

**Executive**

**19 March 2020**

Report of the Director of Economy and Place  
Portfolio of the Executive Members for Environment and Planning and  
Transport

## **Bus Services Update**

### **Summary**

1. The declaration of a Climate Emergency, and need to respond to increasing traffic and travel demand as York grows, means there is an ongoing need to develop York's bus services whilst managing their environmental impact. This report to Executive sets out progress on a number of bus-related initiatives being taken forward by City of York Council and requests Executive support for a continuation of existing policies, or changes as set out below.

### **York Clean Air Zone: Progress with Implementation**

**Recommendation:** Executive to note that Clean Air Zone upgrade grant has been allocated to meet the requirements of York's Clean Air Zone and that operators are now procuring new buses or fitting existing buses with upgrade kits.

**Reason:** To support delivery of the Clean Air Zone programme in line with Council Plan objectives.

### **Tour bus electric retro-fit conversions:**

**Recommendation:** Executive should look to end the current trial of retro-fitted electric buses and enter into discussions with Defra to reallocate the funding within the York bus network.

**Reason:** The trial of retro-fitted electric open top buses has fallen short of the operators' requirements. Exploring scope for reuse of funds allows a new approach to be identified which will best achieve air quality objectives in York.

## **Electrification of bus network fund**

**Recommendation:** the council should submit an Expression of Interest to Department for Transport's Electric Bus Town fund on 30th April.

**Reason:** A successful bid would improve air quality in York by increasing the proportion of the bus network operated by electric buses.

## **Superbus fund**

**Recommendation:** CYC should not submit an Expression of interest to the Superbus Fund. However, CYC should monitor DfT activity for future bidding opportunities to similar funds and develop project in conjunction with LTP refresh.

**Reason:** Enquiries with DfT have confirmed that York is not eligible for Superbus funding. However, in the future attracting funding for a Superbus type project would be an opportunity to improve York's bus network.

## **Supported service 3A and 12**

**Recommendation:** The council should support ongoing provision of services 3A and 12 using monies from the council Bus Service Operator Grant (BSOG) allocation and allow expenditure of BSOG in York on other supported bus services at the Executive Member for Transport's discretion.

**Reason:** This will allow continuation of a well-used service which would otherwise not be affordable within the council's supported bus service constraints. It will also allow the council flexibility to subsidise other bus services as and when required to support Council Plan objectives.

## **Better Deal for Bus Users – supported services funding**

**Recommendation:** CYC should claim an £83.5k allocation to CYC from DfT for supporting additional tendered bus services, noting the delegated decision about which routes to support and submitted to the DfT taken by the Director of Economy and Place in consultation with the Executive Member for Transport.

**Reason:** To increase the number and variety of bus services available to York residents in line with the objectives of the DfT administered fund.

## **Background: Progress with bus services in York**

2. In late 2012 City of York Council adopted a new set of policies for managing bus services in the city. Since the adoption of these policies the Council and operators have made sustained investments in services, co-ordinated through the York Quality Bus Partnership. Since 2012:
  - There has been investment to improve passenger information, provide real time screens, traffic management, new ticket products and bus stops and shelters across the city, and establishment of a Better Bus Area in York, allowing the Council and operators to come together and jointly fund activities, such as the Bus Warden service and more effective traffic management to improve bus service reliability
  - Following this, passenger satisfaction with bus services in York has increased from 83% to 89%, with passengers who are “very satisfied” increasing from 41% to 55%;
  - Use of bus services in York has increased by 7% against a decline for the Yorkshire and Humber Region of 10%. There are now over 16 million bus trips in York per year (over 50,000 per day), up from 15 million in 2012/13. York is the only authority in the Yorkshire and Humber area where bus use has increased since 2012.
  - Bus trips per head of population in York (76.5 per person per year) is now the 11th highest in England outside London. York has the second highest number of trips per head for a mixed urban/ rural unitary authority, with only Bath and North-East Somerset seeing a (slightly) higher bus trip making (76.8 per person per year). This is particularly impressive when the high levels of cycling and walking in York are considered
  - There has been extensive investment in electric buses in the city – and York will have one of the UK’s highest proportion of mileage operated by electric buses once the new park and ride electric fleet arrives over the next 3 months
  - Several bus routes in York have seen their frequency increase since 2012 (e.g. service 415) and some new routes (e.g. CityZap) have been provided
  - Operators have been supportive of York’s voluntary introduction of a clean air zone in the city centre

