

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	28 August 2020
Title:	Covid-19 Bus Provision and Payment
Report From:	Director of Economy, Transport and Environment

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Purpose of this Report

1. The purpose of this report is to seek approval to use the same methodology for both allocating and making payments of the Government's COVID-19 Bus Services Support Grant Restart (CBSSG) to local bus operators as was approved for use for previous CBSSG grant funding.
2. This report seeks approval to continue with 100% contract and concessionary fares payments to local bus operators until 31 October 2020 to assist in the COVID-19 recovery.
3. This report also seeks approval to continue with 80% contract and concessionary travel payments to taxishare operators until 31 October 2020 to assist in the COVID-19 recovery.

Recommendations

4. That the Executive Member for Economy, Transport and Environment approves the continued use of the methodology set out in this report for allocating the Local Authority COVID-19 Bus Services Support Grant Restart ("the CBSSG Restart").
5. That the Executive Member for Economy, Transport and Environment gives authority to spend and enter into contractual arrangements (in consultation with the Head of Legal Services) with qualifying local bus operators in Hampshire in accordance with the approved methodology up to a value of £305,654 to be funded from the CBSSG Restart.
6. That the Executive Member for Economy, Transport and Environment gives authority to spend and enter into contractual arrangements (in consultation with the Head of Legal Services) with qualifying operators in Hampshire to

provide the grant payments allocated by the Department for Transport for PPE and other restart costs when these become available, up to the value of any such award, to be allocated in accordance with the terms of the award.

7. That if the CBSSG Restart funding is not wholly utilised in offsetting the shortfall in revenue experienced by the operators of tendered local bus services, the Executive Member for Economy, Transport and Environment gives authority to spend and enter into grant agreements with transport providers for any claim that meets the criteria outlined in Appendix One of this report.
8. That authority is delegated to the Director of Economy, Transport and Environment to award and administer any subsequent tranches of CBSSG Restart funding (or successor funding streams) that may be awarded to Hampshire County Council, up to the value of such awards and in accordance with the terms of the award.
9. That full payments to local bus operators (contract and concessionary travel payments) continue until 31 October 2020 to provide continuity for local bus users in Hampshire.
10. That 80% payments to taxishare operators (contract and concessionary travel payments) continue until 31 October 2020 to provide continuity for taxishare users in Hampshire.

Executive Summary

11. This report seeks to set out the background of the Department for Transport's Local Authority COVID-19 Bus Services Support Grant Restart and proposes the continued use of the previously approved methodology for both allocating and making payments of the grant.
12. The grant enables supported local bus services in Hampshire to continue operating during a time when passenger numbers are far below previous levels so that passengers in Hampshire are able to make journeys to access employment, education, social, retail and health services.
13. Usage of local bus services is estimated to be down by approximately 65-70% due to the Government's advice over the lockdown period for the public to avoid any non-essential travel and to work from home where possible.
14. The provision of the Grant helps to compensate local bus operators for some or all of the shortfall in revenue on subsidised services they have experienced as a result of this reduction in passenger numbers.
15. This report also proposes that the County Council continues to pay bus and coach operators for tendered services, concessionary fares, and home to school transport at the levels before any downturn in service provision or patronage, in accordance with government guidance at the start of the Covid-19 pandemic, until 31 October 2020.

16. These proposals will contribute to Hampshire's economic growth as recovery progresses, enabling passengers to access their place of employment in addition to health, retail, social and leisure facilities.
17. These proposals contribute towards Hampshire's strategic aim of enabling its residents to live safe, healthy and independent lives.

COVID-19 Bus Services Support Grant (CBSSG)

18. The Department for Transport (DfT) has continued to engage with bus trade organisations, operators and local transport authorities to monitor the impact of COVID-19 on the bus industry.
19. Of particular concern is the ability of bus operators to continue to run services due to the availability of drivers and other staff, as well as passengers' willingness to use the bus following the Government's initial direction to the public to avoid any non-essential travel and to work from home where possible.
20. As part of the DfT's continued support to the sector at this difficult time, Ministers agreed for a temporary grant to be introduced, the COVID-19 Bus Services Support Grant (CBSSG). There were two parts to this funding, one for local transport authorities and one for bus operators.
21. As the Local Transport Authority (LTA), Hampshire County Council was initially allocated £509,423 to cover the period 17 March to 8 June 2020.
22. The DfT announced in July a further round of grant funding known as COVID-19 Bus Services Support Grant Restart (CBSSG Restart)
23. Hampshire County Council has been allocated £305,654 to cover the period 9 June to 3 August 2020.
24. This funding allocation is based on Hampshire's reported level of funding required to meet the funding gaps in maintaining their tendered service networks.
25. The £305,654 CBSSG Restart is to support qualifying services contracted by Hampshire County Council experiencing revenue shortfalls, and to help support any adjustments to services required by the authority following discussions with operators. A full list of accepted uses for this funding can be found in Appendix 1 to this report.
26. CBSSG Restart has the same objective as the CBSSG, to ensure that qualifying local bus services continue to operate in the right places, and at the right times of day, during the COVID-19 outbreak.
27. Hampshire County Council will receive one payment of CBSSG Restart to cover the period 9 June to 3 August. It is anticipated that further awards will be made, which will require allocation at short notice.

28. CBSSG Restart is a further measure in addition to the DfT's guidance that local authorities continue to pay bus and coach operators for tendered services, concessionary fares, and home to school transport at the levels before any downturn in service provision or patronage.

Restart costs, PPE costs, and safe operating costs for tendered service operators

29. Operators who only provide tendered services will also be able to claim reasonable restart costs, PPE costs, and safe operating costs to be determined by DfT assessment.
30. The DfT has instructed Local Transport Authorities to act as brokers for this arrangement, collating all requests for restart costs, PPE costs, and safe operating costs for submission to DfT.
31. Once allocated, the funding for this will be provided to Local Transport Authorities to provide to the operators up to the value of any such award from the DfT.
32. For the avoidance of doubt, this is separate from the CBSSG Restart scheme.
33. It is unknown at this stage, how much funding will be provided by the DfT for Hampshire's operators.

CBSSG Restart Allocation Methodology

34. It is proposed that the same methodology approved for the original CBSSG funding be applied to CBSSG Restart.
35. This methodology is as follows;
 - identify the percentage each eligible contract (those which operated within the period) makes up of the total spent on eligible services per annum; and
 - apply this percentage to the £305,654 CBSSG Restart to calculate an allocation per contract.
36. A small scale informal consultation has been carried out with the local bus operators who provide the majority of the authorities' contracted services to ensure that this methodology is fit for purpose, and the proposed approach was supported.
37. The allocation, claims and payments made of CBSSG combined with the gradual increase in patronage on tendered local bus services suggests that the entire £305,654 will not be required to cover the shortfall in revenue on tendered services. If this proves to be the case then it is proposed that any

remaining funding is allocated as per the permitted uses of CBSSG Restart outlined in appendix 1 of this report.

Due Diligence for CBSSG Restart Funding

38. As a condition of CBSSG Restart, those in receipt of funding are required to operate on an “open book” basis. This means that operators will be required to demonstrate that they have not derived a profit, or loss, before tax while in receipt of CBSSG and/or CBSSG Restart funding.
39. To achieve this, Southern Internal Audit Partnership have been commissioned to carry out a review of the CBSSG allocation methodology and payments to operators to ensure that a profit has not been made.

Consultation and Equalities

43. The methodology for allocating these payments was developed in partnership with Hampshire’s local bus operators. The process itself has been tried and tested through CBSSG, and the County Council received positive feedback as a result.
44. As mentioned, Southern Internal Audit Partnership are auditing the process carried out to date. Like the bus operators themselves, the Audit Partnership has responded positively to the methodology adopted by Hampshire County Council.

