

Corporate Governance Committee

4th June 2021

Corporate Risk 4.3

Environment & Transport

‘If as a result of the impacts of the coronavirus pandemic, bus operators significantly change their services, then there could be substantial impacts on communities accessing essential services and lead to required intervention under our Passenger Transport Policy and Strategy’

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- To give an update on this risk in the light of the National Bus Strategy for England and to note the key mitigating actions.
- To update on further innovation to reduce risk in the longer term.

- Locally, as across the country, there was a collapse in usage during the pandemic (90% in some cases), with service levels on commercial routes reduced.
- The Department for Transport has made funding available to support local bus operators (LBO) through the Covid Bus Support Grant (CBSSG) during this time.
- The County Council extended the contracts for its contracted services to March 2022 as part of its response to this situation. ^ω
- In addition the County Council has continued to pay 100% concessionary travel reimbursement to LBO's as well as 100% of contract subsidy despite reduced service levels in order to support LBO's further and mitigate the risk of significant service changes or withdrawals.

- National Bus Strategy (NBS) published March 2021:
 - Ambitious vision to dramatically improve bus services through greater local leadership, reversing shift in journeys away from public transport and encouraging passengers back to bus;
 - Local Transport Authorities (LTAs) and LBOs must work with local communities to plan and deliver fully integrated services
- 17 May 2021, Bus Service Improvement Plan (BSIP) guidance published:
 - Vehicle by which LTAs and LBOs will set out their plans for delivering on the NBS for their area
 - Very prescriptive in placing significant requirements on LTAs in very short timeframes (see slide 5)
- Government has committed £3bn of new funding to support NBS delivery:
 - No proper details of how funding will be *awarded*, **BUT**
 - Department for Transport (DfT) has made clear what requirements LTAs need to fulfil even simply to have *access* to a share of it (see following slides)

The Government is once again linking funding to actions

- The Council will **NOT**:
 - Be eligible beyond end of June 2021 to receive Covid19 Bus Service Support Grant (worth in excess of £1m to date), without which there would likely be significant service withdrawals in the County, the costs of which to replace could be £5m to £10m; or
 - Be able to access the £3bn NBS delivery funding and possibly *any* highways and transport funding in the future

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Unless it complies with the following requirements imposed by DfT:

- **Step 1: by end June 2021:** Decided which of two statutory paths under the NBS the authority is to follow to improve bus services – Enhanced Partnership Scheme (EPS) or develop a Bus Franchise (BF) assessment
 - Authority has to publish a Statutory Notice setting out which path it is pursuing
- **Step 2: by end October 2021:** Publish a BSIP for Leicestershire
- **Step 3: by end March 2022:** Have either an EPS in place or be following the statutory processes to develop a BF assessment

The authority has no option but to comply with DfT requirements 5

Given scale of work, very tight timeframes imposed by DfT and threat of imminent loss of income:

- The Council has secured from DfT £100k NBS implementation support funding and this has been used to commission specialist consultancy support.
- A project team has been established and is working with the consultants to:
 - Engage closely with LBOs to understand their position, pressures and priorities;
 - Undertake an independent assessment of ESP vs. BF to identify and recommend path for Leicestershire
 - Undertake work to develop a BSIP for Leicestershire
 - Review the Council's current Passenger Transport Policy and Strategy - Is it still fit for purpose?
- Will report to 22nd June Cabinet on NBS seeking approval of path to be followed and to seek authorisation to publish statutory notice.
- Will continue to develop proposals for 'public' engagement exercise to inform BSIP:
 - Mandatory that BSIPs seek and report views of passengers and third parties on bus services and performance of LTAs and LBOs
 - Includes local transport users' groups, MPs, local services and business organisations

Key Actions to Mitigate Risk

| Date | Dependencies (Each step is mandatory) | Risk Mitigation |
|--------------------------|---|--|
| June 22 nd | Seek approval from Cabinet on NBS pathway to be followed and to publish statutory notice. | Provides surety over continued CBSSG funding to support operators. |
| June 30 th | Subject to Cabinet approval inform DfT of intention to proceed with Enhanced Partnership or Bus Franchising arrangement and publish statutory notice. (Enhanced Partnership will be the likely recommendation) | Will be eligible to secure further NBS implementation funding (£25M available nationally) |
| October 31 st | Following Scrutiny Review on 2 nd September and subject to Cabinet approval on 26 th October, publish an outline Bus Service Improvement Plan. This will provide direction for the Council's Passenger Transport Policy and Strategy going forward. | <p>Will enable eligibility to the wider £3bn NBS funding available. The governments Autumn/ Winter spending review is expected to detail how this funding will be awarded.</p> <p>The level of funding is going to be dependent on level of ambition detailed in the BSIP.</p> |
| End of March 2022 | Enhanced Partnership Agreement with operators in place. | Anticipated Government NBS allocation awarded. |

Throughout this period the close engagement with operators along with Government support funding and commitment to an EP will help to mitigate the risk of any significant action by LBO's to change/withdraw services.

We are also seeking to mitigate future risk in relation to sustainable alternative solutions:

- We have recently been awarded a further £1.3m in grant funding to trial a demand responsive transport scheme in a rural area near Leicester and Hinckley
- The scheme will enable people to book travel via minibus via an app on their phone
- Lessons learned from this 3 year trial will feed into our developing Bus Services Improvement Plan and enable us to understand the potential for further risk mitigation in the future.

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