- The proportion of bus mileage in York which is operated without subsidy has increased – with several routes transitioning from being subsidised by the council to being operated commercially in the latest tender round in September 2019
3. There remains much work to be done, of course, and the focus on managing the environmental impact of bus services in York, whilst developing services so that they can make the maximum contribution towards delivering easy, quick, reliable access to work, training, education, healthcare, shopping and visiting in York will continue.
  4. Much work is already underway developing the network, with additional stretches of bus priority incorporated within a number of planning consents to developments, particularly York Central and York Station Frontage. CYC will be undertaking studies to look at options to improve bus services on Boroughbridge Road, Tadcaster Road, Fulford Road and Wigginton/ Haxby roads, and will also be considering options for the city centre through the My City Centre consultation and Castle Gateway project.
  5. A more general “York Public Transport” study is also soon to start, considering how to serve the new development proposed in the draft Local Plan. These studies will inform a detailed public transport strategy within the Local Transport Plan refresh, which will set out how effective public transport in York will support the development of the city.
  6. However, in advance of the availability of any of these plans there is a need for Executive to make a number of operational/ financial decisions about York’s bus network – particularly addressing network issues which have arisen, or central government funding opportunities which have become available. Accordingly, this report sets out a number of areas where a decision is required in advance of the Local Transport Plan refresh.

## **York Clean Air Zone**

7. **Background:** In January 2019, Executive approved the creation of a Clean Air Zone (CAZ), mandating minimum emissions standards for diesel vehicles used to provide local bus services on and within the York Inner Ring Road.
8. Executive also approved expenditure of £1.64m to be spent on retrofitting older buses to the latest Euro VI emissions standard and towards the cost

of new Euro VI buses. £240k of external grant funding has also been obtained from the Department for the Environment, Fisheries and Rural Affairs (DEFRA) for the same purpose.

9. A grant funding exercise was carried out in autumn 2019. Following assessment of the bids, funding for retrofitting or replacing 93 buses was made available to five local bus operators. Details of the funding allocations can be found in Annex A.
10. Following an application by the council to the Office of the Traffic Commissioner, a Traffic Regulation Condition (TRC) has been applied to the licences of all local bus operators serving the City of York Area. The TRC requires that all local buses entering the CAZ five or more times per day to meet Euro VI standards by 31/1/2020.
11. There is a temporary exemption (“sunset period”) for any vehicles for which the operator has put forward a confirmed plan to upgrade to Euro VI standard. In these cases, the operator may continue to operate higher emission buses until 31/1/2021.
12. Following the council’s successful £3million Low Emission Bus grant award in 2018 from the Office of Low Emission Vehicles (OLEV), First York is currently in the process of introducing 21 new fully electric double decker buses for use on the Park & Ride contract, with the first vehicles entering service from late February. These will replace a similar number of Euro V buses. Additionally, six diesel articulated buses which are to be retained on the Rawcliffe Bar Park & Ride route have been upgraded to meet Euro VI standards.
13. By 31/1/2021, the expectation is that only a small number of buses operating infrequent and longer distance services (ie entering the city less than 5 times per day) will not meet Euro VI or zero emission standards.
14. **Recommendation:** Executive is asked to note progress
15. **Reason:** To support the continuation of the programme.

## **Tour bus conversions**

16. **Background:** City of York Council made a bid to the Department of Environment, Food and Rural Affairs (DEFRA) in 2013 for funds to convert 6 open-top buses used on York’s City Sightseeing tour service from diesel engines to be fully electric. When the bid was made, it was

anticipated that conversion would follow over a 24 month period and the first bus was delivered to the operator of the service in 2014, with 3 further buses delivered over the following 24 months. Although four buses have now been delivered and entered into service, conversion of the final two buses in the programme has not commenced at the time of writing, and there is £190,000 of unspent funding – allocated for conversion of the two remaining buses, which is currently held by the council..

