

Report to	Cabinet
Date of meeting	January 19th, 2020
Lead Member / Officer	Cllr Brian Jones, Lead Member for Waste, Transport & Environment Emlyn Jones, Head of Planning, Public Protection & Countryside
Report author	Peter Daniels, Passenger Transport Manager
Title	Bus Emergency Scheme

1. What is the report about?

1.1. To introduce the next phase of the Bus Emergency Scheme (BES).

2. What is the reason for making this report?

2.1. The report presents the wider context, the background to, and reasons for BES and seeks agreement to sign up to the BES 2 scheme.

3. What are the Recommendations?

3.1. That Cabinet agrees to the principles of the BES 2 agreement (Appendix 2) to secure (conditional) financial support for the bus sector and to establish a relationship with Flintshire County Council as the regional lead authority and signatory, that ensures that the ongoing emergency funding meets the authority's priorities and is delivered on its behalf.

3.2. In due course, to call for a further report on bus reform proposals relating to the future management of bus services in Wales.

4. Report details

Background

- 4.1. Bus travel has been severely affected by the current health emergency. Passenger numbers have plummeted, while social distancing and additional cleansing requirements have placed added burdens and costs on operators.
- 4.2. Welsh Government (WG) and local authorities (LAs) have stepped in to support the sector with substantial financial assistance. All parties have participated in productive dialogue to discuss & agree support arrangements.
- 4.3. Before the pandemic, WG had consulted on a range of proposed changes to the way in which bus services are delivered in Wales. Pressures associated with not only the virus but also the large volume of legal work generated by Brexit and the transition period forced WG to postpone the planned Bus Bill otherwise due in the current Senedd term.
- 4.4. Owing to the significant amount of public funding for bus services from both WG and LAs, WG's preference is 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 envisages a greater role for Transport for Wales (TfW), which is now responsible for rail services in Wales.
- 4.5. 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. Short term emergency funding cushions operators, with a number of conditions attached. These are to incentivise operators to engage in planned changes that are in line with the longer-term ambitions for reform.
- 4.6. The Minister of Economy & Transport and North Wales, Ken Skates AS, has met with the leaders of all 22 LAs, along with his officials, to indicate WG's direction of travel. Further details have been included in the Wales Transport Strategy (WTS) which is the subject of consultation. More recently, the Deputy Minister, Lee Waters AS, met with all leaders to discuss the WTS but also to encourage LAs to sign up to BES 2.
- 4.7. Leaders have agreed to establish a 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 met with Lee Waters on January 18th, 2021.

BES

- 4.8. The problems facing operators were recognised at an early stage of the pandemic. Looking ahead, to secure their services for the future, local authorities agreed to continue making payments for contracted services even though many services were initially suspended.
- 4.9. 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, the Concessionary Travel Scheme and the youth My Travel Pass scheme.
- 4.10. BES 1 was then introduced in July to provide ongoing support. It continued to maintain operators' income at historic levels, based on payments under 2019 grant schemes. In return, WG signalled 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.
- 4.11. BES 1.5 was introduced in August, administered by Flintshire as lead authority for the North but distributed after regional agreement. Flintshire has distributed existing BSSG since 2013. BES 1.5 provided £10m of initial 'ramp up funding' for the bus industry to support the reopening of schools and general economic activity. There followed from September an additional £35m. This funding helped to cover the cost of reinstating services suspended with travel restrictions and were needed to meet increasing demand, given capacity constraints of distancing. BES 1.5 was then extended to the end of March 2021. Operators were once again asked to sign up to a range of terms and conditions to access the BES funding.
- 4.12. WG, working with TfW, now proposes to enter into a longer-term BES 2 agreement with operators and local authorities to protect bus services. It will

operate for an initial maximum term of up to two years from the date BES 1.5 commenced (i.e. up until July 31st, 2022), unless market conditions recover sufficiently for an operator no longer to require BES support for any of its services whether they be contracted or commercial.

4.13. The key features of BES 2 are in Appendix 1. A TfW-prepared briefing note is available as Appendix 2 and the full proposed Agreement as Appendix 3).

Beyond BES 2

4.14. 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 the BES 2 agreement. It will be important for further detailed discussions to take place with Members on these matters. This is not a reason, however, to delay the signing of the BES 2 agreement. WG does believe that BES 2 will help to engage operators in the discussions about the future, at a time when their income is more dependent than 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. How does the decision contribute to the Corporate Priorities?

5.1. Bus services form a significant part of the 'connected communities' priority.

6. What will it cost and how will it affect other services?

6.1. Costs are currently not available but are met from external funding sources.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. This does not require a well-being assessment.

8. What consultations have been carried out with Scrutiny and others?

8.1. None carried out other than through WG and WLGA with leaders across Wales.

9. Chief Finance Officer Statement

9.1. The proposed agreement is supported as it helps provide a regional response to trying to ensure that the sector and bus services can become sustainable again. Provided that the Council agrees to the BES 2 agreement, the proposals have no immediate impact on local budgets. Section 10.1 identifies the risks to the service area if we do not participate.

10. What risks are there and is there anything we can do to reduce them?

10.1. Failure to agree to the BES 2 scheme results in two risks. The first is that local bus services will no longer continue to be funded at their current level and this will result in cuts in services. Secondly, it will result in Denbighshire being out of cadence regionally, which will potentially have further implications for bus services crossing boundaries.

11. Power to make the decision

11.1. S.9 Local Government Wales Measure 2009 and S.2 Local Government Act.