

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

DATE: 4 MARCH 2024

REPORT TITLE: BIRTHDAY BUS FARES SCHEME

RESPONSIBLE OFFICER: STRATEGIC DIRECTOR OF INFRASTRUCTURE

Key Decision No

Purpose of Report

This report aims to provide the Audit Committee with an understanding of the timeline of events regarding the decision-making process behind the Birthday Bus Offer and to offer an update on its impact to date.

Recommendation

That the Audit Committee:

- 1) Provides comment on the contents of the report

Reasons for recommendation

The information provided in this report will provide the Audit Committee with the opportunity to feedback on the information and data provided.

Voting arrangements

The voting arrangements of the West of England Combined Authority Audit Committee as set out at page A51 para. A20 of Part A of the West of England Combined Authority Constitution (as amended 17.3.2023) are not applicable as the West of England Combined Authority Audit Committee is asked only to review the report.

Publication Requirements

For Publication.

Background

In October 2021, in collaboration with Unitary Authorities (UAs) and North Somerset Council (NSC), the West of England Mayoral Combined Authority (MCA) submitted the Bus Service Improvement Plan (BSIP) with a set of key objectives to enhance the region's transportation network. These objectives include adjusting fares to align with changing market conditions and promoting the long-term financial sustainability of the bus sector by encouraging a shift from car to bus travel. Alongside these objectives, five specific targets were set to guide its implementation:

1. **Increase Single Passenger Journeys:** Return to pre-pandemic patronage levels by 2025 and grow patronage by at least 24% from that level by 2030.
2. **Reduce Journey times:** Reduce average bus journey times on designated corridors by 2% by 2025 and by 10% by 2030.
3. **Improve punctuality:** Achieve 95% of services running on time, defined as being no more than 1 minute early or 5 minutes late, by 2030.
4. **Increase Passenger Satisfaction:** Increasing passenger satisfaction to 89% for 2025 and 95% for 2030.
5. **Increase Bus Decarbonisation:** By 2023 all buses operating in the BSIP area will meet the Euro VI emission standard. By 2030, at least 75% of the local fleet will be either zero-emission or ultra-low emission, and by 2035 all buses will be zero-emission.

The BSIP budget is time-limited until March 2025, necessitating interventions focused on being self-sustaining and encouraging long-term behavioural change. Interventions requiring ongoing subsidies are less effective, as the public benefits cease once the BSIP budget ends. The focus of the BSIP is on achieving long-term outcomes rather than short-term subsidies. This approach aims to ensure that the improvements made to the bus network are sustainable and continue to benefit the community beyond the duration of the BSIP. Therefore, interventions and strategies implemented under the BSIP must prioritise long-term behavioural change and self-sustainability to maximise their impact and effectiveness in the region's transportation network.

The Birthday Bus Offer, an innovative proposition, aims to eliminate the financial obstacle to bus travel for one calendar month to all residents within the MCA and NSC areas. Its objective is to entice new users to the bus network and diminish car dependency. Additionally, it aims to motivate existing bus passengers to increase their travel frequency, all with the goal of enhancing sustainable travel and the commercial sustainability of the transport network.

The Audit Committee would like to understand the timeline of events regarding the decision-making process behind the Birthday Bus Offer. This is contained within the alternative options and consultation section of this report. The Audit Committee has also requested that we share data on the Birthday Bus Offer's progress. This is largely covered in the key considerations, equalities, climate change, financial, and commercial implication sections of this report.

Key Considerations

The Birthday Bus Offer aims to stimulate passenger growth and increase the number of single passenger journeys by bus in the West of England region, which is a key BSIP target. This initiative aims to do this by encouraging modal shift, particularly from car to public transport, all while decarbonising the transport network and creating an environment that improves the commerciality of the bus network.

The Birthday Bus Offer provides free bus travel for an individual's birthday month, which is intended to serve as a significant attraction to potential new users. By removing the cost barrier, this offer is aimed at encouraging individuals to experience bus travel without any financial commitment. Moreover, users are then encouraged to maintain their bus usage beyond the offer period due to the ongoing fare reductions, including the £2 Adult fares in Bristol and Bath and capped adult fares outside urban areas. These incentives collectively aim to attract and retain new bus users, fostering long-term ridership growth.

The strategic rationale behind the Birthday Bus Offer is grounded in positive insights from empirical studies. These studies suggest that initiatives offering free travel can effectively increase patronage, making the offer a valuable tool for growing ridership and attracting new users to the bus network. While we are still collecting data, the offer is expected to encourage modal shift and foster long-term behavioural changes. This will be achieved by positively shaping perceptions about the affordability and value of bus services, while demonstrating its potential as a viable alternative to car usage. If successful, the Birthday Bus Offer could significantly contribute to achieving the BSIP objective of increasing patronage, which would help to ensure the sustainability of the bus network beyond 2025.