17. The project has now run for 5 years, which has allowed an effective assessment of the vehicle performance over time. Transdev, the operator of the electric tour buses, has been helpful and co-operative and it is now possible to make a judgement on the effectiveness of the project.
18. Unfortunately, despite best efforts, performance of the retro-fitted electric buses on the ground has not met an acceptable threshold of reliability, and vehicle availability has been poor, causing operational issues for the service – particularly the need to maintain a parc of diesel spare buses to step in to provide the service when availability of the electric buses is poor.
19. Regrettably, the operator's costs and operational challenges are so high it has concluded that the project has not been successful in its primary objective of converting the City Sightseeing Tour fleet to electric traction which can be operated to a level of reliability comparable to the diesel vehicles which previously operated the service. York's experience has not been unique in this respect, with a project at another historic UK city suffering problems with the supply of retro-fitted electric buses, similar to those in York.
20. Although the York trial has not been successful in meeting its primary objective, it has been successful in delivering against other objectives, specifically:
  - It has allowed a five year trial of retro-fitted buses, which has yielded much useful data in the development of subsequent electric bus projects
  - Use of the electric buses in York has both led to investment in the park and ride fully electric bus fleet (21 new buses currently coming into service), and Transdev's electric bus fleet in Harrogate. York and Harrogate now have some of the most intensively used electric buses in the UK and use of the new, as opposed to retrofitted, electric buses has been entirely successful

- The trial has also informed CYC's intention to become a fully electric bus city, as outlined later in this report
- The four electric buses which have been used in York have, whilst they have been in use, reduced emission levels in the city. Transdev have committed to continue to operate the buses in service, depending on their availability, until they are no longer viable for day to day operation.

## Going Forward

21. The CAZ for York means that it will not be possible to continue to use the current mix of electric and diesel buses on the City Sightseeing Tour service, because after 31/01/21 the buses will need to be Euro VI diesel or better to achieve compliance with the CAZ. In the absence of either a reliable retro-fit vehicle, or affordable open-top fully electric vehicles, the service will need to be converted to either electric buses or Euro VI diesel buses.
22. Two options have been identified:
  - The project could be ended and the unspent funding returned to DEFRA
  - The current project could be ended and DEFRA approached to re allocate the unspent funding to be used in York.
23. **Recommendation:** this report recommends to Executive that:
  - An evaluation report is produced for DEFRA setting out the progress of the trial and lessons learned;
  - DEFRA is approached to assess the potential for reallocating the unspent £190,000.
24. **Reason:** this will subject to a successful discussion with Defra allow deployment of remaining OLEV funding in a way which supports the council,s development of a clean bus network in York..

## Electrification of York's Bus Network

25. **Background:** Whilst the council's activities around the Clean Air Zone will benefit air quality in York, there are potentially greater benefits available – and hence further delivery against Council Plan objectives - from

converting as much of the bus fleet as possible to electric power. As set out above, the council and York's bus operators have learned much about electric buses, and what types of bus and infrastructure are likely to be successful in service. This can be brought to bear on a more extensive electrification project.

26. On 6th February the Department for Transport released details of a £220m programme to improve bus services in England ("A better deal for bus users"). Part of the DfT programme is a £50m allocation for an "Electric Bus Town". Officers are of the opinion that the Council has a strong case to be made in the bidding competition. This view is informed by the good level of fit between York's bus network electrification track record, the Council's declaration of a climate change emergency and the imminent Local Transport Plan refresh and the objectives of the Electric Bus Town Fund – *to electrify as many buses as possible in a pilot local authority area, so that operational challenges of an electrified network, and impacts on air quality, can be evaluated for further roll out across the UK.*
27. If the council were to submit a bid to DfT, the stages would be:
  - A short Expression of Interest (EoI) would be submitted to the DfT by 30<sup>th</sup> April 2020, setting out a very broad programme for electrification of York's bus network
  - If successful, York would join a shortlist of authorities which DfT would work with to develop a detailed business case for conversion – a process which would conclude in the autumn.
28. **Options:** The Executive could:
  - Support the submission of an EoI to DfT
  - Decide not to bid for Electric Bus Town funding on this occasion, deferring a bid to a future funding round, should they take place.
29. **Recommendation:** Executive should support development, by council officers, of an EoI for submission to the DfT on or before April 30th 2020. Development of the EoI will entail an assessment of:
  - the appetite of York's bus operators – through the Quality Bus Partnership – for widespread conversion to electric buses



