

Report to: West Yorkshire Combined Authority

Date: 21 October 2022

Subject: **Bus Service Improvement Plan Update**

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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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide the Combined Authority with an update on the Department for Transport funding for the Bus Service Improvement Plan.
- 1.2 That the Combined Authority delegates to the Transport Committee the further stages of approval of the Bus Service Improvement Plan in accordance with the Assurance Framework, so that delivery can commence in line with the tight delivery timeframes.

2. Information

Background

- 2.1 The Combined Authority submitted its Bus Service Improvement Plan to the Department for Transport (DfT) in October 2021. The development of the Bus Service Improvement Plan, which sets out our ambitious vision and plan for improving local bus services, was a requirement of the 'Bus Back Better: The National Bus Strategy for England' (2021).
- 2.2 The West Yorkshire Bus Service Improvement Plan set out a plan of interventions across five key delivery areas, which work towards:
 - **An enhanced, fully inclusive and more cohesive bus network** – which takes people where they need to go, when they need to go.

- **Clear and simple fares** – to make paying for bus travel more affordable, easier, convenient and flexible.
- **Improved, more inclusive customer service and support** – so passengers have the tools to travel with confidence and help they need if their journey does not go to plan.
- **Priority for buses on our road** – so journeys by bus are quicker, with less time spent stuck in traffic, and are a viable alternative to the private car.
- **More green and better vehicles** – to improve the onboard experience and make bus the sustainable choice for travel in West Yorkshire.

Indicative Bus Service Improvement Plan funding award

- 2.3 In April 2022 the Combined Authority was advised that it had successfully been awarded an indicative settlement of £69,974,070 revenue funding over three financial years (2022/23, 2023/24, 2024/25) to support delivery.
- 2.4 As per DfT guidance, the Combined Authority proposed to prioritise this funding to subsidise fares (driving down the cost of single journey and day tickets / the ‘daily cap’) and invest in new routes and enhanced services, radically improving the local bus network and delivering significant improvements for local passengers.
- 2.5 Other prioritised investments included improvements to network travel information, shared training for all customer facing staff, initiatives to support safer travel, and marketing and communications to promote and maximise the benefits / passenger uptake of these Bus Service Improvement Plan interventions.
- 2.6 On 8 August 2022 the Combined Authority received a letter setting out that the £69,974,070 of funding was confirmed subject to a successful statutory consultation on the Bus Service Improvement Plan Enhanced Partnership scheme, which is due to conclude in October 2022. The Combined Authority approved the Enhanced Partnership scheme for consultation at its meeting in July 2022.

Progressing The Mayor’s Fares Proposal

- 2.7 As part of the Bus Service Improvement Plan the Combined Authority set out a proposal to reduce the daily cap on the MCard ticket to £4.50 from £5.50 and setting the maximum single day fare to £2. The BSIP award identifies £37,000,000 (53%) of the funding towards subsidising fares with the remainder on investing in new routes and enhanced services, radically improving the local bus network and delivering significant improvements for local passengers.
- 2.8 At its meeting on 22 July, the Combined Authority agreed to proceed with the fares to help address the current “cost of living crisis” as the Mayor felt that it was important that individuals and families obtained the benefit of this as soon as practically possible. Arrangements were made to implement the “Mayor’s

Fares” are to be launched on 4 September 2022. This was reported to Combined Authority members in the papers published for the subsequently postponed meeting in 9 September and the Chief Executive Officer approved the arrangements for funding the first three months of the scheme. The new fares are now in operation and the transition has gone smoothly with around 10,000 people per day are benefiting from the £2 fare. A full analysis of passenger use will be provided after the first three months of operation.

- 2.9 Whilst the DfT letter provides sufficient confidence to proceed, the grant award and first year payment will not be issued until the Enhanced Partnership has passed through its due process and is in place. This will be late October. To facilitate an earlier start for the fares initiative, the Combined Authority is funding payments to operators between September and November (3 months) from within current revenue budgets until such time as BSIP funding is available. The cost of the first three months of the scheme is estimated at £3,000,000 and can be funded from the concessionary fare budget. In the event of any circumstance whereby the BSIP funding does not become available, then the Combined Authority would need to consider whether to terminate or continue the initiative.
- 2.10 Arrangements have been made with bus operators to facilitate the methodology by which they would be reimbursed from the BSIP funding award. These arrangements will involve making provisional payments in the first three months which are then reviewed for the remainder of the first year. Reimbursement arrangements for the second and subsequent years will be made following a full analysis of the costs and additional revenues generated in year 1.

