

**19 JUNE 2020**

**REPORT SUMMARY SHEET**

**COVID-19 BUS NETWORK RECOVERY**

### **Purpose**

To present the current position on bus network recovery following a relaxation of the Covid-19 lockdown restrictions and the steps required to deliver this over the coming months.

### **Summary**

This report refers to and updates on the following key issues:

- Funding sources for bus issues.
- Concessionary travel re-imbusement.
- Community transport.
- The impact of social distancing on bus capacity.
- Bus network re-start and recovery.
- Longer term planning.

### **Impact of Covid-19 pandemic**

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

On 11 May, the Government launched its Covid-19 Recovery Strategy comprising measured steps towards the gradual easing of lockdown restrictions with core messages including an encouragement to return to work for those who cannot work from home and to use walking, cycling and the car to travel around instead of using public transport if possible. The steps include school reopening for some year groups from 1 June and the large-scale reopening of shops from 15 June. Despite the messaging, the increase in activity is likely to put more pressure on the limited public transport services available.

Given the uncertainty around the pace and extent of any release from lockdown restrictions, a plan to recover the bus network is therefore inevitably a work in progress. Nevertheless, this report sets out the key issues, the steps being taken and prospects for seeing any significant recovery of bus use over the coming months and years. Further reports will be brought to WECA Committee via the Transport Board as appropriate.

## **Recommendations**

The Combined Authority Committee is asked:

1. To note the current position on bus network recovery.
2. To approve the continuation of concessionary fare reimbursement payments to bus operators at pre-Covid levels for a further 3 months to the end of September 2020.

**Contact officer:** David Carter

**Position:** Director of Infrastructure

**Email:** David.Carter@westofengland-ca.gov.uk

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE**

**DATE: 19 JUNE 2020**

**TITLE: COVID-19 BUS NETWORK RECOVERY**

**DIRECTOR: DAVID CARTER – DIRECTOR OF INFRASTRUCTURE**

**AUTHOR: PETER MANN – HEAD OF STRATEGIC TRANSPORT INTEGRATION**

### **Purpose of report**

To present the current position on bus network recovery following a relaxation of the Covid-19 lockdown restrictions and the steps required to deliver this over the coming months.

### **Recommendations**

1. To note the current position on bus network recovery.
2. To approve the continuation of concessionary fare reimbursement payments to bus operators at pre-Covid levels for a further 3 months to the end of September 2020.

### **Background**

1. Since mid-March when the Prime Minister first proposed people work from home if at all possible and then announced the full lockdown with the closure of schools, shops, leisure facilities, bars and restaurants, the number of people travelling by bus in the UK has dramatically fallen. Figures from bus operators suggest that the number of bus passengers during April were around 9% of normal levels. In response, due to the drop in farebox revenue, bus operators cut back their services to below 40% of normal frequencies and furloughed large numbers of drivers and other staff.
2. At a cost of £167m to cover a 12-week period from 17 March, the Government launched its Covid-19 Bus Service Support Grant (CBSSG) enabling operators of commercial services to claim for the mileage they did continue to operate up to 50% of normal levels and enabling Local Transport Authorities (LTAs) to offset lost revenue from contracted services in order to keep these services running where possible. Coupled with a Government commitment to maintain Bus Service Operators Grant (BSOG) and LTAs continuing concessionary fare reimbursement and payments against tendered contracts, this closed the revenue gap, sustaining operators through the immediate collapse in passenger numbers.
3. As the country begins to emerge from the lockdown and the economy restarts, the demand to travel by all forms of transport will rise. However, the likelihood of an on-going requirement for social distancing and the inevitable lack of public confidence in travelling by mass public transport, makes it impossible that bus services will generate sufficient revenues to become commercial for the foreseeable future. A plan is therefore required to enable a bus network

to be provided for those who do need or wish to use it whilst social distancing continues and to recover passenger numbers over time back towards pre-Covid levels.

4. On 11 May the Government launched its Covid-19 Recovery Strategy comprising measured steps towards the gradual easing of lockdown restrictions with core messages including an encouragement to return to work for those who cannot work from home and to use walking, cycling and the car to travel around instead of using public transport if possible. The steps include school reopening for some year groups from 1 June and the large-scale reopening of shops from 15 June. Despite the messaging, the increase in activity is likely to put more pressure on the limited public transport services available.
5. Given the uncertainty around the pace and extent of any release from lockdown restrictions, a plan to recover the bus network is therefore inevitably a work in progress. Nevertheless, this report sets out the key issues, the steps being taken and prospects for seeing any significant recovery of bus use over the coming months and years. Further reports will be brought to WECA Committee via the Transport Board as appropriate.

