

Agenda



Delegated Decisions - Joint Cabinet Member

Date: Friday, 25 February 2022

To: Councillors Mudd and Jeavons

Item	Wards Affected
1 <u>Burns Unit – Pilot of Free Bus Travel in Newport – March 2022</u> (Pages 3 - 10)	

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Report

Leader / Cabinet Member for Regeneration and Housing Deputy Leader / Cabinet Member for City Services

Part 1

Date: 25 February 2022

Subject Burns Unit – Pilot of Free Bus Travel in Newport – March 2022

Purpose To provide free bus travel for the period of 1st – 31st March 2022 to enable assessment of the impact of fare removal for all journeys that start and terminate within the city boundary. This would apply to all operators currently operating a scheduled service.

Author Strategic Director – Environment & Sustainability

Ward All

Summary The council declared an Ecological and Climate Emergency on 23rd November 2021, which includes a commitment to support and enable action by citizens to reduce their own carbon emissions.

Changing travel patterns associated with the evolving Covid-19 pandemic highlight the need to promote a public transport system that is reliable, affordable and easy to use as a low carbon alternative to the motor car.

The South East Wales Transport Commission considered interventions to address transport issues in and around Newport, including the provision of free local bus travel within Newport.

The Council have received a grant offer letter from Welsh Government to fully underwrite the cost of a time limited free bus travel pilot.

This proposal would apply to all operators (who wish to participate) currently providing scheduled service, with the Council underwriting the revenue that the operators would have received from the paying passengers.

The provision of free bus travel during December 2021 demonstrated an increased level of patronage, with operators noting a 20% increase over the comparable period the previous year.

Proposal To seek approval from the Cabinet Members to introduce free bus travel for the period of 1st – 31st March 2022 for all journeys that start and terminate within the city boundary, utilising existing bus services.

Action by Strategic Director – Environment & Sustainability

Timetable 1st March 2022 until the 31st March 2022

This report was prepared after consultation with:

- Head of Law & Regulation
- Head of Finance
- Strategic Director – Transformation and Corporate Centre
- Acting Head of Regeneration, Investment and Housing
- Cardiff City Region Bus Funding Management Group
- Burns Delivery Board
- Newport City Council Bus Coordinator

Signed

Background

The Wales Transport Strategy 2021 recognises the need for an accessible, sustainable, and efficient bus transportation network with specific attention to reliability, frequency, and geographical reach. Together with the review of mandatory and voluntary fares, to encourage modal shift.

The Burns Commission recognised the importance of public transport in addressing the transportation barriers we have in the city, including the consideration of free local bus travel to remove the potential cost barriers of public transport.

The council declared an Ecological and Climate Emergency on 23rd November 2021, which includes a commitment to support and enable action by citizens to reduce their own carbon emissions. Reducing the user cost of public transport would support this commitment.

Changing travel patterns associated with the evolving Covid-19 pandemic highlighted the need to promote a public transport system that is reliable, affordable and easy to use as a low carbon alternative to the motor car. Reduced public transport patronage has also necessitated a review of the way bus travel is funded in Wales.

As a result of these evolving travel patterns, local bus services in Wales are currently financially supported through the Welsh Government's Bus Emergency Scheme (BES2). This support addresses the loss of farebox revenue by operators and the additional costs associated with responding to the COVID 19 pandemic. Under the terms of the agreement, operators provide bus services that meet local needs under the direction of the lead authority for each region, working with and on behalf of its constituent local authorities. The BES2 agreement will operate for a period no later than 31 July 2022 or until market conditions recover sufficiently for an operator to no longer require BES2 support for any of its services.

The BES contract is procured under a Public Service Obligation to maintain pre-existing services (route, frequency and hours of operation); therefore the provision of new services is not possible under this arrangement.

The Transport Act 2000 requires travel concession authorities in Wales to issue statutory travel concession permits to any applicant resident who is aged 60 or over or meets the eligibility criteria with regard to disability set out in Section 146 of the Act. In Wales, this is the All Wales Concessionary Travel Scheme.

Proposed Free Bus Pilot

Reflecting the improving public health situation and consideration of the above issues, the council have received an offer of grant funding from the Welsh Government to fully underwrite the cost of establishing a time-limited, free bus travel pilot.

This report outlines the proposal to provide free bus travel for the period 1st – 31st March 2022 for all users in accordance with the terms of the Grant funding, to operating alongside the existing concessionary fare scheme.

The proposal offers travel on all scheduled bus services (regardless of operator) that start and terminate within the city boundary. Services that start or terminate outside the city boundary would be excluded and subject to the full regular fare.

There would be no time restrictions applied, so free travel would be available from the first to last service each day, with wider benefits for social interaction and supporting economic in the city.

