

JOINT DECISION OF NORTH SOMERSET COUNCIL AND WEST OF ENGLAND MAYORAL COMBINED AUTHORITY

DECISION OF: NORTH SOMERSET COUNCIL ASSISTANT DIRECTOR NEIGHBOURHOODS AND TRANSPORT AND WEST OF ENGLAND COMBINED AUTHORITY DIRECTOR OF INFRASTRUCTURE AND DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

WITH ADVICE FROM: NORTH SOMERSET COUNCIL HEAD OF TRANSPORT, AND WEST OF ENGLAND COMBINED AUTHORITY HEAD OF INTEGRATED TRANSPORT OPERATIONS AND BSIP PROGRAMME MANAGER

DECISION NO: 2023-BSIP-03

SUBJECT: FARES PACKAGE 1: FARES REDUCTIONS, DISCOUNTS AND SIMPLIFICATION PACKAGE

DECISION:

To support the allocation of £11.2 million of the Bus Service Improvement Plan (BSIP) C1 and C2: Fare Reductions, Discounts and Simplification Package funding allocation to deliver a set of fare reductions (including £2 Adult fares in Bristol and Bath; a £3.70 cap on Adult fares outside of urban areas; a cap on AvonRider Day multi-operator fare from 6 October 2022 to 31 March 2025; and a £1 cap on child fares (5-15) across the whole West of England region). The offer will run from the 25 September 2022 and until 31 March 2023 (this is a retrospective decision).

1. BACKGROUND:

- 1.1. Within the BSIP there is funding for this offer which is coming from the £11.2 allocated for the BSIP fares initiatives under the C1 and C2 Fares reductions, discounts and simplification work package. This funding is part of a larger 'Fares and Ticketing' project funding amount of around £22.1 million, which is allocated for fares support and ticketing reform.
- 1.2. BSIP Fare package 1 and the national £2 adult single fares cap scheme:
 - 1.2.1. In September 2022 the West of England Mayoral Combined Authority (MCA) and North Somerset Council (NSC) introduced a fare reduction initiative (Fares Package 1) in partnership with bus operators funded by BSIP and operators. The dominant operator in the area First Bus agreed to fund the £2 adult and £1 child reductions in the Bristol and Bath area with the remainder funded through BSIP.
 - 1.2.2. In January 2023 the UK government provided funding for an England-wide £2 cap on adult single fares, – available direct to operators where fares were above £2. Bus operators in the region were able to apply for UK government funding to reduce the West of England zone adult single, already capped at £3.70 through BSIP, to £2. BSIP funded fare reductions are intended to continue until March 2025.

1.3. The UK Government-funded £2 cap scheme has now been extended to October 2023 – at this point the cap will rise to £2.50 with the scheme ending in November 2024. A table comparing the initiatives is shown below:

Ticket	Operator commercial fare	BSIP fare reduction (Sept 2022)	UK Government £2 cap (Jan 2023)	UK Government £2.50 cap (Oct 2023)	UK Government fare cap ends (Nov 2024)
Adult single (Bristol and Bath)	£2.20	£2	£2*	£2*	£2*
Child single (all zones)	Up to £3.30	£1	£1*	£1*	£1*
Adult single (outside Bristol and Bath)	Up to £6.50	£3.70	£2	£2.50	£3.70
Day ticket (all zones)	£9	£7	£7*	£7*	£7*

* As these fares were already in place prior to January 2023 they are fully funded by the BSIP fares package 1 and are not eligible for support through the UK gov £2 cap scheme

2. REASONS:

2.1. Lower fares will attract new and pre-pandemic patronage return. Lower fares will attract new and pre-pandemic patronage return, which helps to achieve the BSIP target “Single Passenger Journeys: Return to pre-pandemic patronage levels by 2025 and grow patronage by at least 24% from that level by 2030”.

3. OPTIONS CONSIDERED:

3.1. The appraisal of 9 options considered in the summer 2022 by external consultants:

- Fare Revisions
- Free Child Fares
- Youth Discounts 16-18
- Apprentice Discounts
- Jobseeker Discounts
- Disabled Access
- Free Birthday Travel
- Free Summer Sunday
- Large-scale, short-term sale of bus tickets

Of these options four were identified as having the highest impact on the assessment criteria and highlighted as a priority for implementation:

- Fare Revisions
- Apprentice Discounts
- Jobseeker Discounts
- Free Birthday Travel

3.2. This decision relates to fare revisions which scored highly in an Option Appraisal assessment. The fare revisions option suggested that we implement an initial package of fare reductions, including £2 Adult fares in Bristol and Bath; a £3.70 cap on Adult fares outside of urban areas; and a £1 cap on child fares (5-15) across the whole West of England region.