- the operational requirements for electric buses in York – longer routes may not be suitable for conversion to fully electric buses, but would instead use hybrid technology to operate under electric power in the York urban area, but diesel in the rural areas surrounding York
  - the need for additional charging infrastructure in the city, either at a depot or opportunity charging at route termini/ in the city centre
  - the need for complementary infrastructure, which might improve bus journey speeds to get maximum yield from electric buses
30. **Reason:** submitting an EoI to DfT allows progress to be made on a fully electric bus town, which would assist in meeting Council Plan objectives around air quality and modal shift.

## Superbus Fund

31. **Background:** Alongside the Electric Bus Town Fund, the DfT also launched a “Superbus” fund, which allowed local authorities to bid for a minimum of £10m over 4 years to deliver bus priority measures and pump prime capped fares and higher frequency services (with an expectation that the revenue interventions would then be commercial). Unfortunately, York is not eligible to bid to this fund, because it is assessed to be within the least deprived 25% of authorities<sup>1</sup> by DfT. Furthermore, funding appears targeted at authorities whose bus services can evidence clear failure (sustained declines in patronage, increasing journey times) which cannot be seen in York. Officers have made enquires and the DfT have confirmed that York is not eligible to bid to the Superbus fund.
32. **Recommendation:** Executive is requested to note that York is not eligible for this fund, but commit to exploring opportunities for other funding, should they be announced as part of the National Bus Strategy later this year.
33. **Reason:** Despite ineligibility for this fund other projects can be developed and other funding bodies approached that will benefit York and can be developed in conjunction with Bus priority schemes developed through the Local Transport Plan process.

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<sup>1</sup> For the purposes of this fund local authority deprivation is measured using the “Rank of average score” measure

## Supported bus services

34. **Background:** The City of York benefits from a comprehensive network of local bus services, the vast majority of which are operated without subsidy from the Council. All of the bus routes in York are operated by private sector companies who are free to decide how they will run any services not requiring financial support. This includes defining the route, stopping points, the timetable and the fares charged.
35. Where local bus operators have not registered bus services, the Council may identify areas of York, or particular times of the day or week when it wishes to subsidise provision of a local bus service. As a result, a number of bus routes are partially funded by the Council with journeys that operate under contract to the Council. For these services/ journeys the Council sets the route, stops, timetables and monitors the performance of each service- although it does not set fares. Operators generally retain all fares revenue from these services, although this arrangement is sometimes varied according to circumstance.
36. The budget, net of contributions from third parties (e.g. North Yorkshire County Council) currently allocated for supporting non-commercial local bus services for financial year 2020/21 is £654k. It should be noted that this sum does not include the Council's £70k annual contribution to the Dial & Ride community transport service and voluntary car scheme (both currently operated by York Wheels), or some services to developments which are contracted to CYC, but financed by contributions from developers. Some services also have contributions from NYCC, East Riding and/ or Parish Councils.

### Services 3A and 12

37. The majority of the council's supported services were tendered in summer 2019. However, in September the current operator of services 3A and 12, First York, announced that they planned to withdraw service 3A (the 7-day per week evening Askham Bar Park & Ride service) and part of service 12 (specifically the section between Foxwood Lane and Alness Drive) as they were no longer commercially viable.

