed Franchising Scheme; its extent and the responses received be noted.
3. That the TfGM Report 'Bus Franchising in Greater Manchester March 2021: Consultation Report' (Appendix 1) be noted and that the conclusions therein be endorsed.
4. That the Mayor be recommended, that if he decides to make a franchising scheme, he should also publish a transitional notice in the form at Appendix 7 (which the GMCA would do if it were the relevant person to do so).
5. That when the Mayor has decided whether or not to make a franchising scheme, it is agreed:
 - i. to adopt and publish this report and its appendices as its response to the consultation, together with the Mayor's decision, as the report to be published by the GMCA under section 123G (1) of the Act.
 - ii. to give notice of that report to traffic commissioner (s.123G (2) of the Act).
6. That if the Mayor decides to make a franchising scheme, it is agreed:
 - i. to publish the scheme on behalf of the Mayor at the same time as the report to be published under section 123G (1) of the Act.
 - ii. at the same time to publish a transitional notice in the terms set out in Appendix 7 and then, within 14 days of date upon which transitional notice is published, to give notice to the traffic commissioner of its publication on behalf of the Mayor if the Mayor so decides (or alternatively the GMCA) as required by the Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018, and
 - iii. that, in conducting the procurement process for the provision of local services, the GMCA will facilitate the involvement of small and medium sized operators in the provision of local services as set out in section of this Report; (s123 G (3) of the Act). Page 5 Agenda Item 52
7. That it be noted that the proposed funding arrangements and mitigations for the Scheme as set out in this report were approved by GMCA at its meeting on 27 November 2020 and to confirm those arrangements.
8. That it be noted that the GMCA has considered the contents of the National Bus Strategy and the matters considered in the Report 'Bus Reform: Bus Back Better'.

Signed by the Chair: