

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

19 JANUARY 2021

### REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

#### BUS EMERGENCY SCHEME PHASE 2 ARRANGEMENTS

##### 1. Purpose of Report.

1.1 The purpose of this report is to set out the wider context, background and reasons for the Bus Emergency Scheme (BES) and seek agreement for Bridgend County Borough Council (BCBC) to agree to the principles of the BES2 agreement and to establish a relationship with the regional lead authority and signatory that ensures that the ongoing emergency funding meets BCBC's priorities and is delivered on BCBC's behalf.

##### 2. Connection to corporate well-being objectives / other corporate priorities.

2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-

- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's wellbeing-objectives.

##### 3. Background.

3.1 Bus travel has been severely affected by the Covid-19 pandemic. Passenger numbers have plummeted, whilst social distancing and additional cleansing requirements have placed added burdens and costs on operators.

3.2 Welsh Government (WG) and local authorities (LAs) have stepped in to support the sector with substantial financial assistance. There has also been an excellent, ongoing dialogue between all parties to discuss and agree on support arrangements.

3.3 Prior to the pandemic, WG had consulted on a range of proposed changes to the way bus services are delivered in Wales. A Bus Bill was due to have been brought forward during the current Senedd term. Pressures associated with not only Covid but also the large volume of legal work generated by Brexit and the transition period forced WG to postpone the planned legislation.

3.4 Due to the large amount of public funding that goes into bus services from WG and LAs, WG would like to see the public sector having greater influence over areas such as the networks of services provided, ticketing and integration with rail services. It also sees a greater role for Transport for Wales (TfW), which is now responsible for rail services in Wales.

- 3.5 This raises two issues: (i) short term survival of operators and (ii) longer term reform of the sector. WG believes that these two can be linked. In the short term, the funding being provided to keep operators afloat is therefore being provided with a number of conditions attached. These are to incentivise operators to engage in planned changes that are in line with their longer-term ambitions for reform.
- 3.6 The Minister of Economy and Transport and North Wales, Ken Skates MS, has met with Leaders of all 22 LAs, along with his officials, to outline WG's direction of travel. Further details have been included in the Wales Transport Strategy (WTS) which has been the subject of consultation. More recently, the Deputy Minister, Lee Waters MS, met with all Leaders to discuss the WTS but also to encourage LAs to sign up to the Bus Emergency Scheme 2 (BES2). This is the latest phase of financial support to help operators through the period of the pandemic.
- 3.7 Leaders have agreed to establish a Welsh Local Government Association (WLGA) Bus Member Group, with a focus on the longer-term proposals to reform the sector's operations. That group includes the WLGA Leader (who is also the WLGA's Transport Spokesperson), the deputy Transport Spokesperson, the chairs of the four regional transport bodies and the co-chairs of the WLGA Rural Forum. That Member Group is due to meet with Lee Waters on 18<sup>th</sup> January 2021.
- 3.8 The problems facing operators were recognised at an early stage of the pandemic. Looking ahead, to secure their services for the future, LAs agreed to continue making payments for contracted services even though many services were initially suspended.
- 3.9 Alongside this, WG stepped in to help operators deal with reduced income on commercially operated routes and the additional costs being incurred. Initially, WG made £29m available from a Hardship Fund, which operated from April 2020 for three months. This fund was assembled from monies that would otherwise have been paid via Bus Services Support Grant (BSSG), Mandatory Concessionary Fare reimbursement and the 'My Travel Pass' scheme.
- 3.10 The Bus Emergency Scheme was then introduced in July to provide ongoing support. This became known as 'BES 1' and it continued to maintain operators' income at historic levels, based on what was being paid to them under previous grant schemes. In return for this financial support WG signalled that it expected operators to contribute to a reshaping of bus services in Wales – to include improved regional networks with greater integration with rail services, smart ticketing and timetabling.
- 3.11 'BES 1.5' was introduced in August, administered by the regional lead authorities through whom BSSG had been paid since 2013. In the case for the South East Wales Region the current lead authority is Monmouthshire County Council. BES 1.5 funding provided £10m of so-called 'ramp up funding' to support the reopening of schools and economic activity. This funding helped to cover the cost of reinstating services suspended when travel restrictions associated with the pandemic were introduced, and which were needed to meet increasing demand, given capacity constraints of social distancing. BES 1.5 was then extended to the end of March 2021 following the announcement of a further support package in

September 2020. Operators were once again asked to sign up to a range of terms and conditions to access the BES funding.

