

Universal
Services

Local Transport Fund Universal Services Select Committee

Monday 10 July 2023

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Bus services governance

HCC statutory responsibilities are to;

- Determine local non-statutory concessions policy and administer both statutory and non-statutory travel concessions.
- Identify and consider funding socially necessary bus services.
- Maintain Public Transport Information data.

HCC also:

- Support local bus services at £2.7m cost.
- Run Community Transport costing £0.4m (with a further £0.4m from funding partners).
- Run MiDAS minibus training.
- Provide bus infrastructure and information.
- Work in Partnership.

Note: HCC cannot legally be a bus operator

Bus operators;

- Are commercial companies operating under a de-regulated and competitive system.
- They operate on small margins dealing with large volumes.
- The industry typically make business decisions over short-ish time horizons.
- They compete with each other.

Department for Transport;

- Grant fund local authorities to support bus services (HCC receives £1.1m Bus Service Operator Grant).

The sectoral challenges

Operator revenue has fallen

Passengers' numbers have only recovered to circa 90% of pre-Covid levels because:

- People are still working at home, and this does not look like it will change.
- Concessionary pass users are disproportionately worried about Covid. Some may not return.

Costs are rising

- Fuel, utilities and parts inflation is rising.
- Drivers' wages have increased.

Plus

- Driver shortages – sickness and better pay in HGV sector following Brexit.

Some of these challenges are indicative of a long-term change in demand.



What these challenges mean for Hampshire...

- Bus operators are more reluctant to take risks on new services without financial support.
- More risk adverse when responding to new housing developments.
- Slowing investment in new services / vehicles – signs of recovery now e.g. Stagecoach 700.
- Costs increasing across Council – e.g. School Transport.

What influence does HCC have?

- Concessionary fares reimbursement levels – (temporary).
- Infrastructure and information e.g bus stops, Real Time Passenger Information, printed publicity.
- Big schemes e.g. Transforming Cities Fund / Eclipse.
- Policy – Local Transport Plan 4.
- Bus Service Improvement Plan+?
- Measures through Enhanced Partnership (EP).

Government pandemic financial support for bus

- Covid-19 funding streams;
 - Covid 19 Bus Service Support Grant (CBSSG)
 - CBSSG Restart
 - Bus Recovery Grant (BRG)
 - Local Transport Fund (LTF)
- Primary purpose of funding is to make up for lost revenue experienced by bus operators as a result of Covid-19.
- Principle of “no better or worse off”.

Summary of support

Funding Stream	Total Received	Comments
CBSSG (including Restart)	£3,218,174	Returned £165,156 unspent to DfT
BRG	£948,946	Just under half unspent and combined with LTF
LTF	£2,245,230	Spend based on proposals within the report

Mechanism for allocation

At the outset of the pandemic, we established a mechanism for fair allocation which have continued to use

- Based on operator share of Hampshire network
- Approach has been audited

Spend to date focussed on;

- Additional vehicles for social distancing.
- Reimbursement of lost revenue for bus and community transport operators.
- Reimbursement of lost revenue for lower tier authorities e.g Winchester Park and Ride.

Eligible uses of funding

- Additional support for tendered services.
- To cover revenue losses.
- To replace commercial services if withdrawn (with approval from DfT).
- To fund additional tendered services.
- To support Community Transport Services.
- Bespoke support to operators if this prevents increased costs to the taxpayer.

Recommendations in report being considered by Executive Lead Member

- To continue using established allocation methodology.
- Authority to enter into contracts agreements for the spend.
- Delegated authority to Director to spend and enter into contractual agreements for any underspend – in consultation with Exec Lead Member.
- Delegated authority to Director to do the same for any subsequent tranches of funding with the same T&C's - in consultation with Exec Lead Member.

Allocation of LTF underspend

- Engagement with bus operators.
- Keep supported services operational. Tender prices are increasing, sometimes by 300%.
- Keep commercial services operational – funding likely to focus on those which need more support recovering from impacts of the pandemic.
- Complementary measures e.g., bus stop accessibility improvements / Real Time Passenger Information.
- Process devised to enable Director sign off in consultation with Exec Lead Member.
- Process in place for assurance on how funding is spent by operators.