

SOUTH YORKSHIRE  
**SYMCA**



## Mayoral Combined Authority Board

Monday, 05 June 2023

### Bus Services Update

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<b>Is the paper exempt from the press and public?</b>	No
<b>Reason why exempt:</b>	Not applicable
<b>Purpose of this report:</b>	Discussion
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan of Key Decisions?</b>	Not a Key Decision

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#### Director Approving Submission of the Report:

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#### Executive Summary

Bus services in South Yorkshire have faced a turbulent three years since the onset of Covid-19, with short-term funding settlements from Government, significant fluctuations in patronage and increasing pressures on the MCA revenue budget in order to protect at-risk services.

This paper sets out the current known position with bus services, including the recent announcements from central government regarding funding.

It recommends that the MCA review options in the weeks ahead, for ensuring network stability recognising that this introduces a short delay to any required changes to networks and/or fares and concessions initiatives.

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**What does this mean for businesses, people and places in South Yorkshire?**

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An effective bus network is essential for the region to allow residents to access employment, education, healthcare and other services. It is central to support our communities, economic plans and our regional growth ambitions.

Any reduction in the range and effectiveness of the regional bus network is detrimental to all residents who rely upon it.

## Recommendations

That Board members:

1. Confirm their support to defer any significant detrimental amendments to the bus network, fares and concessions initiatives to allow more considered decision making on the use of available funding.
2. Note that a temporary deferral of any changes will incur some costs but that these should be managed within the constraints of available funding.
3. Note the award of temporary contracts through to September to maintain the network as is, pending the review of services required.
4. Note that MCA officers will engage as a matter of priority with Local Authority transport colleagues to ensure that final decisions on bus network changes and/or amendments to fares and concessions take account of local circumstances.
5. Support a proposed further bus network service change at the start of September to implement decisions made as a result of this process.

## Consideration by any other Board, Committee, Assurance or Advisory Panel

None.

### 1. Background

1.1 Since April 2020, DfT have been providing bus operators and Local Authorities with Covid-related support funding (Bus Recovery Grant, BRG). This has been extended several times, with the most recent extension running from 1 April 2023 to 30 June 2023. This funding has allowed us to maintain a level of bus service which would otherwise have been subject to operators further reducing services to only those which are commercially sustainable.

1.2 In Autumn 2022, the MCA Board agreed to make use of financial reserves of up to £7.2m to protect bus services in the period October 2022 to end of July 2023. Alongside this, £5.1m of reserves were also committed to support non-statutory school bus services from September 2022 to July 2024.

On that basis, the MCA has been planning to implement a financially sustainable tendered service bus network from 23 July 2023 at a level which can be afforded, using agreed revenue budget funding and supplemented where appropriate with the use of available reserves.

1.3 On 17 May 2023, DfT announced the continuation of bus support funding, with £300m made available nationally from 1 July 2023 to 31 March 2025. At the same

time, DfT also announced an extension of the £2 fare cap on bus to 31 October 2023, with it then rising to £2.50 through to 31 October 2024.

DfT have now confirmed the SYMCA funding allocation for 2023/24 at £3.15m. This is a higher allocation than most of the other combined authority areas, but significantly less than we currently receive and insufficient given the scale of our spending pressures.

## 2. Key Issues

- 2.1 In anticipation of BRG funding ending in June 2023, MCA officers commenced a process of tendering for non-commercial bus services at a level which would be financially sustainable over the three years for which the contracts are planned to operate.
- 2.2 As levels of DfT funding available to SYMCA were only confirmed on 19 May, more time is needed to take considered decisions about the levels of funding committed to protect the network from July this year, and what this means in terms of available funding to support fares and concession initiatives.
- 2.3 We now know that the levels of available funding (through use of DfT allocations as well as local reserves) are insufficient to mitigate against the full extent of all potential network reductions whilst also simultaneously sustaining fares and concessions initiatives. As such, prioritising choices will be essential to ensure we arrive at a supported bus network which is both sustainable in cost terms, but also provides passengers with services focussed on priority routes, times of day and days of the week.
- 2.4 In order to arrive at a decision on priorities, it is recommended that the MCA undertake a short, focussed exercise to review spending options and engage with the four Local Authority areas to ensure engagement on our decisions. The consequences of this will mean that we need to put in place some short-term bus network services which maintain the level of service currently in operation, as well as defer any immediate decisions in relation to fares and concessions initiatives.