Impact of the Birthday Bus Offer:

In collaboration with the Department for Transport (DfT) and NSC, a detailed monitoring and evaluation plan was developed for the Birthday Bus Offer. This plan was also a key requirement for securing funding approval. The monitoring and

evaluation for the Birthday Bus Offer is comprehensive and multifaceted, designed to provide a thorough understanding of its impact on modal shift and attitudes towards bus usage. Data on equalities, collected during the application process, aligns with the 2021 Census questions, ensuring we can compare redemption across various categories. Survey questions about current public transport usage, normal travel behaviour, and pass usage expectations are also asked during the application process. Furthermore, with the Birthday Bus Offer being delivered through smartcard technology, we can gather data on journey behaviours, enabling observations on user types, trip habits, and popular bus services, aiding our understanding of the current bus network. Moreover, we can track data to encourage users who underutilise the pass to use it to its full potential, which is an essential component in encouraging behavioural change.

Additionally, two optional surveys are issued to users at different stages to assess the offer's impact on modal shift and attitudes towards bus usage over time. The post-offer and 6-month follow-up surveys contribute to the understanding of short, medium, and long-term outcomes of the Birthday Bus Offer. By combining various data sources and survey responses, a comprehensive evaluation of the offer and its effectiveness in promoting sustainable travel behaviour is achieved. Reminder emails are sent to maximise survey response rates, which is a proactive approach to data collection and analysis.

The survey's data has been collected from July 2023, when the scheme opened for applications, until the end of December 2023. This is derived from application survey data, smartcard data, and post-offer survey data. In February, we will distribute a long-term evaluation survey. This survey aims to ascertain the offer's long-term benefits, tracking sustainable travel changes six months after individuals experienced the offer. We will begin with those born in August, followed by subsequent months. Below are a series of key data points that the offer is currently tracking.

- Total Applications and Journeys: As of 10 February 2024, 44,820 people have applied for the Birthday Bus Offer, and 522,086 journeys have been made.
- Likelihood of Future Bus Use: From the post-offer survey, 17% of applicants stated that they are much more likely to use the bus, and 27% somewhat more likely. 48% of applicants stated they opted to use the bus instead of driving because of the offer. This shows successful efforts in attracting customers to the bus network, boosting travel beyond regular commuters, and increasing overall bus usage.
- Additional Trips Taken: 27% of respondents were 'mostly making new trips' that

they otherwise would not have taken, and 45% made trips they would not have taken 'some of the time'. Therefore, 72% of respondents used the Birthday Bus Offer for additional trips on our transport network, indicating an increase in bus travel.

- Modal Shift from Car to Bus: Initial surveys show 34% normally travel by car and 7% never use public transport, yet 48% opted for the bus pass over driving. This gives an early indication that the Birthday Bus Offer pass may result in modal shift from travelling by car to by bus.
- Future Growth of the Offer: 80% of respondents said they were likely to tell a friend, family member, or colleague about the Birthday Bus Offer. This suggests that the majority see the scheme in a positive light, and that word of mouth may help the offer grow in future months.

To see this data in full please refer to Appendix 1 and Appendix 2.

Alternative Options Considered

In April 2022, after receiving indicative funding allocations, the MCA commenced work to identify potential fare intervention options. This process, carried out during the summer of 2022, involved a comprehensive analysis of national and local transport objectives.

In early September 2022, consultants at KPMG were engaged to conduct a strategic rationale and options appraisal for a range of identified fare offers. Their assessment focused on how well each fare offer aligned with the BSIP objectives, their deliverability, value for money, commerciality, and alignments to key local and national transport objectives. The appraisal highlighted that the following fare offers should be taken forward as a priority: fare reductions; free birthday travel; apprentice discounts; and jobseeker discounts.

On the Birthday Bus Offer, the appraisal results emphasised that the offer would create a boost in demand for bus services while the data collected would help to enhance the understanding of travel habits across the region. They also noted the short-term element of the offer as beneficial during the cost-of-living crisis, providing people with quick and easy access to additional financial support. In addition to the KPMG appraisal, a review of empirical studies around free fare ticketing promotions was conducted. The results showed that free fare ticketing promotions had the potential to increase patronage and off-peak travel while decreasing car usage.

Following the delivery of the KPMG report, the MCA and NSC reviewed the findings and introduced a fare reduction initiative, that was approved through the BSIP governance process. This included capping adult fares at £3.70 outside urban areas, implementing a £2 cap on adult fares in Bristol and Bath (funded by First Bus), and setting a £1 cap on child fares (5-15) across the entire West of England region. This reduction was further enhanced in January 2023 when operators applied for UK government funding following the provision of an England-wide £2 cap on adult single fares. This allowed bus operators in the region to seek funding from the UK government to lower adult single fares within the West of England zones from the previously capped rate of £3.70 through BSIP to £2.

While KPMG conducted the options appraisal report, officers later further developed these options to go through the BSIP governance process. The ultimate decision-making authority rested with the Directors, as set out in the 2022 delegations given by the Committee. The Directors ensured that UAs had been consulted on the Birthday Bus Offer, as shown in the engagement section below, before any final decisions were made. The Birthday Bus Offer was launched in July 2023, with the first trips taking place in August 2023, and we are now working on options for a third set of fares offers.

