

TRANSPORT & ENVIRONMENT BOARD

23/10/2020

COVID FUNDING EXIT STRATEGY AND MITIGATION PLANNING

Purpose of Report

This paper informs Transport & Environment Board members of the risk management approach that has been developed should central Government COVID funding support for public transport end before customer demand has returned to pre-COVID levels.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth

Recommendations

- To note the risk management approach and the further steps to be taken to develop this into mitigation plans

1. Introduction

- 1.1** Since 17 March 2020, central Government have provided significant levels of COVID funding to support the continuation of bus and light rail services to support local welfare and economies by getting key workers to work, places of leisure upon the reopening of the hospitality sector and more recently the return to schools.
- 1.2** This funding support essentially makes up for the reduced levels of demand and revenue shortfalls seen by operators, whilst government COVID measures suppress in-vehicle capacities and general demand owing to developments such as home working.
- 1.3** The funding support provided by government is confirmed in phases, with the current phase of light rail funding ending on 26 October, school bus services ending on 23 October and the general bus network benefiting from an 8-week rolling arrangement. It is fully expected that the arrangements will be extended to at least Christmas and for as long as COVID guidelines apply. However, a risk remains that at some point in the future government funding is withdrawn or reduced before fare-paying patronage has sufficiently recovered for operators to run services without public subsidy.

2. Proposal and justification

- 2.1** If COVID funding support for public transport is terminated by central Government at a point in time when demand has not returned to pre-COVID levels, bus and light rail operators will see a lower level of revenue.

- 2.2** On the assumption that operating costs remain unchanged, such revenue shortfalls will result in a less financially sustainable public transport network. Where services are commercially unviable, operators may withdraw them with the network contracting.
- 2.3** A risk mitigation plan is required to understand the implications of this scenario for SCR/SYPTE and SYPTE have developed a risk management approach to start the process of assessing the impact and developing options to support the mitigation of the risks.

3. Consideration of alternative approaches

- 3.1** Not doing anything, not developing a risk management approach, could lead to lack of preparedness within the SCR/SYPTE to mobilise appropriate and preferred risk mitigation plans. COVID funding will end at a point in time and SYPTE it is paramount that the impacts and solutions preferred by the districts are understood pro-actively, so that we can avoid a reactive approach to managing the implications.

4. Implications

4.1 Financial:

The South Yorkshire transport system is currently receiving significant amounts of public sector subsidy from central government and the MCA. This subsidy has supported the continuation of services whilst fare-paying patronage has fallen.

A strategy is required to support decision-making in the event of central government support being withdrawn or reduced before fare-paying patronage sufficiently recovers to allow for commercially viable services. Such a strategy will allow for financial planning in support of targeted financial interventions.

4.2 Legal:

None

4.3 Risk Management:

As described in section 2

4.4 Equality, Diversity and Social Inclusion:

None

5. Communications

- 5.1** Not applicable at this stage

6. Appendices/Annexes

- 6.1** None

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: n/a