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**Report to:** Transport Committee

**Date:** 1 July 2022

**Subject:** **Bus Network Sustainability Review**

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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 type="checkbox"/> Yes <input checked="" 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 update the Committee on the progress with a Bus Network Sustainability Review required by Government as a condition of funding the Combined Authority and bus operators and to seek the Committee's endorsement of a pro forma return to the Department for Transport detailing the position with the Review.
- 1.2 To seek the Committee's endorsement of an approach to undertake a Bus Network Development Plan.

## 2. Information

### Bus Network Sustainability Review

- 2.1 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.
- 2.2 On 1 March 2022, 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. It is estimated that bus operators in the region are receiving c £1.2m per month from Government.

- 2.3 Government has made it clear that no further funding will be provided after October. A condition to the current funding, applicable to both LTAs and operators, is that they must collaborate on a Network Sustainability Review to understand the position when funding ends. DfT requires LTAs to submit a pro forma by 1 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.
- 2.4 A process of data collection and operator interviews was commenced in April 2022 with consultancy support to enable a Network Sustainability Review in line with DfT guidance to be undertaken. This guidance required bus operators to classify commercial services as viable, marginal or non-commercial.
- 2.5 The assessment is based upon assumptions that bus patronage will be at 80% of 2019 pre-Covid levels; at present patronage is with patronage between 70-80% of a baseline of 2019 levels; the level of recovery varies across routes and districts. There are several factors that are influencing bus passenger demand. Reduced commuting journeys and fewer journeys are currently being made particularly by older ENCTS pass holders are a major factor in suppressing demand for bus travel along, with the cost of living pressures on families and the disruption to services due to driver shortages and industrial action. Other economic factors such as the increased cost of motoring may have a beneficial impact. More services would become viable if patronage improves, even given the higher costs of operation associated with factors such as increased wage and fuel costs, the opposite will be the case if it declines.
- 2.6 Approximately 22% of all bus mileage operates under contract to the Combined Authority at a cost of £16m pa. The Sustainability Review has also looked at these tendered routes in terms of value of money to inform actions to be taken to obtain best value from this spend.
- 2.7 The data analysis has identified that 11% of the bus network (measured by mileage) is currently not generating sufficient revenue to continue to operate on a commercial basis once the funding ends in October. This could impact up to 62 routes where some or all of the journeys could be withdrawn.
- 2.8 There is therefore a risk that bus operators feel it necessary to withdraw or reduce services as a result of the withdrawal of the Government grant. At the time of writing, discussions were continuing with bus operators to understand their intentions. It is desirable to maintain as much of the current network as possible between the end of funding in October and deployment of BSIP funded service enhancement early in 2023.

- 2.9 The DfT require the joint submission by 1 July 2022 by LTAs and operators of a pro forma which confirms that the review has been undertaken and highlights the broad outcomes.

### BSIP Bus Network Development Plan

- 2.10 At its meeting in May, the Committee endorsed a process to develop a five-year Bus Network Development Plan to inform the deployment of funds under the Bus Service Improvement Plan.
- 2.11 The approach to this review will be as follows
- **Financial Sustainability Of The Current Network**- outputs of the DfT required review
  - **Gap analysis & priorities for connectivity**- this is a mapping exercise to identify the areas that are currently poorly served by bus at present and to establish priority areas for improvement
  - **Establish accessibility standards** – this will establish standards of connectivity for communities upon which to plan the future network. This will be informed by feedback from the Mayor's Big Bus Chat engagement process in July/ August 2022. These standards will revise the current criteria for bus service support which determines what service the CA funds
  - **Design the “to be” network** – this will set out the most effective and efficient way of ensuring each community has access to a viable bus service
  - **Network Development Plan** – this will set out a five year plan to establish. The first phase will be an implementation plan for deployment of the £28m funding allocated in BSIP

- 2.12 It is planned to bring an update report to the September Committee and a draft Network Development Plan including the implementation plan for deploying BSIP funds to the November meeting.

### **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 Bus Network Development Plan 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 be undertaken for any actions by the Combined Authority arising from the Bus Network Sustainability Review.

## **6. Financial Implications**

- 6.1 The Combined Authority has been awarded £2,029,088 Local Transport Grant from Government in 2022/23 to sustain its cost in supporting the bus network between April and October. This is in addition to the budget set by Combined Authority for this purpose. Expenditure has however increased in the early months of the financial year due to the effects of inflation on the cost of bus operation.
- 6.2 In the second half of the financial year, the Combined Authority will revert to paying for concessionary fares based on actual passenger journeys. This will reduce payments to operators from October and has been taken into consideration in the analysis.
- 6.3 The full position regard expenditure on bus services and concessionary fares will be presented to the Finance, Resources and Corporate Committee on 12 July.

## **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 The Bus Network Sustainability Review has been undertaken with detailed input and engagement of bus operators.

## **10. Recommendations**

- 10.1 That Transport Committee notes the current position with the Bus Network Sustainability Review and endorses the submission of an update to the Department for Transport on the Bus Network Sustainability Review.
- 10.2 That Transport Committee endorses the approach to develop a Bus Network Development Plan.

## **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

None