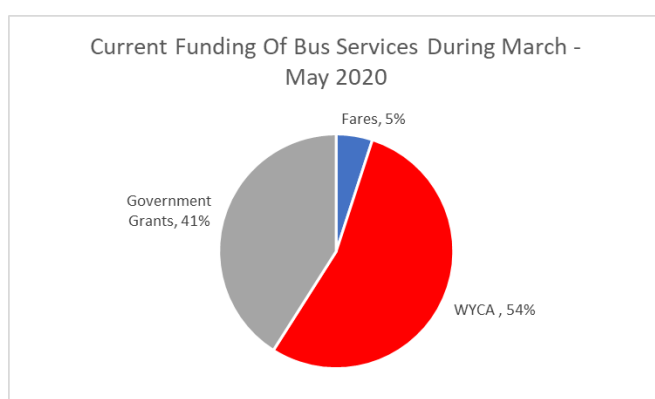


Covid 19 Emergency Bus Service Funding Alternative Proposition

Since 17 March a limited Key Worker Bus Service operated with patronage at around 15% of normal levels. The associated loss of fares revenue has necessitated emergency funding to provide this service. It has been funded by a combination of Government paying a special grant to bus operators and Local Transport Authorities (LTAs including the Combined Authority) and the LTAs continuing to pay bus operators for concessionary fares and tendered local bus services at pre pandemic rates. The graphs below illustrate the funding sources of the bus service in West Yorkshire during the March to May period and indicates the elements of funding which are specific to the emergency.



Whilst this arrangement sustained a bus service over this period, there are a number of issues;

- A Government Special Grant (CBSSG) covers 30% of the costs and is paid direct to bus operators. Whilst obliged by a condition of the funding to liaise with LTAs, bus operators are able to determine the services they operate. CBSSG between March and May funds 50% of normal service mileage.
- The Government has asked LTAs to pay concessionary fares at pre pandemic rates. In April, the Combined Authority paid £4.31 million in concessionary fares when, based on the low passenger journeys, it would have only paid £0.65m. This means the CA paid £3.66 m to bus operators, a third of costs as a support payment.

On 23 May the Secretary of State announced that CBSSG would be increased to 80% and extended until 3 August. LTAs will be asked to maintain concessionary fare and tendered services payments at pre pandemic rates during this period. No regard has been given to the alternative proposition presented by the Metro Mayors through Urban Transport Group. This presents the following issues;

- Whilst 70 - 80% of bus services are now being provided but they can carry less than 50% of normal passenger capacity. By early July, this was carrying 35% of normal passenger levels. There is therefore no additional capacity funded to overcome the social distancing constraints.
- The Government is discouraging use of public transport however this is disadvantageous to those who have limited or no alternatives for journeys to work

A leading bus industry analyst predicts that bus use is unlikely to recover to more than 55% of pre Covid rates in the first year of recovery and will recover to around 80%. This means that a funding gap will prevail and LTAs including the Combined Authority will be expected to bridge this.

Urban Transport Group Proposal

Acting through the Urban Transport Group, the major conurbation LTAs have proposed an alternative approach whereby the Government pays a Metropolitan Bus Grant to the LTA rather than direct to the operator.

Under special procurement provisions, the LTA would use this grant together with its own funding, to commission a bus network to suit local requirements.

This arrangement would be more transparent and would offer a more effective use of public funds.

It would provide a more progressive approach to manage the bus network through the recovery period as the grant could be tapering as demand and fares revenue builds back.