Bus Service Improvement Plan Approval

- 2.11 The Bus Service Improvement Plan will be fully assured through the Assurance Framework. It gained decision point 1 (strategic assessment) approval in January 2022 and the strategic outline case (decision point 2) is currently being appraised and will be reported to the Transport Committee at the November meeting. Delegated authority for approval of the strategic outline case from the Combined Authority to the Transport Committee is requested due to expediency of delivery.
- 2.12 The “Mayor’s Fares” will proceed ahead of decision point 2 of the Assurance Framework on a trial basis, due to the late confirmation from government of the Bus Service Improvement Plan funding and for the reasons as explained above. This also has the added benefit of allowing the “Mayor’s Fares” to be reviewed and adjusted as we assure it.
- 2.13 The funding forecast for “Mayors Fares” assumes that the initiative will generate additional travel and revenues which reduce spend in the second and subsequent years. If this does not materialise, there is a risk that the funding available may not be sufficient for the full three years. A benefit of the trial is that the data from the first three months will enable a more accurate picture.

- 2.14 The Bus Service Improvement Plan includes provision for investment in bus service improvements. It is intended that Transport Committee will consider proposals in this regard in November with the network improvements being introduced early in 2023.
- 2.15 The BSIP programme will be informed by the outcomes of the extensive “Mayors Big Bus Chat public engagement process which completed in September

Cost Pressures On The West Yorkshire Bus Network

- 2.16 Bus patronage and fare revenue reduced dramatically during the pandemic and the subsequent changes in travel behaviours has resulted in current bus patronage being less than 80% of the equivalent period in 2019/20. In addition, fuel and labour cost inflation has increased over the last 12 months. This is challenging the viability of many bus services across the UK. The effects of these financial challenges have been bus service withdrawals. An industry wide shortage of bus drivers has also contributed to poor operational performance.
- 2.17 Government has extended pandemic funding for the remainder of 2022/23 and has asked Local Transport Authorities to continue to pay concessionary fares at pre pandemic rates. Whilst this has reduced the immediate risk of significant service cuts, some bus operators have reduced output and there remains a significant risk of further service reductions in April 2023 when the current funding ends,
- 2.18 The Combined Authority is experiencing the impact of cost inflation in its expenditure on socially necessary bus services. At its meeting on 22 July a virement of £2.1m was approved and a further virement of £0.9m was made in September 2022. This represents an 18% increase in expenditure on bus services since the budget was set earlier in 2022 and continued growth in expenditure is unsustainable.
- 2.19 These issues will present significant challenges in preparing a budget for 2023/24 since the continuation of Government funding cannot be assured beyond end March 2022.

3. Tackling the Climate Emergency Implications

- 3.1 A key aim of the West Yorkshire Bus Service Improvement Plan is to support the decarbonisation of the local bus network, including delivery of a carbon-zero bus fleet by 2036, as well as encourage more travel by bus and other sustainable modes in order to tackle the climate emergency.

4. Inclusive Growth Implications

- 4.1 The key aims of the West Yorkshire Bus Service Improvement Plan are to create a more inclusive, accessible bus service and to better connect

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 The planned public engagement will also prioritise engaging with seldom heard groups and, where possible, obtaining data on protected characteristics from participants, in order to strengthen the insights, it provides to support Equality and Diversity.
- 5.3 An Equality Impact Assessment has been completed and will be reviewed regularly throughout the programme's delivery.

6. Financial Implications

- 6.1 Subject to successful completion of the consultation on the Bus Service Improvement Plan Enhanced Partnership Scheme, the Combined Authority will receive £69,974,070 in revenue funding over the next three years from 2022/2023 to support delivery of its Bus Service Improvement Plan.
- 6.2 The Mayor's Fares commenced on 4th September 2022. The scheme will be funded from the Combined Authority's concessionary fares revenue budget until the BSIP funding is received whereupon the revenue budget will be repaid, and future expenditure will be met from BSIP. The estimated cost of the first three months of operation is £3 million.

7. Legal Implications

- 7.1 Bus operator participation will be secured through the Enhanced Partnership, which will include a legal agreement setting out the mechanism for calculating and making reimbursement payments to bus operators.

8. Staffing Implications

- 8.1 There are no staffing implications directly as a result of this report. The BSIP award includes for a limited increase in staff resource to enable the management and delivery of the programme.

9. External Consultees

- 9.1 No external consultations have been undertaken; however, the Mayor's Fares will be subject to an external consultation through the statutory consultation

that is due to take place from late September on the Bus Service Improvement Plan Enhanced Partnership scheme.

10. Recommendations

- 10.1 That the Combined Authority note the update on the Bus Service Improvement Plan and that funding has been confirmed by the Department for Transport subject to the making of the Bus Service Improvement Plan Enhanced Partnership Scheme following statutory consultation.
- 10.2 That the Combined Authority delegates to the Transport Committee the approval of the Bus Service Improvement Plan strategic outline case in accordance with the Assurance Framework, so that delivery can commence in line with the tight delivery timeframes.

11. Background Documents

None.

12. Appendices

None.