Consultation and Engagement

Unitary Authority (UAs) Engagement

Unitary Authorities (UAs) have been engaged at multiple stages throughout the development of the Birthday Bus Offer, primarily at the BSIP Programme Board, where officers from the UAs are invited to attend. The key engagements occurred on the following dates:

- 27 March 2023: The BSIP Programme Board discussed the Birthday Bus Offer's timeline for launch and other subsequent offers being considered.
- 27 April 2023: A BSIP workshop/Programme Board meeting was held, covering the technical development of the Birthday Bus Offer, proposed commercial reimbursement approach, finances, and Directors' Decision Notice (DDN) position.
- 31 May 2023: An update was provided to the BSIP Programme Board and the DDN and its contents were discussed.

- 14 June 2023: The DDN was circulated along with the Birthday Bus Offer Value for Money (VfM) statement to the UAs, including the Chief Executive Officers.
- 8 September 2023: After the launch of the Birthday Bus Offer, the BSIP Fares and Ticketing Project Manager and Programme Manager presented the first-month progress of the Birthday Bus Offer to the directors, sharing emerging data sent to the Department for Transport (DfT).

Department for Transport Engagement

The Department for Transport (DfT) was involved throughout the development of the Birthday Bus Offer, primarily through our designated BSIP relationship manager and its BSIP monitoring and evaluation team. The key dates surrounding the approval of the Birthday Bus Offer by the DfT are as follows:

- 9 June 2023: Following discussions with the DfT about the offer, confirmation was received that the allocation of BSIP funding for the Birthday Bus Offer would require a Project Adjustment Request. The DfT also requested additional information regarding the scheme's potential VfM.
- 12 June 2023: The Project Adjustment Request, VfM statements signed by the MCA S73 officer and the S151 officer at NSC, along with a draft DDN, were submitted to the DfT for consideration.
- 29 June 2023: The MCA and NSC were informed that the Project Adjustment Request had been approved, enabling the subsequent signing of the DDN and the launch of the offer. As part of this approval, the DfT requires regular monthly reporting on effectiveness and an audited report at the end of the offer on its impact.

Key Risks

There are three key risks associated with the Birthday Bus Offer.

1. The first is potential cost deviations, leading to overspending or underspending. To address this, we have implemented robust budget monitoring and monthly cost reviews. We have also established a suitable contingency budget with finance to address sudden cost increases. Proposed mitigations include triggering predefined contingency plans promptly, reallocating underspend through the Project Adjustment Request process, and activating contingency

plans, such as future fare packages.

2. Another significant risk is the potential for poor take-up of the offer, which could lead to lower than expected participation rates and limited patronage growth. To mitigate this risk, we are collaborating closely with marketing and communication leads to execute a successful public relations campaign. Additionally, we continuously monitor take-up data to assess impact to adjust our approach as needed. Targeted marketing and outreach strategies are being developed to increase awareness and encourage participation. Proposed mitigations include increasing spending on paid social media, planning a further marketing campaign for March targeting car users specifically, and engaging bus operators to share the offer more widely across their buses.
3. Additionally, there is a risk that the offer may not provide value for money, leading to perceptions of insufficient benefits relative to costs incurred, decreased stakeholder satisfaction, and a potential loss of trust in the programme. Furthermore, there's a risk that the investment may not contribute to the commercial sustainability of the bus network. To mitigate these risks, monthly impact evaluations are conducted to assess the offer's value and effectiveness consistently. Proposed mitigations include addressing stakeholder concerns through data sharing, producing an audited report on the offer's effectiveness after the 12-month period (a condition for receiving DfT funding), and gathering long-term survey results to assess its sustained impact.

Comprehensive details regarding the risks associated with the Birthday Bus Offer, along with their mitigations, are outlined in the Appendix 3.

Equality, Diversity and Inclusion Implications

An equalities impact assessment was completed to ensure compliance with the Equality Act 2010 during the decision-making process for the Birthday Bus Offer. Additionally, ongoing tracking of equalities information is in place to prevent unintended impacts on specific groups. Data on offer uptake and its impact on various equality groups are regularly collected and analysed, including demographic factors such as disability status, ethnicity, and socioeconomic background. This approach ensures transparency and enables adjustments to promote fairness and equality in service provision. Below are the equalities statistics relating to those that have taken up the Birthday Bus Offer:

- Indices of Multiple Deprivation 2019: The application data gathered between August and December indicates that 8% of applications have come from areas classed as the most deprived neighbourhoods nationally, and 44% of applications are from areas that fall within the bottom 50% of deprived areas nationally. However, 16% of applications are from residents in the least deprived areas nationally.
- Education Levels: Using education as a proxy for deprivation, the results show we are helping to reduce the annual transport cost of 7% of applicants who have no qualifications.
- Disability: 5% of current take up is by those who consider themselves disabled as per the definition of the Equality Act (2010). This is compared to 17% of people in the West of England region who consider themselves disabled (2021 Census data).
- Ethnicity: A DfT 2019 report found that people from ethnic minorities are reported to be at risk of transport poverty. Across England and Wales, 82% of people are white, and 18% belong to a black, Asian, mixed, or other ethnic group (2021 Census data). Our survey found that 24% our applicants are from a non-white British demographic. In the West of England region 12% of people are from a non-white ethnic identity (2021 Census data).
- Unpaid Care Work: Across England and Wales, it is estimated that the percentage of the population undertaking unpaid care work in 2021 is around 9%. This is the same for the West of England region (2021 Census data). Our survey finds that 6% of those that have applied undertake unpaid care work.
- Employment: 15% of applicants are in full-time education, 6% unemployed, and 2% seeking work. This is compared to 11% of people in full-time education, 9% unemployed, and 2% seeking work within the West of England (2021 Census data). Based on this data, the Birthday Bus Offer seems to be benefiting those in education in particular.
- In the post-offer survey, 34% of respondents said that the offer had improved their transport access.

To see the application and post-offer survey data in full, please refer to Appendix 4.

Climate Change Implications

The West of England Climate and Ecological Strategy and Action Plan sets out the environmental priorities for the region. In summary these are: net zero carbon by 2030, nature recovery and climate resilience. The Mayoral Combined Authority is reflecting these environmental priorities in its infrastructure programmes.

The Birthday Bus Offer can contribute to decarbonising transport by encouraging more people to switch from their private cars to public transport. This will also help to reduce air pollution and congestion. More passengers on buses can also reduce the carbon emissions per capita.

Financial Implications

- The Birthday offer proposal was agreed with DfT through a Project Adjustment Request in June 2023. Original forecasts had allocated £8.9m to the scheme.
- The offer allowed free travel during your birthday month on all buses in the West of England region. Based on this the original forecasted had estimated for high uptake and usage.
- Since its launch, we have seen actual up take and usage lower than expected. Below is a breakdown of the spend to date.

Month	Total
Development Period	£43,100.00
August	£119,249.67
September	£141,694.18
October	£174,747.12
November	£201,523.88
December	£165,927.15
	£846,242.00

- Based on the latest information available, we have revised our forecast and have estimated final spend against the birthday offer to be around £2.487m. This includes a 10% contingency for any sudden uptake above currently forecast growth.
- The change in estimated expenditure will be communicated to DfT through a Project Adjustment Request where the funds will be reallocated to other schemes within BSIP.

Legal Implications

- On the assumption that all of BSIP's activities are conducted within the delegated authority granted in July 2022, there do not appear to be any legal implications which arise directly from this report.

Human Resources Implications

- There are no HR implications arising directly from this report.

Commercial and Procurement

- The Birthday Bus Offer was opened to all operators in the West of England area. A reimbursement approach was agreed with operators based on agreed single journey rates for all operators involved.
- The existing Department for Transport concessionary tool (used to calculate the annual per journey rate for operators) has been used as a starting point with further negotiations to agree a suitable rate. This approach ensures Value for Money as the DfT tool is specifically designed to develop reimbursement rates based on average fares and patronage growth because of the scheme.

Appendices

- Appendix 1: Impact of the Birthday Bus Offer- Application Site Survey (July to December data)
- Appendix 2: Impact of the Birthday Bus Offer- Post Offer Survey (July to December data)
- Appendix 3: Birthday Bus Offer- Key Risk Register
- Appendix 4: Equality, Diversity, and Inclusion- Birthday Bus Offer Data

Background papers:

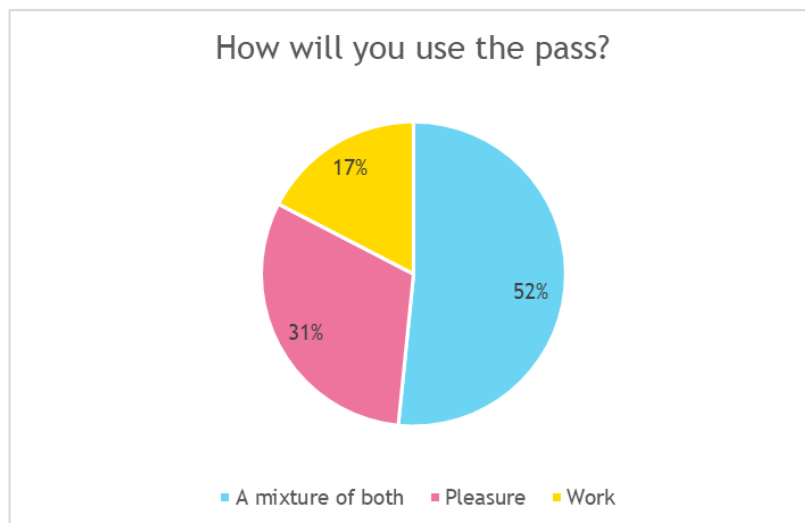
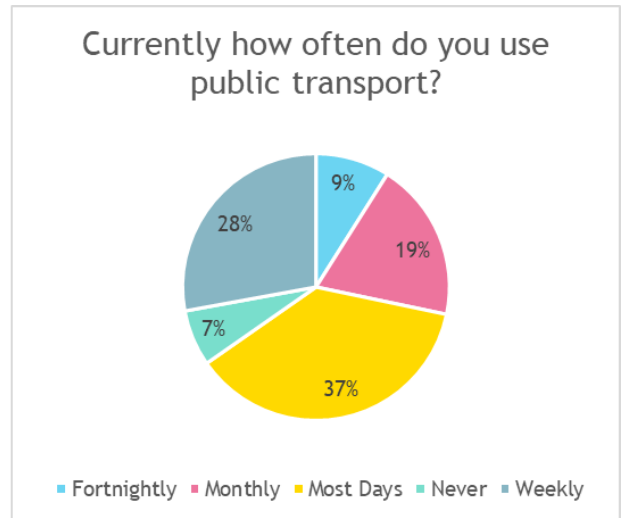
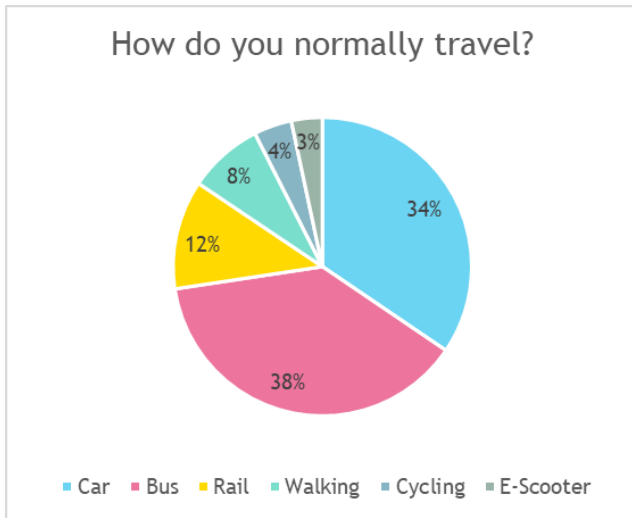
West of England Mayoral Combined Authority Contact:

Report Author: *Ejaz Din*

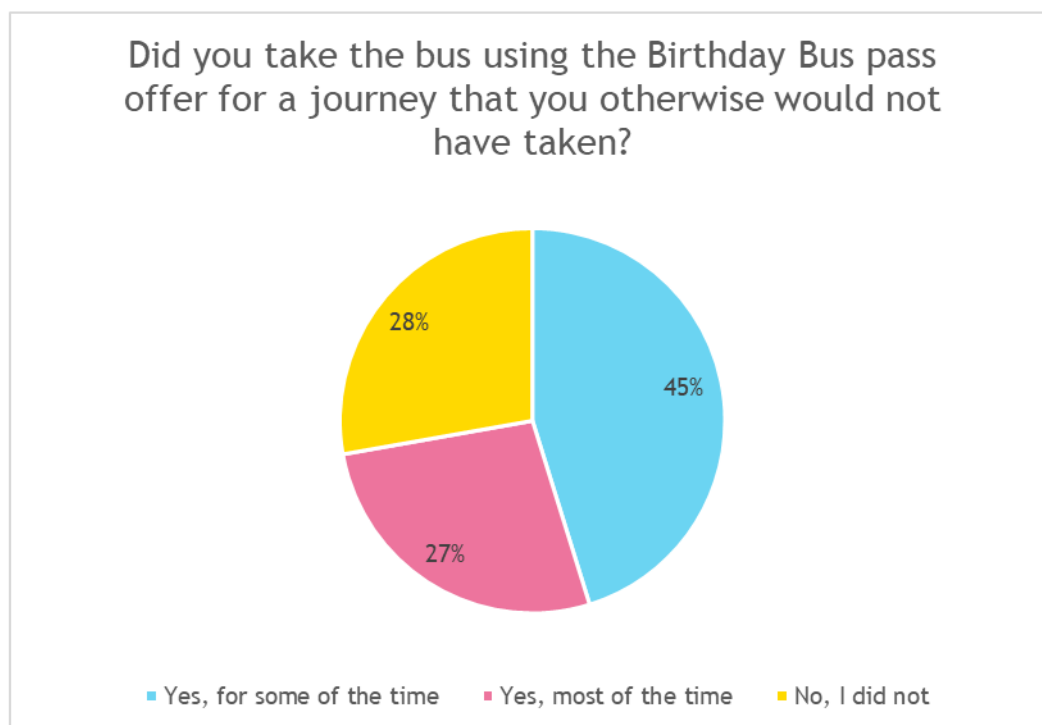
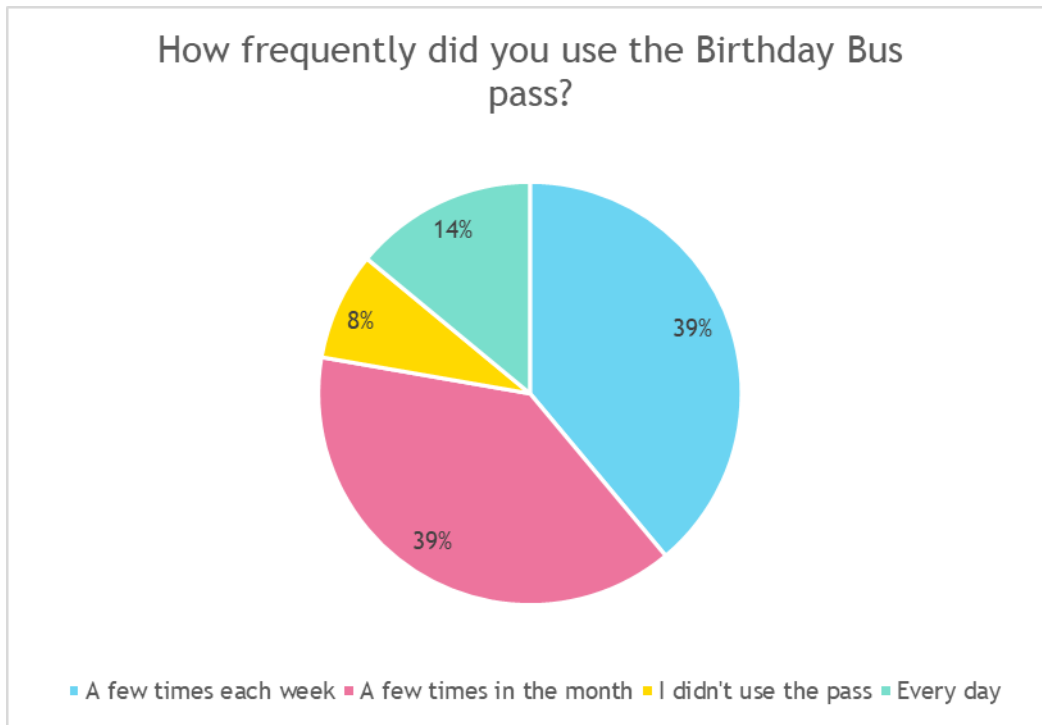
Contact Details: ejaz.din@westofengland-ca.gov.uk