Officers in consultation with the Executive Member for Transport decided to use existing budgets to extend these services on a temporary basis, initially until 31st January 2020, to carry out a tender exercise and then, until 5th April 2020, in order to clarify the funding arrangements for 2020/21 onwards

## Analysis – services 3A and 12

38. A price for continuing service 3A was sought directly from First as the current operator of the council's Park & Ride contract. First advised that the annual cost of continuing service 3A will be £24,000.
39. A tender was carried out for a replacement for the non-commercial section of service 12 from April. The winning bidder's price is £65,000 per annum.
40. Of the council's net 2020/21 subsidised bus service budget, £586k of £654k is currently already committed. This means an additional £21k is required to fund both services 3A and 12 on an ongoing basis.
41. On the basis of the latest available patronage data, the subsidy per passenger for service 3A is expected to be around £1.70 and for service 12, around £1.60. Both are therefore within the recommended limit for subsidy (£2.67 per passenger trip).
42. In addition to the budget allocated by the Council for the support of local bus services, HM Government provides the Council with a devolved Bus Service Operators Grant (BSOG) annual sum of £150,416, which is ring-fenced for the specific purposes of supporting local bus services or providing public transport infrastructure. This was previously passed directly to bus operators but, since the new tendered services began in September 2019, has been retained by the council. The £150,416 sum relates only to supported bus services in York. BSOG is still paid directly to operators for commercially provided bus services.
43. Because the council now retains BSOG for supported services there is "new" revenue funding which could potentially be used to cover the budgetary shortfall on services 3A and 12, and also, potentially, support other non-commercial public transport. It should however be noted that BSOG is allocated by HM Government on an annual basis and cannot necessarily be relied upon as long-term funding stream. Although to date there has been no suggestion from the DfT that it will be discontinued.
44. It should also be noted that this unlikely risk of funding withdrawal is mitigated by the possibility of the services in future becoming commercially viable. There is a good chance this may happen as demand for service 3A may increase when the planned paid overnight parking service at Askham Bar Park & Ride site comes into action in spring 2020 and that demand for service 12 may increase when the LNER Community Stadium (at the other end of the route) opens in 2020.

45. Continuing services 3A and 12 would result in a shortfall against the allocated budget for bus services if the additional services were funded entirely from the Council funding currently allocated to supporting non-commercial bus services. However, the shortfall can be made up from part of the council's annual Devolved BSOG funding provided by HM Government. This represents the duty which would have been paid on diesel by operators of bus services which are tendered to CYC. Bus subsidies would fit within the ring fence for this BSOG funding which is for use on sustainable transport measures, and there is headroom to support other services if they are deemed necessary.
46. **Options:** Executive could:
- Cease providing the service because, although it meets the value for money criteria for support by the council, it is not affordable within the current service support budget; or
  - Allocate funding from BSOG to allow support of services 3A and 12 from the BSOG allocation and generally delegate responsibility to the Executive Member for Transport to make allocations of further BSOG derived funds from time to time to support local public transport services.
47. **Recommendation:** The Executive is asked to approve the award of contracts for services 3A and 12 from 5th April 2020, using £21k from BSOG to supplement the council's existing supported bus service budget, and to delegate the power to make further allocations of BSOG to supported public transport services to the Executive Member for Transport.
48. **Reason:** To ensure that all residents retain access to a similar level of bus services as are currently available to them, at the best possible value to the Council and to support other local public transport services as and when support is required.

#### **DfT bidding opportunity- Better Deal for bus Users - supported local bus services 2020-21**

49. **Background:** In early February, the DfT announced a number of opportunities for local authorities to bid for funding to improve bus services. Through the "Funding for Local Bus Services 2020-21" scheme, the council has the opportunity to bid for £83.5k one-off funding in order to

achieve one or more of the following objectives which must deliver an increase in services and therefore the 12 and 3A services are not eligible as they currently exist:

- “to improve current local bus services - for instance increasing evening or weekend frequencies, or supporting additional seasonal services in tourist areas;
- “to restore lost bus routes where most needed to ensure people have access to public transport services;
- “to support new bus services, or extensions to current services, to access e.g. new housing, employment opportunities, healthcare facilities etc.”

