

# HAMPSHIRE COUNTY COUNCIL

## Officer Decision Record

### (Executive Decision)

<b>Decision Maker</b>	Director of Economy, Transport and Environment
<b>Title</b>	Covid-19 Bus Services Support Grant
<b>Date</b>	26 May 2020

**Contact:**

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### 1. The decision

- 1.1. That the Director of Economy, Transport and Environment approves the methodology set out within the supporting report for allocating the COVID-19 Bus Services Support Grant (“the CBSSG”)
- 1.2. That the Director of Economy, Transport and Environment gives authority to spend and enter into grant agreements (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 £509,423 to be funded from the CBSSG

### 2. Reason(s) for the decision

- 2.1. Approval of the recommendations in this report will facilitate an additional Government payment of £509,423 for COVID-19 Bus Services Support Grant (CBSSG) being allocated and paid to local bus operators in Hampshire for their eligible services.
- 2.2. CBSSG has been allocated to Hampshire County Council by the Department for Transport to support contracted bus services experiencing revenue shortfalls, and to help support any adjustments to services required by the authority following discussions with local bus operators.

### 3. Background to the decision

- 3.1. The Department for Transport (DfT) has engaged with bus trade organisations, operators and local transport authorities to monitor the impact of COVID-19 on the bus industry.
- 3.2. 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 advice for the public to avoid any non-essential travel and to work from home where possible.

- 3.3. As part of 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. There are two parts to this funding, one for local transport authorities and one for bus operators.
- 3.4. £509,423 of CBSSG has been allocated to Hampshire County Council as local transport authority for Hampshire. This allocation was calculated using historic supported service mileage, with a top up for rural areas, as was done for the £709,912 funding for supported bus services which was awarded to the County Council in 2020-21 as part of the Better Deal for Bus Users.
- 3.5. The £509,423 CBSSG is to support bus services contracted by Hampshire County Council experiencing revenue shortfalls, and to help support any adjustments to services required by the authority following discussions with local bus operators.
- 3.6. The overall aim of this grant is 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.
- 3.7. The grant funding will initially run for a period of up to twelve weeks between the dates of 17 March and 8 June 2020. Hampshire County Council will receive monthly payments over the period of the scheme.
- 3.8. CBSSG can only be spent on supporting bus services that have been affected by, or need to be adjusted because of, the impact of COVID-19. This means that only services that have been operated during the period stated in 3.7 above are eligible to receive an allocation of this grant funding.
- 3.9. The CBSSG is a further measure in addition to the guidance issued by the Cabinet Office and DfT which urged Local Authorities to 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, for at least the period of the outbreak.
- 3.10. Hampshire County Council has complied with the approach outlined in 3.9 throughout the outbreak to date and will continue to make the above payments in line with Government guidance.

#### **4. CBSSG Allocation**

- 4.1. It is proposed that the allocation of this grant should be calculated using the following methodology;
  - Identify the percentage each eligible contract (those which operated within the period) makes up of the total spent on eligible services per annum.
  - Apply this percentage to the £509,423 CBSSG to calculate an allocation per contract.
- 4.2. Where a local bus operator has not operated a service throughout the whole 12 week grant period, it is proposed that an adjustment should be made to ensure they only receive payment for the number of days they operated the service.
- 4.3. 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.

#### **5. CBSSG payments for local bus operators**

- 5.1 All operators who operate subsidised services on behalf of the County Council will receive a sum, derived by applying the formula at para 18. Indicative allocations are currently being refined. In simple terms, the higher the current contract spend with each operator, the larger the proportion of the fund they will qualify to claim.
- 5.2 For simplicity, it is proposed that Hampshire County Council makes one grant payment in full to each qualifying operator to cover the 12-week period.
- 5.3 In order to apply for the grant, it is proposed that qualifying local bus operators are advised of their provisional ceiling allocation which will be the maximum they are able to claim for this period. Operators will also be advised of the total fund limit for all such grants of £509,423, beyond which the County Council will supply no further grant under this scheme.
- 5.4 It is proposed that they will complete a simple form providing the supporting information required in order to receive the CBSSG payment and to ensure Hampshire County Council is compliant with the process set out by the DfT. This will include but not be limited to the forecasted revenue shortfall due to Covid-19 and number of supported bus miles predicted to be operated per contract over the period.
- 5.5 Where a local bus operator forecasts a shortfall in revenue *less than* their allocation, it is proposed that a payment is made for the forecasted shortfall and their remaining allocation be added to a funding pool for appeals.
- 5.6 Where a local bus operator forecasts a shortfall in revenue *greater than* their allocation, it is proposed that a straightforward appeals process is put in place.
- 5.7 In order to successfully appeal, it is proposed that local bus operators satisfactorily demonstrate that their revenue shortfall is *greater than* their allocation of CBSSG. If this is proven to be the case, then it is proposed that an additional grant payment is made from the pooled fund for appeals, provided there is sufficient funding in this pool.
- 5.8 If there is any remaining grant funding after this process has been completed, it is proposed that local bus operators are able to bid for additional grant funding providing that their bid meets the criteria of the CBSSG set by the DfT as set out in 3.5 and 3.6 of this report. It is proposed that these will be assessed on a case by basis.
- 5.9 It is anticipated that following the appeals process, there will not be a significant amount of grant funding remaining to be utilised as set out in 5.4.

## **6. Other options considered and rejected**

- 6.1. Allowing operators to submit their estimated revenue shortfalls directly to Hampshire County Council and allocating the CBSSG payment on this basis. This was rejected to ensure that Hampshire County Council did not receive submissions that exceeded the total grant available.
- 6.2. Returning Hampshire's allocation to DfT without utilising it. This was rejected as Hampshire County Council needs to do what it can to maintain a long-term healthy bus market. HCC also has a long history of partnership

working and supporting local bus operators who in turn make a positive contribution to economic growth, the quality of life of our citizens and air quality within Hampshire.

## **7. Conflicts of Interest**

To record conflicts of interest declared by any Member who is consulted in the process of taking this decision:

7.1. None

## **8. Dispensation granted by the Head of Paid Service**

8.1

## **9. Supporting information**

- 9.1. Separately, CBSSG will be provided direct to commercial bus operators. Commercial CBSSG will be provided by the DfT directly to local bus operators to make available sufficient capacity to run up to 50% of scheduled commercial mileage.
- 9.2. The Commercial CBSSG is designed to meet the costs of making this capacity available and will be paid for services run since the 17 March 2020.
- 9.3. The Commercial CBSSG funding paid by the DfT to local bus operators will, over time, be adjusted to reflect the actual level of service each local bus operator is asked to provide.
- 9.4. The DfT are funding operators to make available sufficient capacity to run between 40%-50% of scheduled commercial mileage for a typical non-school week excluding public holidays for the period of the scheme.
- 9.5. A condition of the Commercial CBSSG is that local bus operators should accept English National Concessionary Travel Passes before 9.30am.

**Approved by:**



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**Stuart Jarvis, Director of Economy, Transport and Environment**

**Date: 26 May 2020**

**Officer Decision Supported by:**



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**Executive Member for Economy, Transport and Environment**

**Date: 26 May 2020**