Appendices

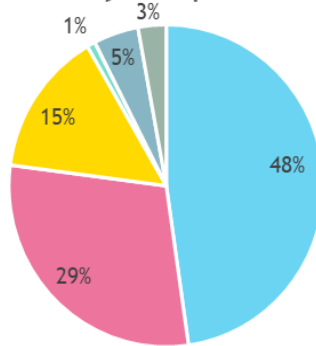
Appendix 1: Impact of the Birthday Bus Offer- Application Site Travel Survey (July to December data)



Appendix 2: Impact of the Birthday Bus Offer- Post Offer Survey (July to December data)

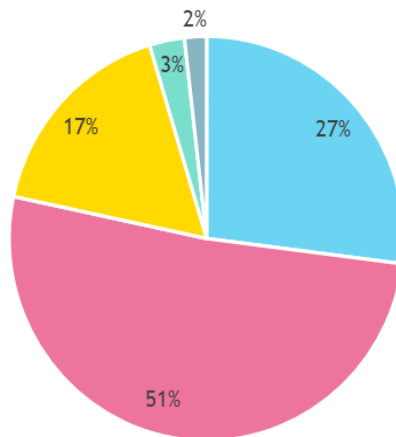


Did you make fewer car journeys because of the Birthday Bus pass?



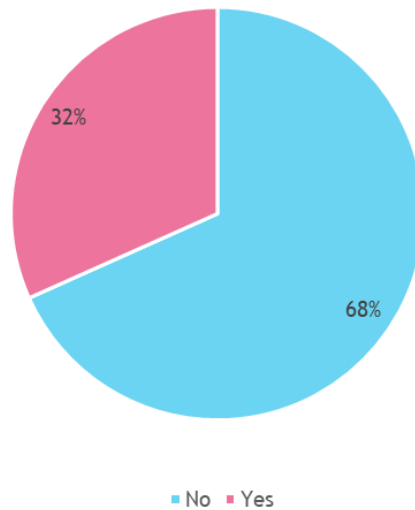
- Yes, I used the bus instead of driving
- No, I only used the bus pass to save money on my normal bus journeys
- No, I used the bus instead of walking
- No, I used the bus instead of e-scooter
- No, I used the bus instead of cycling
- No, I used the bus instead of the train

Do you think you are more or less likely to use the bus now than you were before you made use of the offer?

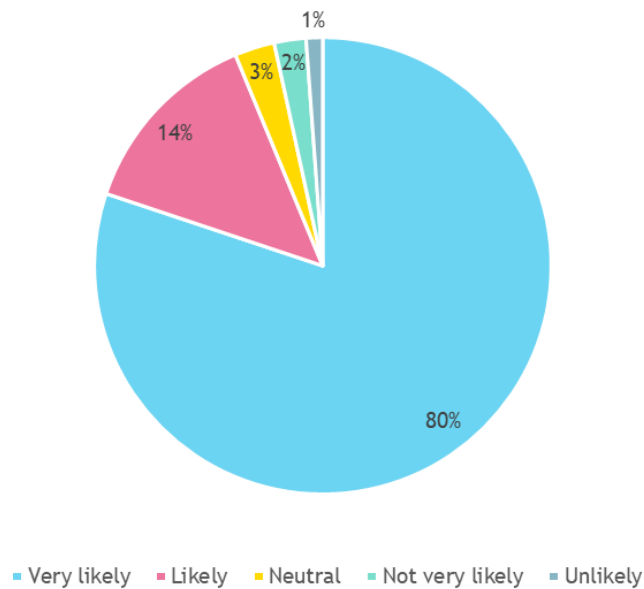


- Somewhat more likely
- About the same
- Much more likely
- Somewhat less likely
- Much less likely

