

Cabinet

8 July 2020

The Impact of Covid-19 on Local Bus Services in County Durham.

Ordinary Decision



Report of Corporate Management Team

Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Councillor Carl Marshall, Cabinet Portfolio Holder for Economic Regeneration

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To inform Cabinet of the impact of the current coronavirus pandemic on local bus operators and the involvement of the County Council in maintaining an essential network across County Durham.

Executive summary

- 2 The local bus network is a key part of our transport system, providing access to employment, healthcare, education, training, leisure and shopping destinations. However, the onset of coronavirus has led to wide ranging changes across the whole of society and public transport provision has been significantly impacted by these changes.
- 3 The bus network has remained vital to the economic and social well-being of our region during the pandemic, especially in relation to getting key workers to their places of employment and facilitating essential shopping trips.
- 4 The reduction in patronage during lockdown has required urgent action in the form of financial support to maintain an essential traveller network. This financial support is also important so that local bus service providers can continue to play a central role in our communities after this pandemic is over.

- 5 Financial support has been provided by both central and local government with the County Council maintaining payments for the English National Concessionary Travel Scheme (ENCTS) and tendered services at pre-Covid-19 levels in line with Government guidance. In return for this support, the Council has set out a number of requirements that it expects of operators.
- 6 Officers have worked closely with the sector to ensure that the bus network is co-ordinated and has responded in line with the demands of the region. This collaborative working and strengthening of our partnership approach with operators have made it possible to maintain this essential service network across County Durham and will continue to be key when facing the challenges as we head into the recovery phase.
- 7 By continuing the support for operators, we will take the opportunity to add further conditions to funding which will build on the positive outcomes of the current arrangements in an effort to embed some of the new practices into the new normal.
- 8 It is likely that it will take many months for patronage levels to return to anywhere near pre-pandemic levels. Notwithstanding this, it is anticipated that further pressure will be placed on the local bus network as we return to the new normal. As such, it is essential that the County Council continues to play a key role in ensuring that local bus service providers can continue to play a central role in our communities after this pandemic is over.

Recommendations

- 9 Cabinet is recommended to
 - (a) note the contents of this report and endorse the approach adopted towards local bus operators in respect of partnership working;
 - (b) approve the continuing levels of financial support in line with Government guidance and expectation and as applied consistently across the region, but subject to any future conditions, which will be agreed by the Corporate Director in consultation with the portfolio holder.

Background

- 10 The local bus network in County Durham is a key part of our transport system. It provides transport links that help boost the County and regional economy by providing access to jobs, as well as being a major employer in itself. It allows socially important connections to be maintained as well as providing access to healthcare, education, training, leisure and shopping destinations. It plays a major role in providing an alternative to the private car and, in so doing, helps to tackle the environmental and congestion problems caused by the private car. For many, it is the only alternative for those who wish to travel and cannot or choose not to drive a car.
- 11 Around 23 million journeys are made on local bus services in County Durham per year and around 6% of all journeys to work across the county are made by bus.
- 12 Go North East (53%) and Arriva (42%) provide the majority of the services across the county. Three other firms also run locally significant bus services without subsidy.
- 13 The diverse geography of County Durham, including its many rural destinations, creates complex travel demands highlighting the importance of transport across our rural area. The local bus network plays a key role in our ambitions for County Durham and our wider plan for both transport and the economy.

The impact of Covid-19 on local bus services

- 14 The onset of coronavirus has led to wide ranging changes across the whole of society and public transport provision has been significantly impacted by these changes.
- 15 Local bus service operators in County Durham have, since the beginning of April, been operating between 30% and 40% of their buses. This is due to the dramatic fall in patronage (to approximately 10% of normal), and the availability of drivers as a consequence of the coronavirus or furloughing. The COVID-19 pandemic has caused similar difficulties across the whole of the bus industry.
- 16 The main reductions in the public transport network were in the frequency of the core daytime services, with services generally reduced to every hour. All of our towns and villages which were previously served by public transport retained a service, although the network was simplified to some degree.
- 17 Evening and Sundays saw a materially higher percentage retained as, generally, services continued to run a simple hourly pattern until late

evening, to maintain connectivity for key workers. This meant the evening service was the normal level on many routes.

- 18 Subsidised weekday daytime services were maintained, largely unaltered, to avoid isolating communities.
- 19 Despite the above network, it is estimated that 5.4 million fewer journeys have been made on public transport in County Durham over the 12-week period since lockdown started than would normally have been expected at this time of year.
- 20 The bus network has remained vital to the economic and social well-being of our region during the pandemic, especially in relation to getting key workers to their places of employment and facilitating essential shopping trips. However, the reduction in patronage during lockdown has required urgent action in the form of financial support to maintain an essential traveller network.
- 21 Financial support for the sector is also important so that local bus service providers can continue to play a central role in our communities after this pandemic is over.
- 22 This financial support has come in a number of ways following Government guidance:
 - (a) the Government has agreed to continue to pay Bus Service Operators Grant (BSOG), usually based on the mileage operated by a bus service, at pre-pandemic levels;
 - (b) at the same time, the Government “urged” local authorities to maintain payments for the English National Concessionary Travel Scheme (ENCTS), usually reimbursing the income forgone from allowing older and disabled passengers free travel, at pre-Covid-19 levels;
 - (c) Government has also encouraged local authorities to continue to make payments for tendered services at pre-pandemic levels, even though such contracts may not be operating in full;
 - (d) Government has introduced the COVID-19 Bus Services Support Grant (CBSSG). The CBSSG is an England-wide, outside of London, funding mechanism to ensure that sufficient bus services continue to operate in the right places, and at the right times of day, during the COVID-19 outbreak to meet expected demand whilst maintaining appropriate patronage levels in line with Government guidance on social distancing. The CBSSG is designed to provide additional funding on top of continued

payments from the public sector to bus operators (as mentioned above) at pre-pandemic levels, as requested by Ministers.

- 23 The County Council has maintained these payments in line with Government guidance and details are shown in Table 1 below.

Table 1. Funding

Funding stream	Value
ENCTS	£11.9m p.a.
Tendered Services	£4.6m net p.a.
LTA CBSSG	£271k

- 24 In response for this support, the Council set out a number of requirements that it expects of operators:
- (a) to continue to work with Council officers to agree an “Essential Traveller Network” that defines days of operation, hours of operation, frequency of service and destinations to be served that are important to key workers and for essential shopping;
 - (b) to work together to review and amend this network as the situation and our understanding develops;
 - (c) as necessary, to provide information in order that the Council can demonstrate that public funding is being used: (a) in the manner intended; (b) that payments were needed to ensure continuity of service levels on the essential traveller network;
 - (d) to make every effort to source central Government emergency business support funding throughout the crisis, including but not limited to the furloughing scheme.
- 25 It was made clear that the Council reserves the right to recover any payments that cannot be demonstrated to be needed, including withholding or setting-off any such amount against future payments under this or any other contractual arrangement with the company.
- 26 Throughout this difficult period, it is important that officers and operators remain in close dialogue and the Council is keen to work in partnership to help ensure their financial viability through the worst of this crisis and to protect vital jobs and services in the longer term.

- 27 As a consequence of the above requirements, officers have worked closely with members of the North East Bus Operators Association (NEBus), the Confederation of Passenger Transport (CPT) and regional colleagues, through weekly conference calls, to ensure that the bus network is co-ordinated and has responded in line with the demands of the region.
- 28 Through NEbus, all of the regions bus operators, including Go North East, Arriva and Stagecoach, have also agreed to accept each other's return, day and season tickets on common sections of route during this crisis. This arrangement has been in place since the beginning of April and will continue into the next phase of recovery.
- 29 This collaborative working and strengthening of our partnership approach with operators have made it possible to maintain this essential service network across County Durham and will continue to be key when facing the challenges as we head into the recovery phase.

