

Overview and Scrutiny Committee

Thursday, 22 June 2023

Update on Transport

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

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Executive Summary

This paper provides the Committee with an update on the latest position on the bus service network in South Yorkshire, funding and SYMCA activity to best protect services within the region.

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

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 Committee members:

1. Note the latest position on DfT funding and the additional levels of services which can be supported as a result of its confirmation
2. Support the approach being taken by SYMCA to fully consider options on deployment of additional funding and use of reserves prior to committing to longer-term funding asks
3. Note that SYMCA 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 will take account of local circumstances

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 being 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. We expect to receive a similar allocation for 2024/25.

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. These network changes were planned for 23 July 2023.

2.2 Now that the levels of available funding from DfT are known, SYMCA faces some difficult decisions on how to utilise this funding. Furthermore, the unexpected continuation of Government funding support for the transport network over Quarter 4 in 2022/23 means that the MCA has avoided the need to draw upon finite reserves earmarked to support priority bus services, with that resource now available in 2023/24 and beyond.

2.3 However, there remain wider cost pressures on SYMCA. The level of funding confirmed from DfT from July 2023 onwards is around 55% less than the current level of funding received. In addition, the fare and patronage initiatives in the region are only currently funded to the end of June 2023; these include the Zoom Beyond 18-21 concession and the matching of the national fare cap on bus to that on tram, which is wholly funded locally. With the fare cap on bus now being extended to October 2024, any such continuation of an equivalent scheme on tram is estimated to incur a cost of around £2.25m.

Further ahead, the provision of non-statutory school bus services currently covered using reserves, is only funded to July 2024.

2.4 These cost pressures are not sustainable in the long term and therefore require SYMCA to make carefully considered decisions about use available funding and how this is distributed between bus network protection and fares and/or concessionary initiatives.

2.5 To allow for adequate time for SYMCA Leaders and transport portfolio holders to consider available options, there is agreement to continue to protect the existing bus network in line with current service provision, as well as temporarily extend the tram fare cap and Zoom Beyond to the end of August as a minimum. This is estimated to incur a cost of around £1.92m.

2.6 In doing so, a decision on a sustainably funded approach beyond September 2023 can be reached and allow SYMCA to have greater levels of assurance over the medium-term use of reserves, national funding and deployment of the transport levy.

3. Options Considered and Recommended Proposal

3.1 Option 1

That SYMCA takes the approach outlined in this paper and looks to reach a sustainably funded means of simultaneously protecting as much of the bus network as possible whilst maintaining fares and concessionary initiatives which support patronage growth and passenger cost of living pressures.

3.2 Option 1 Risks and Mitigations

The risk remains that even with committed levels of funding agreed, bus operators look to further reduce their commercial network and as a result, put even greater pressure on available budget to buy back more services through tendered contracts.

There is no immediate mitigation available to SYMCA to prevent this as it is entirely within the powers available to bus operators to take this approach. Our only recourse is to apply greater pressure on them to maintain levels of service through the Bus Enhanced Partnership structures in place.

3.3 **Option 2**

SYMCA could look to implement changes to the network that are only within approved budget, but this would see a significant reduction on levels of service provided with evening and Sunday bus services particularly badly affected.

3.4 This option does not use existing and known future funding from DfT, nor does it rely upon any use of reserves over the remainder of this year or in to future years.

3.5 **Option 2 Risks and Mitigations**

None.

3.6 **Recommended Option**

This is a report to note with no options presented for consideration.

4. **Consultation on Proposal**

4.1 Not applicable.

5. **Timetable and Accountability for Implementing this Decision**

5.1 Not applicable.

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

6.1 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 bus 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.

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

9.1 Whilst not directly applicable for the purposes of this paper, an Equality Impact Assessment has been prepared on the award of priority tendered service contracts, recognising that it is highly likely that not all evening and Sunday bus services can be protected. Committee members should note that whilst this has a lower impact on employment-related dependence on bus services, here remains some employment areas and employers who rely on evening and Sunday work

and hence employees at these locations may still be affected by any reduction in service.

10. Climate Change Implications and Advice

10.1 Not applicable.

11. Information and Communication Technology Implications and Advice

11.1 Not applicable.

12. Communications and Marketing Implications and Advice. Please also refer to consultation undertaken as per Section 4

12.1 Not applicable.

List of Appendices Included

None.

Background Papers

None.