

Report to: Transport Committee

Date: 27th May 2022

Subject: **The State Of The Bus Network**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To advise Transport Committee on current issues impacting on the West Yorkshire Bus Network, to update on bus funding and the requirements of Department for Transport for a Bus Service Sustainability Review and to set out the approach to developing a five year plan for the bus network.

2. Information

Pressures On The Bus Network

- 2.1 **Bus Patronage and Revenues** – the reduced travel during the pandemic lockdown periods had a profound impact on bus use which, at some stages, was as low as 30% of normal. Many that were using the bus during this period were key workers and this reinforces to importance of bus travel for essential members of the workforce. Whilst bus use increased as restrictions eased, longer term changes to travel behaviours are developing in particular reduced peak time commuting. At the time of writing, bus use is currently at around 82% of equivalent period in 2019. There continues to be a revenue gap which has been addressed in the short term by a combination of central and local government funding. As this support falls away, the commercial viability of some elements of the network comes into focus.

- 2.2 **Driver and Engineer Shortages** – wider labour market issues have resulted in a high number of staff leaving the bus industry than can be recruited in their place. This has caused some operators to temporarily reduce service frequencies and some services have been withdrawn. The CA has supported efforts to encourage new entrants particularly women into the industry and to facilitate a training programme funded by the Adult Education Budget. Whilst there are signs that the workforce issues are beginning to stabilise, the service remains vulnerable
- 2.3 **Rising costs**- the rise in global fuel and material costs is having an impact along with rising wage costs to address the workforce availability issues. The fuel cost increase is having a particular impact on SME operators (school, rural, socially necessary services etc) who largely operate under contract with the Combined Authority. This is being reviewed on a contract-by-contract basis, but some cost pressures are moving to the Combined Authority.

Government COVID Bus Service Funding

- 2.4 Since April 2020, Government has issued emergency funding to bus operators and Local Transport Authorities and continued to pay Bus Services Operators Grant (BSOG) at pre pandemic rates. It requested that Local Transport Authorities (LTAs) continue to make concessionary fare and tendered service payments to operators at pre pandemic rates.
- 2.5 The Combined Authority has complied with the Government request to make concessionary fare and tendered service payments to operators at pre pandemic rates. Specific conditions were attached to these payments ensuring bus operators work collaboratively with the Combined Authority and financial and patronage data is shared. These conditions have been amended at each stage in the pandemic.
- 2.6 On 1 March, Government announced a further funding programme for bus and light rail, the Local Transport Fund. This provides funding for six months direct to bus operators and LTAs calculated on the basis of the difference between costs and revenues and therefore intended to reduce as passenger revenues increase. The CA has been awarded £2,029,088 for the period 6 April to 4 October. Bus operators will similarly receive funding for this period.
- 2.7 Government has made it clear that no further funding will be provided after October. A condition to the current funding applicable both LTAs and operators is that they must collaborate on a Network Sustainability Review to understand the position when funding ends. DfT requires both parties to submit a pro forma by July confirming that they have undertaken a review to identify actions to restore patronage and maintain the network. Failure to submit this pro forma will result in Department for Transport withholding some or all of the grant payment from LTAs and operators.

Network Sustainability Review

- 2.8 The Department for Transport is asking LTAs and bus operators to identify services which are viable, marginal or non commercial and to develop a plan to maintain the network and restore patronage and revenues. The DfT has mandated an open book approach to costs and revenues to support this.
- 2.9 The Combined Authority has commissioned advisors to support the data analysis and commercial discussions necessary to undertake the review. The advisors will undertake an appraisal of the socio/ demographic characteristics of each route together with analysis of costs and patronage. This will inform decisions on the social value of the impacted routes.
- 2.10 The outputs of this work will be available in June to facilitate further discussions with operators on their intentions from October onwards. This process may result in a requirement for the Combined Authority to fund the marginal services beyond October. BSIP funding cannot be used for this as DfT have stipulated that should be for transformative enhancements only.
- 2.11 In addition to the Network Sustainability Plan, there are a number of contracts for local bus services and school bus services which are due for renewal. The ensuing procurement process may result in changes to the network and additional costs.
- 2.12 The outcomes and actions emerging from this review will be advised to the July meeting of Transport Committee.

Developing a Bus Network Plan

- 2.13 Alongside the reactive aspects of the Network Sustainability Review, work is underway to develop a five-year bus network plan which will set out an 'aspirational' network that the Combined Authority can use to inform decisions around how best to deploy BSIP funding and, ultimately, the bus network it may choose to operate under franchising. This will establish a baseline connectivity requirement for each community and set the key network principles and standards such as service frequencies and hours of operation.
- 2.14 The bus network plan will identify the gaps in the existing bus provision and will inform how the funding available in the Bus Services Improvement Plan can be deployed to address them. A pragmatic approach to implementation timescales will be needed given the operational pressures referred to earlier in the report.
- 2.15 The bus network plan will be informed by the "Big Bus Chat" public engagement campaign detailed elsewhere on this agenda. The Transport Committee will be engaged at each stage in the development of the five-year bus network plan.

3. Tackling the Climate Emergency Implications

- 3.1 A key aim of the bus network is to enable people to travel by sustainable modes in order to tackle the climate emergency.

4. Inclusive Growth Implications

- 4.1 The Network Sustainability Review will seek to protect services to communities, particularly those area of high deprivation, in order to support the region's inclusive growth ambitions.

5. Equality and Diversity Implications

- 5.1 Supporting Equality and Diversity through ensuring the bus service is attractive, inclusive and accessible for all is a key aim of the West Yorkshire Bus Service Improvement Plan.
- 5.2 An Equality Impact Assessment will form part of the Network Sustainability Review.

6. Financial Implications

- 6.1 The CA has been awarded £2,029,088 Local Transport Grant from Government in 2022/23 to sustain its cost in supporting the bus network.
- 6.2 As reported to the Finance, Resources and Corporate Committee in April, bus service support is expected to be a major cost pressure in the current and subsequent financial years

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 No external consultations have been undertaken.

10. Recommendations

- 10.1 That Transport Committee notes the existing challenges to the bus network and that a further report be submitted outlining the outcome of the Network Sustainability Review.

10.2 That Transport Committee endorse the approach to creating a five year Bus Network Plan

11. Background Documents

None

12. Appendices

Appendix 1 – Local Transport Grant Award letter and conditions including Network Sustainability Review pro forma