Local Bus Services

45. In line with government guidance Procurement Policy Note (PPN) 02/20, the County Council and its funding partners (e.g. a number of district councils) maintained full contract and concessionary travel payments (based on an average payment for 2019/20) to operators of local bus services for the three months up to 30 June 2020.
46. The latest government guidance (Procurement Policy Note 04-20) allows councils to continue with payments to operators until 31 October 2020 whilst emphasising the need for transition onto new operating models where required.
47. In addition to this, the Department for Transport’s (DfT) COVID-19 Bus Service Support Grant (CBSSG) Restart Funding Terms & Conditions (as amended on 8 July 2020) urge local authorities to maintain concessionary travel reimbursement and tendered service contract payments at pre-COVID-19 levels.
48. The DfT has also stated that its budget for financial schemes in place for local bus operators has been calculated on the basis that local authority funding will continue at previous levels.

49. It is therefore proposed that full payments to operators (contract and concessionary travel payments) continue until 31 October 2020 to aid the recovery of these services.
50. This is in line with both the approach Hampshire County Council has taken to support Community Transport services and with that of Hampshire's neighbouring Local Transport Authorities.
51. Local bus services supported by the Council are now in most cases operating at a frequency of between 80-100% of pre-COVID levels. Therefore, the support offered by the County Council is between 20% and 0% depending on the contract.
52. Students returning to school and college and the restriction of capacity due to social distancing requirements potentially presents a significant challenge to the local bus network in some parts of Hampshire.
53. The maintenance of 100% contract and concessionary travel reimbursement payments will support the sector to enable operators to provide as much capacity as is possible to meet the anticipated demand.

Taxishare Services

54. In line with government guidance, Procurement Policy Note 02/20, the County Council and its funding partners (e.g. a number of district councils) maintained 80% contract and concessionary travel payments (based on an average payment for 2019/20) to operators of Taxishare services for the three months up to 30 June 2020.
55. The latest government guidance (Procurement Policy Note 04-20) allows councils to continue with payments to operators until 31 October 2020 whilst emphasising the need for transition onto new operating models where required.
56. In addition, the DfT's COVID-19 Bus Service Support Grant (CBSSG) Restart Funding Terms & Conditions (as amended on 8 July 2020) urge local authorities to maintain concessionary travel reimbursement and tendered service contract payments at pre-COVID-19 levels. This is relevant as Taxishares are an extension of the local bus network.
57. It is therefore proposed that 80% payments to operators (contract and concessionary travel reimbursement payments) continue until 31 October 2020 to aid the recovery of these services.
58. As lockdown eases, the Taxishare services are being utilised more frequently and therefore many are operating at 80% or more of their pre-COVID levels.

Finance

59. These proposals would have no budgetary impact. Payments will continue to be made at pre-approved levels and funded through the local bus and concessionary fares budgets.

Procurement

60. A variation was made to the local bus and taxishare contracts to enable the Council to give relief to the operator on the basis that the operators have experienced Covid-19 related hardship for the three months leading up to 30 June 2020.
61. It is proposed that this process is followed again to enable the County Council to continue with the support outlined in this report.

Due Diligence for Ongoing Payments to Local Transport Operators

62. The government advice within the PPNs sets out the principle that when suppliers accept financial support from a local authority they are agreeing to operate on an “open book basis” and therefore will provide evidence that a profit is not being generated as a result of this financial support.
63. The variation mentioned above sets out this principle within the contracts held by operators of local bus and taxishare services.
64. Hampshire County Council is currently undertaking an audit to explore this and to ensure that suppliers have not profited from this financial support.

Future Arrangements

65. The PPN 04-20 advises that local authorities should “work in partnership with their suppliers and develop transition plans to exit from any relief as soon as reasonably possible. This should include agreeing contract variations if operational requirements have changed significantly”.
66. The guidance also stresses the need for this transitional process to “ensure contracts are still relevant and sustainable and deliver value for money over the medium to long term”.