## 3. Options Considered and Recommended Proposal

### Option 1

- 3.1 It is recommended that SYMCA officers undertake a short review of options, so that suitable time can be committed to adequately planning and agreeing the priorities for both bus service protection, but also fares and concessions initiatives. This will review the priority of bus service types, their relative costs to sustain under contracts and what funding is available by combining the use of DfT funding as well as existing revenue budget and options for use of agreed reserves.
- 3.2 In order to facilitate this option, short term contracts will need to be agreed with bus operators on services not yet awarded to defer any changes to the network until early September 2023.

In addition, this option assumes the continuation in the immediate term of both Zoom

Beyond concession and the application of the £2 fare cap on tram to parallel that in place on bus services from 1 July.

### 3.3 Option 1 Risks and Mitigations

This option requires negotiation of short-term contracts with bus operators which may prove challenging and risks some services not being protected. Risk assessing services has already commenced to ensure that we can focus on those which present the greatest risk in negotiation.

#### Option 2

3.4 An option could be taken to only award contracts for which we have confirmed budget approval, in advance of the review. However, this would result in a significant reduction in bus services from as early as the end of July, with evening and Sunday bus services being most affected.

### 3.5 Option 2 Risks and Mitigations

This option, which does not commit use of reserves, would result in significant service reductions, including for services which may subsequently be reinstated. However, passengers in the meantime would have suffered service cuts with potential impact on their ability to travel to work, education, healthcare or other services. For this reason, this option is not recommended.

### 3.8 Recommended Option

Option 1.

## 4. Consultation on Proposal

4.1 As this is a discussion paper, there is no formal requirement to consult on the proposals being described. However, engagement with Local Authority Leaders has taken place during March and was also part of the budget setting process for 2023/24.

Further engagement with Local Authorities will take place at pace following consideration of this paper, starting in early June and will continue through to July to ensure we have a finalised position confirmed ahead of approval in July - ready for implementation in September.

## 5. Timetable and Accountability for Implementing this Decision

5.1 Now there is a confirmed position on DfT funding, as outlined above, commence a period of focussed engagement will commence to confirm the prioritisation of services and use of funding.

In outline terms, the process will follow the timings below:

- Commence engagement with Local Authorities at the start of June to review prioritisation of services and use of reserves.

- Commence engagement with bus operators to agree short-term contracts to maintain current network coverage beyond 23 July.
- Produce budget implications of priority services to be protected over the next three years.
- Prepare proposals for approval at MCA Board before end of July.
- Undertake passenger and operator communications once agreed approach is approved.
- Implement changes to bus network, fares and concessions initiatives in early September.

5.2 Any resulting policy decisions to amend the concessionary reimbursement scheme will be planned and approved through the approval process with the MCA Board.

## **6. Financial and Procurement Implications and Advice**

6.1 The proposed cost of extending existing concession and patronage priming products is estimated at c. £0.52m with the cost of extending tendered services estimated at a further £1.40m.

6.2 The costs of these extensions could be resourced from the budget headroom created from the Government funding secured for Quarter 1 activity. This resource was not budgeted for and is therefore free from commitments and available for deployment.

6.3 In the medium term, it is essential the MCA develops a multi-year plan to determine how it will use available resource to support priority services. The two-year funding package offered by Government affords the MCA the opportunity to break out of the reactionary cycle it has found itself in since 2020, allowing for a considered approach to a sustainable network.

## **7. Legal Implications and Advice**

7.1 Contracts for the provision of bus services are awarded in accordance with the provisions of the Transport Act 1985.

## **8. Human Resources Implications and Advice**

8.1 Not applicable to this paper.

## **9. Equality and Diversity Implications and Advice**

9.1 Not applicable to this paper.

## **10. Climate Change Implications and Advice**

10.1 Not applicable to this paper.

## **11. Information and Communication Technology Implications and Advice**

11.1 Not applicable to this paper.

## **12. Communications and Marketing Implications and Advice**

12.1 As outlined in sections 4 and 5 above, any changes to policy in terms of concessionary travel would need to be appropriately planned and implemented well ahead of the change coming in to effect so passengers are suitably informed ahead of time.

12.2 More generally, with the plan to implement any significant change to the tendered bus service network from September 2023, adequate and timely communication of these changes to passengers is essential. Normal plans would ensure passengers are notified at least 2 weeks, and preferably one month ahead of the planned change date so they can understand what the implications (if any) are to them and their usual journeys.

### **List of Appendices Included**

None.

### **Background Papers**

None.