## Issues for consideration

### Funding

6. As referred to in the background section above, there are a number of sources of funding for bus services in the region whilst little farebox revenue is available to cover operators' costs. This funding has enabled services to be maintained through the early months of lockdown and, in many cases, operators to survive and be in a position to scale up services in the recovery phase. In some combination this funding may enable a gradual return to pre-Covid frequencies. In summary, the funding sources for bus services are as follows:

#### Funding via the Transport Authority

- Transport Levy – this provides the Concessionary Travel, Community Transport and Supported Services budgets and has continued to be paid out to operators at pre-Covid levels (initial commitment up to end June 2020)
- Devolved BSOG – Government has confirmed payment to WECA for 2020/21 which provides £1.148m of expected funding into the Supported Services budget
- Supported Services Fund - £736k for 2020/21 (part of £30m identified through the Better Deal for Bus Users funding announced by Government in February 2020) – conditions on use of this funding have been relaxed to support Covid recovery
- LTA CBSSG – for supported services – WECA was allocated a 1<sup>st</sup> tranche of £528k to early June 2020 to offset lost revenue on its supported services
- 2<sup>nd</sup> tranche of LTA CBSSG has yet to be confirmed and is dependent on an evaluation of the use of the 1<sup>st</sup> tranche during June
- S106 developer contributions – this remains with councils and is tied to particular services (whilst funding exists)

#### Funding via Government

- Commercial CBSSG (1<sup>st</sup> tranche for 12 weeks from 17 March) claimable by operators to cover costs for up to 50% of normal service levels being provided
- 2<sup>nd</sup> tranche of commercial CBSSG has been announced by Government and is being reviewed on a rolling 4-week cycle with the expectation that services will be scaled up to 100% within a few weeks
- Coronavirus Job Retention Scheme – covering 80% of pay for staff on furlough

### Concessionary travel

7. Concessionary fare reimbursement is being paid to operators for the months of April, May and June irrespective of the number of pass holders using the network. Whilst this has been an important financial lifeline for some bus operators, at no additional cost to WECA or its constituent authorities, it has been very much an emergency measure. Approximately £3.2m has been committed in this way and it is right to consider the effectiveness of this payment and the appropriateness of it continuing into the 2<sup>nd</sup> quarter of 2020/21.
8. For smaller bus operators, concessionary travel forms a very significant proportion of passengers carried. The reimbursement, through the statutory English National Concessionary Travel Scheme, can be an equally significant element of their overall income, albeit provided to ensure operators are no better or no worse off for carrying these passengers, once fixed and variable costs have been taken into consideration. In some cases, for example where operators run infrequent rural shopper services, this can be more than 75% of their revenue received which could be the difference between business survival and collapse.
9. During lockdown, travel using concessionary passes is at an all-time low with take-up in April less than 8% of what would normally be expected at this time of year. Given the demographic profile of pass holders it is likely that, whilst social distancing remains, there will not be a significant increase in concessionary travel for some time. Whilst the DfT has not made it a condition of receiving the next tranche of LTA CBSSG, Transport Authorities have been urged to continue concessionary fare payments at pre-Covid levels in order to provide the industry with certainty of income during the restart/recovery period. This, along with the potential disastrous effect of withdrawing this funding source from operators, especially those smaller more vulnerable businesses, suggests that an extension to the payment arrangement should be made. It is therefore recommended that this be confirmed for the 2<sup>nd</sup> quarter of 2020/21, until 30 September. During this period a review will be undertaken of the basis of the concessionary travel payments in the light of passenger numbers through the summer and overall funding available to support the bus network.

### Community Transport

10. In March 2020 WECA confirmed continued grant payments were to be made to Community Transport providers until 30 June. These providers have, for the most part, continued to operate, albeit providing in some cases quite different services to their users, including supporting vulnerable people with collection of shopping and medication. WECA has maintained contact with the Community Transport Network as well as individual organisations and it is appropriate to reconfirm the continuation of their budgeted grant payments on the condition that over the coming three months providers work with WECA to plan for how they propose to deliver their services in the future.

