

ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY

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| Date of Meeting | Tuesday, 5 TH March 2024 |
| Report Subject | Update on Bus Emergency Scheme |
| Cabinet Member | Deputy Leader of the Council and Cabinet Member for Streetscene and Regional Transport Strategy |
| Report Author | Chief Officer (Streetscene and Transportation) |
| Type of Report | Operational |

EXECUTIVE SUMMARY

During the Covid Pandemic Governments across the UK stepped in to provide support to bus companies when passenger numbers on commercial services collapsed. In Wales, the Bus Emergency Scheme (BES) was created to help keep bus companies afloat to ensure that vital commercial bus services were retained throughout the pandemic. The BES was terminated in June 2023 and was replaced by the Bus Transition Funding (BTF) which is scheduled to terminate in March 2024,

The purpose of this report is to provide an update in relation to the funding of commercial services post BTF, whilst also detailing the scope of Welsh Government Bus Network Fund (BNG) which will be introduced in April 2024.

RECOMMENDATIONS

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| 1 | That Scrutiny note how public bus services have been funded during the pandemic, the impact on service levels / passenger numbers / bus companies themselves and future proposals. |
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REPORT DETAILS

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| 1.00 | EXPLAINING THE BACKGROUND TO THE BUS EMERGENCY SCHEME |
| 1.01 | During the Covid Pandemic, Governments across the UK stepped in to provide support to bus companies when passenger numbers on commercial services collapsed. In Wales, the Bus Emergency Scheme (BES) was created to help keep bus companies afloat to ensure that vital commercial bus services kept running throughout the pandemic. |
| 1.02 | In February 2023, Welsh Government (WG) confirmed that the BES funding was to be removed and whilst this was originally scheduled to end in March 2023, a further extension was provided until June 2023. The |

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| | <p>three month extension provided by WG was intended to give the industry the short-term stability required while plans for reviewing and developing the bus network continued to better suit the new travel patterns seen since the end of the pandemic. This also ensured that there was no disruption to school transport journeys on public transport services by extending to the end of the school year.</p> |
| 1.03 | <p>Regional Planning Teams (bus services) supported by Transport for Wales (TfW) were then established to understand the impact of the removal of BES on commercial services and to resolve the network issues that were likely to arise from the change in funding regime, thus helping to optimise the network and to maintain as much reach and access as possible.</p> |
| 1.04 | <p>BES was then replaced by The Bus Transition Fund (BTF) on 24 July 2023; this was developed collaboratively with Local Authorities, Welsh Government, Transport for Wales and the bus industry. The purpose of BTF was to provide immediate financial support to bus operators in Wales so that those vital commercial services could continue.</p> |
| 1.05 | <p>In order to understand what funding was required to maintain the current commercial network across North Wales, operator costs were obtained and submitted to Welsh Government and on the 24th September 2023, 'minor changes' to some services were introduced with very minor impact on passengers – mainly being efficiencies through good housekeeping.</p> |
| 1.06 | <p>Given BTF is due to end March 2024, Operators were asked to inform the council of those commercial services that will no longer be financially viable (without BTF support). Those services that were highlighted as not being commercially viable are in the process of being procured by local authorities.</p> |
| 1.07 | <p>That said, following meetings with operators in November 2023, it was clear that North Wales would not have the capacity or time available to procure the post BTF services in time to start 1st April 2024.</p> |
| 1.08 | <p>It was therefore suggested that to 'buy time', approval was given for North Wales Authorities to instigate emergency contracts with operators which would allow the continuation of those non-viable commercial services until such time as the procurement exercise had been completed. The process of procurement is currently underway in Flintshire where it is anticipated that costs for those services will be obtained at the end of March this year.</p> |
| 1.09 | <p>With regards to the future regional allocation of funding, WG have announced that a new discretionary grant (to replace the existing BTF) is to be introduced from April 2024. The name of the new funding stream is called The Bus Network Grant (BNG).</p> |
| 1.10 | <p>This new scheme, unlike BTF, will provide Local Authorities with funding to tender for bus services that will not operate commercially when BTF comes to an end. The new scheme will run alongside the existing discretionary Bus Service Support Grant (BSSG) scheme with funding allocated of £25m for the whole of Wales for financial year 2024-2025. WG will distribute both BSSG (previously £6m for North Wales) and now</p> |