50. The funding must be used for the provision of local bus services- ie time tabled services open to any member of the public upon payment of a fare. This definition does not include any service restricted specifically to certain groups of people or any pre-booked or demand-responsive such as taxi bus or Dial & Ride.
51. There is a requirement for a proportionate amount of public consultation to take place in order to evidence the demand for any new or improved bus services. It should be noted that the funding available in York is £83.5k – equivalent to the operating costs for a single bus for approximately 8 months. Whilst the funding can be used effectively by CYC to improve some services, it should be born in mind that the absolute level of funding available necessarily limits what can be achieved with it.
52. Due to the tight timescales of 13<sup>th</sup> March submission required to submit a bid to the DfT, limited time was available for consultation. Consultation was undertaken with Council Members, with options generated based on previous requests for funding received from councillors, constituents, interest groups and MPs.
53. The outcome of this exercise led to a package of enhancements to routes which support York’s evening economy being submitted to the DfT, determined by the Corporate Director of Economy and Place in consultation with the Executive Member for Transport.
54. A bid was/will be submitted on March 13th. A copy of the council’s bid will be provided to the meeting.

55. **Options:** Executive could:
- Decide to withdraw the application for £83.5k funding allocation from DfT to the specified routes
  - Decide to confirm acceptance of the funding allocation
56. **Recommendation:** it is recommended that Executive confirms the willingness to accept the Dft Funding as submitted
57. **Reason:** effective deployment of the funding will allow an enhancement of York's bus network.

## Council Plan

58. **Implications:** The measures proposed in this paper support all the sustainable transport objectives in the Council Plan, and also economic development objectives, objectives to improve air quality and reduce carbon emissions in York and objectives to improve access to culture (through support of evening bus services – services 3A and the supported service package supported by the application to DfT for additional service support funding). Because bus services generally support more active travel (through walking to the bus stop, but also because availability of an effective bus service encourages lower car ownership and hence greater use of active travel modes such as walking and cycling) the measures also support the health objectives in the Council Plan.

## Financial

59. **Electric Tour Bus Conversions:** The paper recommends return of £190,000 of unspent funding allocated to converting open top buses to DEFRA if it is not possible to agree an alternative use for the funding.
60. **Electric Bus Town Bid:** The recommended course of action set out in this paper may require CYC to commit to match funding obligations in establishing the fully electric town business case. However, this will be subject to a separate decision session paper once the business case is developed and the extent of CYC's financial obligations are clear.

62. **Services 3A and 12:** The cost of providing all services will require an increase in the council's supported service budget of £26,000 (full-year) from 2020/21 onwards. This can be covered by devolved BSOG revenue for as long as HM Government continues to offer this grant.
63. **DfT bid:** If successful, the council could be awarded up to £83.5k to be used for the purposes stated in its bid document. Services would be procured according to the relevant financial regulations and would operate until the funding is exhausted. At that point, the council will need to decide whether to continue funding the new services or to withdraw them. It is also quite possible that further DfT funding will be made available by that point- a government announcement on 10th Feb promises an additional £5bn for local bus services in England over the current parliament, but no further details have yet been provided.

**Human Resources (HR)** (Contact – Head of HR) – N/A

### **One Planet Council / Equalities**

64. **Legal:** If approved, contracts will be signed with bus operators. The contract for service 12 will remain valid for five years, with an optional three year extension. The council will have the right to terminate this contract at 3 months notice or as a result of sustained poor performance by an operator. Service 3A will be covered by a contract change notice applied the council's Park & Ride contract.
65. There are potential state aid issues linked with the Electric Bus Town bid – these will be explored as the bid develops

**Crime and Disorder** (Contact - Senior Partnerships Support Officer, Community Planning & Partnerships) - N/A

**Information Technology (IT)** (Contact – Head of IT) – N/A

**Property** (Contact – Property) – N/A

**Other** – N/A

**Risk Management** – N/A

## Contact Details

### Authors:

Sam Fryers

Title: Public Transport Planner

Dept Name: Transport

Tel No. 1434

Julian Ridge

Sustainable Transport

Manager

Tel No. 2435

### Chief Officer Responsible for the report:

**Chief Officer's name** Neil Ferris

**Title** Corporate Director of Economy and Place

**Report**

**Approved**



**Date**

9 March 2020

### Specialist Implications Officer(s) List information for all

Implication : Financial

Implication: Legal

Name: Patrick Looker

Name: Cathryn Moore

Title: Finance Manager

Title: Senior Solicitor

Tel No. 1633

Tel No. 2487

**Wards Affected:** List wards or tick box to indicate all

**All**



**For further information please contact the authors of the report**

### List of Annexes:

**Annex A – Clean Air Zone funding allocations**