### Impact of social distancing on capacity

11. The current social distancing guidance has held down overall bus network capacity as each bus is unable to carry more than around 25% of a full passenger load. First West of England has marked out each of its buses with designated seats, providing 20 seats per double-decker and 10 per single decker vehicle. During the first months of lockdown from mid-March, the focus of the bus network has been to provide services to key workers and those who have no alternative means of travel. The funding available provided for around 40% of the pre-Covid network. No significant overloading issues have been experienced during this period and First have added in a bus to duplicate journeys on the occasions that this has been required.

12. However, a return to conventional routes may cause the unintended consequence of inbound services to urban areas being consistently 'full' with their new maximum capacity well before the inner parts of the route, making it impossible to serve parts of the urban area. Similarly, for outbound evening services it will be impossible to differentiate between passengers looking to travel a short distance and those needing to travel to the end of the route. Services will therefore need to be tailored appropriately and not merely replicate what existed pre-Covid.
13. In order to manage the number of people using buses whilst social distancing is in place, consideration has been given to how this is done on bus and off bus. First has decided to mark up each bus with tape, signs etc and clear notices reminding people of the need to keep their distance. WECA has coordinated with the Highway Authorities how information and signage on street can assist passengers queuing for bus services and measures have been put in place.
14. The recent announcement that face coverings must be worn by passengers from 15 June could have the effect of increasing confidence and therefore patronage on public transport. Both this and any review of the 2m social distance down to 1.5m or even 1m to align with other countries have implications for bus capacity and passenger waiting arrangements, which will need to be assessed and implemented if and when they are confirmed.

### **Network restart and recovery**

15. In recent weeks the Department for Transport has provided more information and guidance to bus operators and Local Transport Authorities over the expectations for the "restart and recovery" of the bus network, as well as greater clarity over the funding situation. This came alongside progressive statements by the Government on releasing lockdown restrictions, including stated dates for schools and non-essential shops to reopen. Whilst some uncertainty still exists due to the introduction of a 4-weekly funding review cycle, the re-establishment of services closer to normal levels has been possible, albeit with significantly reduced capacity due to social distancing measures being in place.
16. In assessing the bus network restart and recovery proposals put to the LTAs by First and other operators, the following assumptions were made:
  - a. The lockdown will be lifted gradually and will probably vary for different categories of the population/purposes at different times, such as schools, retail, work, leisure etc;
  - b. Some form of social distancing will be retained for a considerable period, probably beyond the end of 2020, which will apply to travelling on public transport;
  - c. Employees are likely to continue to work from home to a significant extent and where people do need to go to the workplace employers may be asked/choose to stagger work times to enable social distancing; this could be extended to schools where different classes/years could be in on certain days of the week;
  - d. Funding will be made available by Government to close the gap between the huge costs of running a full network and the loss of passenger revenue forced by social distancing and then a slow return to regular public transport use by the public.
17. The restart phase from early June has seen a significant increase in the provision of bus services across the region with up to 80% of normal Monday–Friday 07.00–19.00 service frequencies. This comprises services provided "commercially" by First and those tendered services provided by First and other operators. In the early stages of restart and recovery these services have predominantly been focused on urban routes to support key workers and where the greatest demand exists. Passenger levels have been rising very slowly with around 13% in the first week of June. The expectation that demand will increase with

relaxation of lockdown restrictions has led the Government to request bus operators to ramp up services significantly from early June towards 100% by early July.

18. First is exploring a new app-based journey booking service utilizing expertise from elsewhere within its wider Bus Division and has proposed a pilot to commence in late July where passengers can pre-book a seat on a particular timed bus journey. This would be a specific journey within the timetable not available to other passengers and will help to tailor demand to the availability of the limited number of seats on buses at certain times of the day and week. Subject to the effectiveness of the pilot, the project has the potential to expand onto other routes across the network where demand is expected to be at its highest and capacity at a premium.

### **Communications and messaging**

19. A communications plan has been developed by WECA Comms team in consultation with the Communications teams from each of the authorities in order to ensure consistent messages have been provided to stakeholders and the travelling public. These messages have been in line with the latest Government advice on travel, including to avoid using public transport if possible.
20. Notices to be displayed at bus stops and shelters summarizing these messages have been provided and are being distributed in advance of the anticipated increase in travel demand from 15 June. These are complemented by measures such as signing and pavement marking to assist bus users in maintaining social distancing while they are travelling.
21. WECA Comms team is working closely with First's communications advisors on press releases and other information provision, again to provide consistency. As new information emerges from Government, such as the mandatory wearing of face coverings on public transport, then this is incorporated into the messaging.
22. The Transport Operations team has worked closely with First and other operators to ensure bus timetable changes are incorporated into the Real Time Information system so that the travelling public have access to live bus journeys on the network. The Travelwest website has been kept up to date with the latest travel advice and information, including a checklist for safe travel, journey planning and advice on walking and cycling. Links are provided to First and Stagecoach West websites to access information on live services.