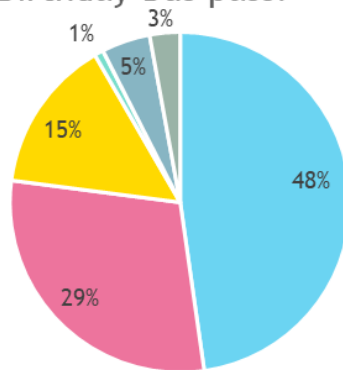
Did the birthday bus pass allow you to access particular services that you would otherwise not have had easy access to?



How likely are you to tell a friend, family member or colleague about the birthday bus pass offer?

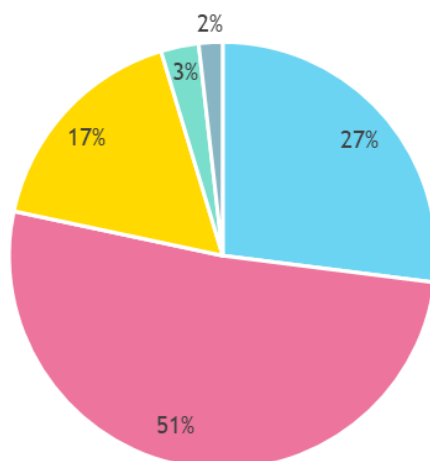


Did you make fewer car journeys because of the Birthday Bus pass?



- Yes, I used the bus instead of driving
- No, I only used the bus pass to save money on my normal bus journeys
- No, I used the bus instead of walking
- No, I used the bus instead of e-scooter
- No, I used the bus instead of cycling
- No, I used the bus instead of the train

Do you think you are more or less likely to use the bus now than you were before you made use of the offer?



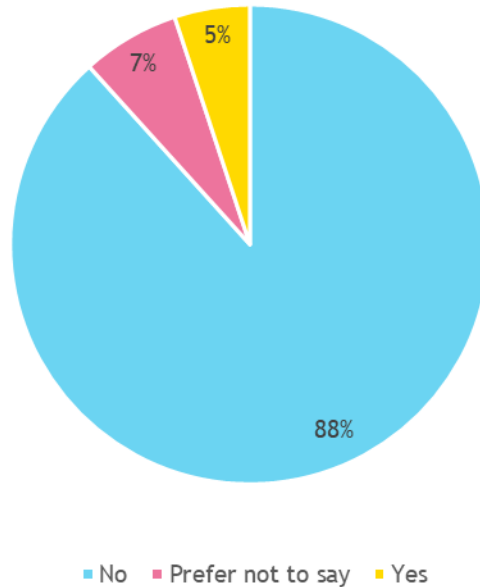
- Somewhat more likely
- About the same
- Much more likely
- Somewhat less likely
- Much less likely

Appendix 3: Birthday Bus Offer- Key Risk Register

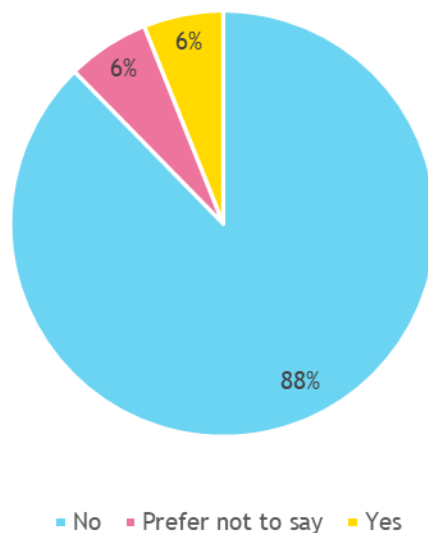
Birthday Bus Offer Key Risk Register										
Risk Description	Risk Impact	Initial Score			Mitigation & Controls in place and active	Mitigations & Controls proposed and planned	Residual Score			
		L	I	Score			L	I	Score	
There is a risk that costs are higher or lower than anticipated.	Underspend or overspend compared to the budgeted amount. Risk of not being able to spend within the time-limited period of the BSIP program.				Implemented robust budget monitoring mechanisms to track expenditure against budgeted amounts in real-time. Developed contingency plans to address potential cost overruns or underspending. Conducted monthly reviews of cost estimates and adjusted budgets as needed based on actual expenditure and changing circumstances. Prioritised expenditures based on critical project deliverables to ensure essential activities were completed within the BSIP timeframe. Collaborated with finance to establish an adequate contingency budget to address sudden cost increases.	Trigger predefined contingency plans to address budget deviations promptly and effectively, ensuring project resilience and alignment with objectives. Request reallocation of underspend to other BSIP objectives through Project Adjustment Request process, ensuring optimal fund utilisation, and activate contingency plans.				
		5	3	15				3	2	6
There is a risk that the offer has poor take-up.	Lower than expected participation rates, potentially resulting in underutilisation of the offer leading to reduced programme effectiveness. Limited or stagnant patronage growth.				Work closely with marketing/communication leads to ensure a successful public relations campaign. Monitor take-up of the offer and data produced to assess the impact to adjust the approach where necessary. Develop targeted marketing and outreach strategies to increase awareness and encourage participation.	Paid social media continues to perform well, therefore spend per month has been increased and extended until the end of the offer period. Further marketing campaign currently being planned for March. This includes channels specifically targeting car users. Bus operators engaged again to share the offer more widely across their buses.				
		5	3	15				4	2	8
There is a risk that the offer is not value for money.	Perception of the programme as not delivering sufficient benefits relative to the costs incurred. Decreased stakeholder satisfaction and potential loss of trust in the programme. The investment has not helped the commercial sustainability of the bus network .				Conduct monthly impact evaluations in line with the monitoring and evaluation plan to continuously assess the programme's value and effectiveness.	Address stakeholder concerns regarding the perception of insufficient benefits relative to costs incurred by sharing data. Produce an audited report on the effectiveness of the offer after the 12-month period to assess its effectiveness (a condition for receiving DfT funding). Gather long-term survey results to assess the long-term impact of the offer.				
		3	5	15				2	3	6