FINANCIAL IMPLICATIONS:

4. Costs

4.1. After establishing the commercial agreements and reimbursement models for almost all operators we have forecasted this cost estimate accordingly.

BSIP Fares and Ticketing - C1 &C2 Fares reductions, discounts and simplification package				
Fare Package	2022/2023	2023/2024	2024/2025	Total
Fare Package 1*	£1,455,333	£3,827,372	£4,073,299	£9,356,004
DfT approved budget	£1,455,332	£4,954,349	£4,820,606	£11,230,287
Difference	-£1	£1,126,977	£747,307	£1,874,283
* It is important to note that the costs provided are forecasts and the real values could end up being greater or lower. Costs are still coming in and demand is seasonal and experiences fluctuations				

5. Funding

5.1. The remaining BSIP C1 and C2 budget following the implementation of Fares Package 1 approximately £1.8 million. This provides a suitable contingency for changes in demand. Offers for other groups are currently being costed. Furthermore, costs being incurred are under continual review and if underspend is likely we will look to bring forward a Fares Package 3.

6. LEGAL POWERS AND IMPLICATIONS

6.1. Operators taking part in the scheme will enter into an agreement with the MCA. The precise arrangement for the reimbursement payment has been drawn up by officers in consultation with the MCA Legal team.

6.2. The reimbursement agreement was prepared by external legal consultants who produced a Due Diligence and Compliance Report.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

7.1. The fares proposition seeks to support modal shift, attract pre-pandemic patronage and reduce congestion promoting the idea of sustainable travel, reducing emissions and improving air quality.

Date: 13/09/2023

8. CONSULTATION

8.1. West of England Metro Mayor, MCA Mayor's Office, Head of Integrated Transport Operations, North Somerset Transport Officers, BSIP Senior Responsible Officer, BSIP Finance Partner, BSIP Programme Manager, Department for Transport, B&NES Public Transport Team, First Bus, Faresaver, Bath Bus Company and gross cost operators.

RISK MANAGEMENT

9. Risks and mitigations for Fares Package 1 are outlined in the table below:

Risks	Mitigations
Costs are higher or lower than anticipated leading to either overspend or underspend.	Will proactively review forecasted spends using latest data to anticipate any overspend or underspend and highlight this to the BSIP Senior Responsible Officer.
Not all operators sign the agreement and take up the offer	Have ensured early engagement with operators and are holding meetings regularly to shape the commercial terms.
Offer fails to generate sufficient take up/patronage growth	<p>For Fares Package 1 we will work closely with the MCA and NSC marketing/communication leads to ensure a successful public relations campaign. Will monitor take up of the offer and data that is produced to assess the impact and adjust the approach where necessary.</p> <p>Have ensured early engagement with Local Authorities and will continue to work with them closely, to ensure that they maximise the take up for care leavers that are eligible for the offer.</p>

10. EQUALITY IMPLICATIONS

10.1 The conclusion from the completed Equalities Impact Assessment states that Fares package 1 is a universal offer that will encourage new and existing users to travel more sustainably. Furthermore, the offer will help those suffering from transport poverty by reducing the transport cost barrier, enabling users to travel further and more frequently at a reduced

cost. The fares apply across the bus network to all passengers and requires no work from members of the public. No mitigations are required.

11. COMMERCIAL AND PROCUREMENT IMPLICATIONS

- 11.1 Reimbursement Agreement: bus operators are required to charge customers subsidised fares and are reimbursed the difference between their base fares and the subsidised fares.
- 11.2 The reimbursement agreement may affect passenger volume and demand by making bus services more attractive to passengers, potentially increasing ridership. However, this can also increase the financial commitment for the West of England Mayoral Combined Authority. Data Sharing Agreements are in place to support the auditing and reporting mechanisms included in the Reimbursement Agreements.
- 11.3 Inflationary considerations have been included which are capped at 5% to increase the attractiveness of Fares Package 1 to Bus Operators.

SIGNATORIES:

DECISION MAKER(S):

Signed: Gemma Dando

**Assistant Director, Neighbourhoods & Transport
North Somerset Council**

Date: 27/09/2023

Signed: David Gibson

**Strategic Director of Infrastructure
West of England Mayoral Combined Authority**

Date: 28/09/2023

Signed: Rachel Musson

**Director of Investment and Corporate Services
West of England Mayoral Combined Authority**

Date: 04/10/2023