Current Position

- 30 Following the Government's most recent announcements on the relaxing of lockdown measures, a second tranche of CBSSG funding has been agreed in order to aid local bus operators to return to pre-COVID-19 service levels. This funding, which will be reviewed on a regular basis, is designed to provide additional funding on top of continued payments from the public sector to bus operators (BSOG, ENCTS, and tendered services) at pre-pandemic levels, as requested by Ministers.
- 31 The relaxing of lockdown measures will, inevitably, lead to an increase in bus patronage. To manage the increase in patronage in a safe environment and maintain, wherever possible, social distancing, the two principal operators in County Durham (Arriva and Go North East) are increasing the volume and frequencies of their services to cater for increased demand while maintaining social distancing on buses.
- 32 Service levels will increase in stages as the levels of patronage gradually increase, with the first of these changes being introduced on 1 June 2020. Early feedback from customers on these changes has been positive.
- 33 It is the intention to continue to make payments for ENCTS and tendered services at the budgeted rates through this recovery phase, as requested by Government. It is proposed that this position is reviewed in line with any corresponding Government guidelines or announcements of further funding initiatives.

- 34 It should be noted that while the County Council is part of the North East Combined Authority and transport for the region is governed through the North East Transport Committee, the powers on ENCTS and subsidised services lies directly and solely with the County Council. This is demonstrated by the differing discretionary elements of the concessionary fares schemes across Durham, Northumberland and Tyne and Wear and the varying degrees of contracted local bus services in each of the authorities.

Going Forward

- 35 It is likely that it will take many months for patronage levels to return to anywhere near pre-pandemic levels.
- 36 However, notwithstanding this, it is anticipated that further pressure will be placed on the local bus network if, as is expected, social distancing rules remain in place for the foreseeable future and patronage increases.
- 37 We will continue to work closely with NEBus, CPT and regional colleagues to manage the developing situation and, in so doing, strengthen our working relationship in the spirit of partnership, to ensure a smooth transition to the new normal.
- 38 Continuing financial support, as well as being subject to the conditions detailed in paragraphs 24 and 25, will give the Council the opportunity to build further conditions on funding in an effort to improve the offer to passengers and we will work with regional partners to achieve a common view on such opportunities.
- 39 These conditions will build on the positive outcomes of the current arrangements in an effort to embed some of the new practices into the new normal e.g. contactless payments have significantly reduced the risk of transmission of the virus but also reduces boarding times, thus contributing to reducing delays and improving punctuality. Also, the introduction of a multi operator fares scheme will bring benefits for passengers in a variety of ways.

Conclusion

- 40 Local bus services and the firms that operate them have seen unprecedented changes as a consequence of the Covid-19 pandemic. Remarkable work has been required by the sector and local authorities to ensure services have been delivered where they have been essential to maintain access to work for key workers and shopping journeys for those who have no alternative.

- 41 The success of that essential traveller network has only been possible through the close working relationship between County Council officers and the operators themselves.
- 42 It is essential that the County Council continues to play a key role in ensuring that local bus service providers can continue to play a central role in our communities after this pandemic is over.

Background papers

- .None.

Author(s)

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Appendix 1: Implications

Legal Implications

Legal advice has been sought to cover the proposals in this report.

Finance

Payments for English National Concessionary Travel Scheme (ENCTS) and tendered services are currently being paid at budgeted levels.

Consultation

None specific in this report.

Equality and Diversity / Public Sector Equality Duty

None specific in this report.

Climate Change

Maintaining the local bus network contributes to the aims and objectives of the climate emergency in reducing the use of the private car.

Human Rights

None specific in this report.

Crime and Disorder

None specific in this report.

Staffing

None specific in this report.

Accommodation

None specific in this report.

Risk

None specific in this report.

Procurement

None specific in this report.