Appendix 4: Equality, Diversity, and Inclusion- Birthday Bus Offer Data

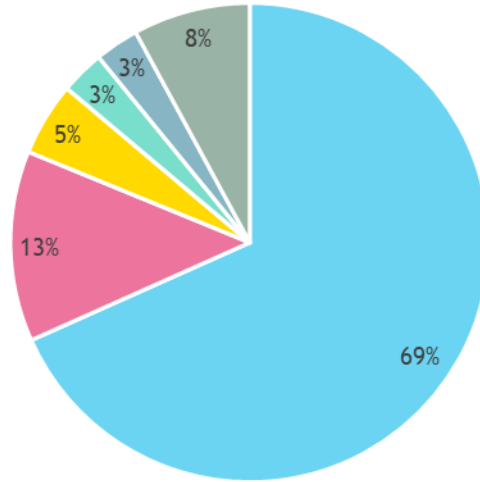
Do you consider yourself to be disabled as per the definition of the Equality Act (2010)?



In addition to your main occupation, do you undertake any unpaid care work?

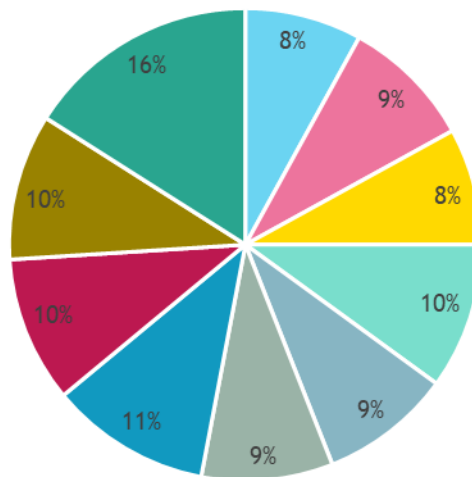


What is your ethnic group?



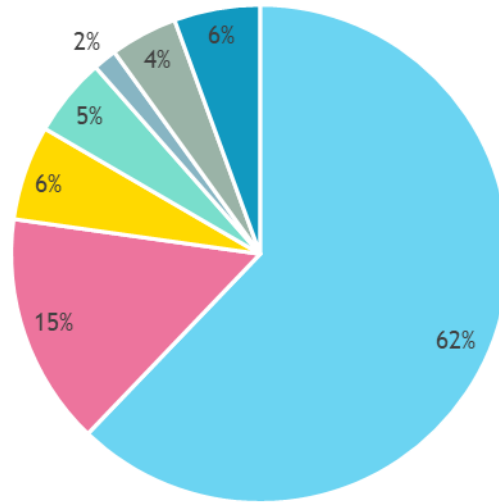
- White, White British
- Asian, Asian British
- Black, Black British, Caribbean or African
- Mixed or Multiple
- Other Ethnic Group
- Prefer not to say

Applications: Postcode Indices of Multiple Deprivation 2019 decile (1 More deprived 10 Less deprived)



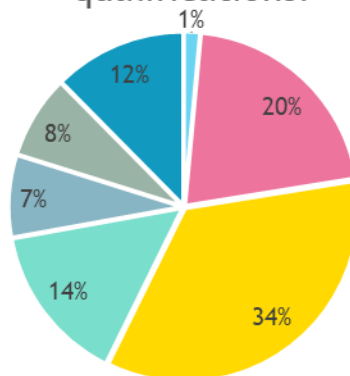
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

Employment Status



- Employed
- Full Time Education
- Prefer not to say
- Retired
- Seeking work
- Self Employed
- Unemployed

Have you completed any of the following qualifications?



- Apprenticeship, (trade, advanced, foundation, modern)
- AS, A level or equivalent
- Degree or above (degree, foundation degree, HND, HNC, NVQ level 1 and above, teaching or nursing)
- GCSEs or equivalent
- No qualifications
- NVQ or equivalent