### **Longer term planning**

23. It cannot be over-emphasised just how significant an impact the Covid-19 crisis has had on the long-term prospects of a commercially successful bus network in the West of England. Whilst to a large extent the Government funding, through CBSSG and importantly the Coronavirus Job Retention Scheme, has allowed many businesses to survive, such support may not continue indefinitely. The role of LTAs may change depending on how the Government responds to the longer-term funding challenge. Either way, it will be important for LTAs to ensure that local needs are given priority in the overall network planning. Inevitably the operator focus has to be on getting people to work in the short-term, but this may be at the expense of wide geographical network coverage which may have to follow once the funding situation is clearer.
24. The huge loss of core customer base upon which significant investment has been built over recent years is likely to take many more years to re-establish and operators are likely to incur sustained losses unless they cut back their network to reduce costs and/or increase fares. Both of these actions will reduce the attraction of travelling by bus and risk generating a vicious circle which the authorities in the West of England have worked so hard to break

out of in recent years. This could be further exacerbated if there is a significant switch to car travel as an alternative to bus as people tentatively return to normal life. Whilst wholesale car use is not likely as many do not have that option, a swift return to the pre-Covid levels of bus passengers cannot be expected. The focus of the Bus Strategy on infrastructure investment to emphasise and lock-in further bus priority will need to be complemented by a concerted investment in communications and marketing to rebuild confidence in bus travel.

25. The reliance on public sector funding provides an opportunity to shape the network to meet expectations and aspirations set out in the Bus Strategy, as well as progressing multi-operator ticketing, bus priority measures and improvement of interchanges. For the foreseeable future the bus system is likely to need to work on the basis of co-ordination, co-operation and partnership rather than competition. The funding arrangements set out by the Government through the Covid-19 restart and recovery period are unlikely to be fit for purpose for the long term. Consideration is already being given to how national aspirations for growth both back to and then beyond pre-Covid levels can be delivered. Initially this is being done through a National Bus Strategy but will ultimately need to be reflected in the Transport Authority context.

## **Consultation**

Members, CEOs, Directors and officers of constituent authorities

## **Risk Management/Assessment**

The nature of the coronavirus pandemic is such that decisions need to be taken in the light of the day to day advice and announcements from Government related to the risk of virus reproduction. WECA is in daily contact with First as the principal operator in order to interpret and act on the advice that comes from Government.

## **Public Sector Equality Duties**

*The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:*

- *Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.*
- *Advance equality of opportunity between people who share a protected characteristic and those who do not.*
- *Foster good relations between people who share a protected characteristic and those who do not.*

*The Act explains that having due regard for advancing equality involves:*

- *Removing or minimising disadvantages suffered by people due to their protected characteristics.*
- *Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.*
- *Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.*

Securing a comprehensive network of bus services and promoting their use is key to enabling those most reliant on public transport to access jobs and other opportunities. This includes people from protected groups.

**Finance Implications, including economic impact assessment where appropriate:**

Finance issues are set out in the funding section of the report.

**Legal Implications:**

Legal advice has been sought throughout this process in tandem with the other Combined Authority legal and transport teams.

There is on-going discussion with the Department of Transport on how to ensure lawfulness and value for money issues are addressed in any actions taken. This report accords with the advice received to date.

Shahzia Daya, Director of Legal and Democratic Services

**Climate Change Implications:**

Securing a comprehensive network of bus services and promoting their use is key to achieving climate change objectives. This report sets out the steps taken to restart and recover the bus network following the Covid-19 crisis.

**Land/property Implications:**

None

**Human Resources Implications:**

None

**Appendices:**

None

**Background papers:**

None

**West of England Combined Authority Contact:**

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 07436 600313; or by writing to West of England Combined Authority, 3 Rivergate, Temple Quay, Bristol BS1 6EW; email:

[democratic.services@estofengland-ca.gov.uk](mailto:democratic.services@estofengland-ca.gov.uk)