Local Bus

67. Usage of local bus services is gradually increasing as government restrictions on using public transport ease. By the end of October, it is anticipated that contracted services will either be operating at 100% of their pre-COVID levels, or contracts will be modified to reflect new travel patterns.
68. In the longer term, the County Council is exploring a new operating model for passenger transport services in Hampshire. The focus of this model will be understanding the needs of the customer in the post COVID world and

delivering services in an increasingly challenging financial environment. It is proposed that the operating model should explore:

- the social, economic, commercial and environmental drivers behind service provision; and
- how to better utilise technology to meet the needs of the customer - the first step towards a Mobility and a Service (MaaS) style approach.

69. The Passenger Transport strategies to be developed as part of the 4th Local Transport Plan will provide a further opportunity to explore the issues and options surrounding future mobility.

Taxishares

70. Currently social distancing requirements have resulted in a significant reduction in the capacity and therefore availability of these services. The County Council is currently exploring innovative technological solutions that have the potential to improve the efficiency of these services resulting in an increase in the number of passengers these services would be available to.

Conclusions

71. By approving the recommendations set out in this report, the Executive Member for Economy, Transport and Environment will be supporting the bus industry in Hampshire to ensure that appropriate bus services are provided as the County moves through into the recovery phase of the COVID-19 pandemic and that journeys can continue to be made by those who rely on local bus and other local transport contractor services.

72. By approving the recommendations set out in this report, the Executive Member for Economy, Transport and Environment will be enabling the County Council to assist the economic recovery from the COVID-19 pandemic in Hampshire.

73. By continuing to provide vital support to the bus industry at this time, the County Council is maintaining the positive and productive partnership working between local bus operators and Hampshire County Council.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u> Title Cabinet Office Procurement Policy Note 02/20: supplier relief due to coronavirus (COVID-19) Action Note PPN 02/20 March 2020 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874178/PPN_02_20_Supplier_Relief_due_to_Covid19.pdf	<u>Date</u> March 2020
Cabinet Office Procurement Policy Note – Recovery and Transition from COVID-19 Action Note PPN 04/20 June 2020 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891154/PPN_04_20-Recovery_and_Transition_from_COVID-19.pdf	June 2020

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

The decision will enable the provision of funds to bus operators to sustain local bus services during the Covid 19 crisis and recovery period. This will benefit all Hampshire residents, especially women and older and younger people, who are statistically more likely to use local bus services.

Appendix 1 - How LTA CBSSG Restart Funding can be used

LTA CBSSG Restart funding can be used in the following ways:

- To cover losses where a LTA, or a lower tier authority, takes the revenue risk on a tendered service;
- To cover losses where an operator takes the revenue risk on a tendered service;
- To clean bus shelters, stations, and interchanges;
- To provide COVID-19 related signage on bus shelters, at bus interchanges, and at bus stations;
- To provide additional tendered services, or to alter existing tendered services, e.g. for key workers or essential journeys;
- To provide demand responsive transport services e.g. for key workers or essential journeys;
- To provide a replacement service where a service has been withdrawn;
- To provide additional capacity on routes to maintain social distancing;
- To support community transport services that cannot claim CBSSG Restart funding;
- To provide COVID-19 related marketing for bus services; and
- To provide temporary bus services.

LTA CBSSG Restart funding cannot be used in the following ways:

- To support closed services that are not open to the general public;
- To purchase, or contribute to the purchase, of new vehicles;
- To purchase, or contribute to the purchase, of ticket machines;
- To provide new infrastructure or equipment; and
- To cover operators' PPE and/or safe operating costs (these costs can be claimed from DfT either directly for operators with commercial and tendered services, or indirectly through LTAs who will collate claims for tendered service only operators and submit these collated claims to DfT).