- 3.12 WG, working with TfW, are now proposing to enter into a longer-term BES 2 agreement with operators and LAs to protect services. It will operate for an initial maximum term of up to 2 years from the date BES 1.5 commenced (i.e. up until 31 July 2022), unless market conditions recover sufficiently for an operator to no longer require BES support for any of its services whether they be contracted or commercial.

#### **4. Current situation / proposal.**

- 4.1 BES 2 will continue to address the loss of fare box revenue and the additional costs associated with responding to the pandemic. Under BES 2 the WG funding will sit alongside local authority funding provided through the Concessionary Travel Scheme and via Revenue Support Grant and the Bus Services Support Grant to make up the shortfall.

- 4.2 WG will be a co-signatory to the BES 2 agreement with bus operators, along with TfW. This is currently still under discussion and may be subject to changes before it is finalised. LAs retain legal responsibilities for bus services and therefore remain central to determining which local services receive this support. They need to sign up to the principle of the agreement and the relationship with their Lead Authority, in ensuring that the ongoing emergency funding meets their priorities and is delivered on their behalf.

- 4.3 This will provide the legal basis for WG to make payments to the operators. In this way, WG can use its powers to support operators, whereas the additional funding would breach LAs de minimis limits for direct award contracts (further details in the briefing note in Appendix 1 and the full proposed Agreement in Appendix 2). LAs will remain responsible for those services which they currently contract directly with bus operators. LAs will need to consider planning for contingencies, such as if the BES2 agreement is not signed or the level of funding for BES2 is reduced during the period of the agreement

- 4.4 Key features of BES 2 will be as follows:

- Maximum term until 31<sup>st</sup> July 2022 or until operators enter into an embedded partnership agreement
- development and delivery of a Reference Network, intended to provide a range of benefits to communities; multi-operator ticketing; and operator sign-up to an Economic Contract at the heart of WG's Economic Action Plan (and its principles of fair work, health, decarbonisation, skills and learning etc)
- long term co-operation and co-ordination across TfW, LAs and operators by entering into partnerships with a clear set of obligations and shared standards
- one agreement per operator in each of the regions that they work in, signed by WG, TfW, a lead authority and the operator
- operators will be allowed to make a (capped) profit on services that has not been possible under emergency funding to date.

4.5 Discussions are starting to take place in relation to the planning of future networks and the respective roles of WG, TfW, LAs and operators. It is important to note that these are not the prime focus of BES2 agreement. It will be vitally important for further detailed discussions to take place with Members on these matters. However, this is not a reason to delay the signing of the BES 2 agreement. WG does believe that the BES2 offer will help to engage operators in the discussions about the future at a time when their income is more dependent that ever on public sector support. In signing up to BES 2, though, LAs are agreeing to financial support being provided to the sector. They are not committing themselves to any specific, future model of bus service management as that will be the subject of further debate.

## **5. Effect upon Policy Framework & Procedure Rules.**

5.1 There is no effect upon Policy Framework or Procedure Rules

## **6. Equality Impact Assessment**

6.1 There are no equality implications arising from this report

## **7.0 Wellbeing of Future Generations (Wales) Act 2015 Implications**

7.1 The Well-being of Future Generations (Wales) Act 2015 Assessment Template has been completed and a summary of the implications from the assessment relating to the five ways of working is outlined below in respect of the proposal:

- **Long-term**  
The intention is to provide emergency funding to bus operators that may otherwise see decline in public bus services.
- **Prevention**  
WG propose to support the bus industry due to declining patronage which may see an adverse impact on communities
- **Integration**  
Support of the bus network is seen to support improving accessibility to jobs and services across our regions and communities; supporting economic recovery; and ensuring social inclusion,
- **Collaboration**  
The agreement is with WG, TfW, bus operators and LAs across Wales
- **Involvement**  
The agreement is with WG, TfW, bus operators and LAs across Wales

## **8. Financial Implications.**

8.1 The costs of BES2 is funded through WG to Monmouthshire County Council as lead authority.

8.2 In signing up to BES2, LAs are agreeing to financial support being provided to the bus sector.

## **9. Recommendations.**

It is recommended that Cabinet:

- Agree to the principles of the BES 2 agreement (Appendix 2) to secure (conditional) financial support for the bus sector and delegate authority to the Corporate Director –Communities to establish a relationship with the regional lead authority and signatory, that ensures that the ongoing emergency funding meets BCBC’s priorities and is delivered on its behalf.
- Receive a further report on bus reform proposals relating to the future management of bus services in Wales in due course.

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**January 20210**

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**Background documents:** None