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| | BNG to the region. Although it has yet to be confirmed officially, it is understood that the allocation of BNG for North Wales is £5.6m. |
| 1.11 | The estimated £5.6m will not necessarily be distributed evenly amongst North Wales Authorities, but rather, each region will be required to meet to agree how the funding will be distributed according to individual local authority need. This will depend on the number of former commercial services requiring procurement by each authority, the costs of these routes and the priority of the route in question. |
| 1.12 | Given it is highly unlikely that North Wales will be able to afford to continue to fund every element of the current network, a prioritisation (RAG) exercise will need to be undertaken independently by TfW, who will be analysing information received from operators and will rank services based on patronage levels and impact on passengers. |
| 1.13 | <p>Despite the financial support detailed above, recent experience has demonstrated that bus operators are finding it increasingly difficult to maintain the commercial viability of some bus services. Passenger numbers on public transport have declined significantly over the last three years, which is impacting on the sustainability of bus services across Wales.</p> <p>As such, we have observed a reduction in the number of bus operators over recent years, which is an issue across Wales. As a result, the current competition in the bus industry is extremely limited which has the potential to increase contract prices.</p> |
| 1.14 | We continue to face challenges ahead with the consumer price index for transport services in the UK indicating that, since January 2015, prices in the transport sector have increased by over 27%. Governments and Local Authorities are keen to address the decline in bus use that has been experienced over the years and making bus services more attractive is key to achieving this. |
| 1.15 | WG recognise the need for an effective public transport network to ensure economic recovery and that communities are connected, car dependency and congestion is reduced, active travel is promoted, as well as ensuring that carbon emissions and climate change, air quality and health, social inequalities are tackled. |
| 1.16 | <p>That said, despite WG's commendable aspirations for an improved public transport network, the potential for inadequate funding, as a result of the BNG prioritisation exercise, is likely to result in significant changes to the bus network in Wales from April 2024.</p> <p>Should any non-viable commercial services not continue because of the procurement / prioritisation exercise, alternative transport would need to be provided for eligible pupils for the duration of their school attendance. This may have an impact on the School Transport Budget given alternative transport arrangements may be more expensive than a current bus pass utilised on commercial services.</p> |

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| 1.17 | Operators have also raised concern with regards to increased journey times because of the recently implemented 20mph legislation change. As such, WG are working with operators to understand the cause of potential disruption and how this can be overcome. |
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| 2.00 | RESOURCE IMPLICATIONS |
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| 2.01 | The procurement of the non-viable commercial services will be undertaken by the Council's in house Integrated Transport Unit (ITU). |
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| 2.02 | Should any non-viable commercial services not continue because of the procurement / prioritisation exercise, alternative transport would need to be provided for eligible pupils for the duration of their school attendance. This may have an impact on the School Transport Budget given alternative transport arrangements may be more expensive than a current bus pass utilised on commercial services. |
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| 3.00 | IMPACT ASSESSMENT AND RISK MANAGEMENT |
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| 3.01 | Whilst it is anticipated that there will be a negative impact on bus services because of market price rises and a reduced regional budget, it is not possible to complete the necessary Impact Assessment at this moment in time until funding for Flintshire has been confirmed and once the required procurement and prioritisation exercise has been undertaken. |
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| 4.00 | CONSULTATIONS REQUIRED/CARRIED OUT |
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| 4.01 | Deputy Leader of the Council and Cabinet Member for Streetscene and Regional Transport Strategy |
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| 4.02 | Consultation with Transport for Wales and regional Authorities during the evaluation, prioritisation and allocation of funding. |
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| 4.03 | Consultation with passengers affected by any reductions in services. |
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| 4.04 | Consultation with transport operators following the outcome of the procurement / prioritisation exercise. |
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| 5.00 | APPENDICES |
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| 5.01 | None |
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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
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| 6.01 | None |
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| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | <p>Contact Officer: Katie Wilby, Chief Officer (Streetscene & Transportation) Telephone: 01352 704530 E-mail: katie.wilby@flintshire.gov.uk</p> <p>Contact Officer: Helen Telford, Integrated Transport Unit Manager Telephone: 01352 704531 E-mail: helen.telford@flintshire.gov.uk</p> |

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| 8.00 | GLOSSARY OF TERMS These are provided corporately on the Infonet (link) and maintained by the Executive Office |
| | <ol style="list-style-type: none"> (1) Bus Emergency Scheme (BES) – Emergency funding provided by Welsh Government to help sustain commercial bus Operators in order to ensure that vital commercial bus services were retained during the Covid 19 pandemic. (2) Bus Transition Fund (BTF) – Grant provided by Welsh Government to replace Bus Emergency Scheme (BES) which commenced in June 2023 and is scheduled to terminate in March 2024. (3) Bus Network Grant (BNG) – Grant provided by Welsh Government to allow local authorities to procure commercially non-viable bus services which will be introduced in April 2024. (4) Bus Service Support Grant (BSSG) – Grant provided by Welsh Government to deliver transport objectives set out in the Welsh Transport Strategy and the National Transport Finance Plan. (5) Commercial Bus Services - motor vehicle designed for carrying more than nine passengers and used for the transportation of persons for compensation. (6) Transport for Wales (TfW) - the body established by Welsh Government to deliver transport priorities in Wales. (7) Integrated Transport Unit (ITU) – The Councils in house transport team. |