The proposal prioritises people and the climate.

With transport being responsible for 17% of Welsh Greenhouse gas emissions, the need to encourage transport modal shift has never been greater, with private car use emitting 62% (2018)

The proposal would support longer term objectives to encourage the use of more sustainable modes of travel as supported by the Wales Transport Strategy and South East Wales Transport Commission.

It also makes transport services accessible, fair and inclusive through the removal of economic barriers that potentially prevent people from using sustainable public transport and encourage increased usage of public transport for retail and leisure activities.

Powers to Implement the Proposal

The Council can provide free bus transport for Newport residents under its general powers of well-being, provided that the way in which it operates does not breach any of the competition requirements or other statutory provisions relating to local transport provision in the various Transport Acts.

As such, the proposal would apply to all bus operators in Newport, but only to journeys starting and terminating within the city boundary and on routes already registered. This would ensure no unfair competitive advantage for specific operators or cross-subsidising out of area passengers.

This additional voluntary agreement between the Council and the Newport bus operators would operate alongside the BES2 national agreement, with the Council underwriting the revenue that the operators would have received from the paying passengers.

As the current BES2 contracts cap each operator's profit, there would be no financial advantage or disadvantage to operators if the scheme was introduced. This arrangement simplifies administration and removes any financial incentive for operators to inflate claims.

Financial Summary (Capital and Revenue)

The estimated cost of this initiative is up to £400k over the period indicated and in that respect, is one-off. The process will be administered to mirror the previous free travel initiative in December 2021 and has been endorsed by the lead regional bus funding group, responsible for managing BES funding. This provides parity between bus operators and does not cross subsidise or unduly increase the BES2 national agreement.

The cost of this initiative will be wholly provided through Welsh Government grant funding and as such is cost neutral to the Council

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)	£0				
Net Costs (Savings)					
Net Impact on Budget	£0				

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Competition between Operators	L	L	Scheme will apply to all journeys regardless of operator, route, or purpose of journey - provided the whole journey is completed within the city boundary.	City Services Service Manager
Competition between inner/outer city retailers	L	L	Scheme will apply to all journeys regardless of operator, route, or purpose of journey - provided the whole journey is completed within the city boundary.	City Services Service Manager
Demand exceeds service capacity	L	L	Operation of the scheme for the full service day will reduce the risk of creating artificial peaks in demand arising from time-limited operation	City Services Service Manager
Operators unwilling to participate	L	L	Participation by operators will be on a voluntary basis. However, given the lack of financial risk for them and long-term benefits, it is envisaged there will be an appetite to participate.	City Services Service Manager

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

One Newport Public Services Board Local Well-being Plan 2018-23

The Local Well-being Plan has five cross cutting interventions that support the priorities and well-being objectives of the Public Services Board (PSB). Sustainable Travel is one of the five cross-cutting interventions. The PSBs' sustainable travel vision is:

“Efficient, safe, and healthy travel, accessible to all, with overall low impact on the environment, prioritising walking, cycling and integrated public transport and also considering car sharing and ultra-low emission vehicles”.

The intervention sets out 3 steps that the PSB will be working on for the life of the plan.

1. PSB to become champions of sustainable travel, leading by example and reducing the public sector's contribution to air pollution.
2. Create an environment where public transport, walking and cycling is prioritised.
3. Encourage the use of ultra-low emission vehicles.

The preferred option supports these objectives

Corporate Plan 2017-22 & the Strategic Recovery Aims

The Corporate Plan runs to 2022 and has a primary vision to *‘Improving People’s Lives’*. It has four well-being objectives:

- 1) *To improve skills, educational outcomes & employment opportunities*
- 2) *To promote economic growth and regeneration whilst protecting the environment*
- 3) *To enable people to be healthy, independent and resilient*
- 4) *To build cohesive and sustainable communities.*

The Covid-19 health emergency has posed a significant and unprecedented challenge to the way in which we deliver our services and our way of life. Since March 2020, the Council's focus has been to preserve life, minimise the spread of the virus, and support our communities and the vulnerable.

Newport City Council strategic recovery aims have been drafted to reflect the work undertaken by the Council in response to the crisis while also considering the Council's long-term aims to 'build a better Newport' and support the Wellbeing of Future Generations (Wales) Act 2015.

The preferred option supports these aims

Sustainable Travel Strategy (Air, Noise & Sustainability Action Plan)

The Council's Sustainable Travel Strategy (Air, Noise & Sustainability Action Plan) was designed to outline the various actions the Council will progress to reduce the level of pollution from road traffic and provide a framework to develop local plans to target known areas of poor air pollution. The preferred option will support this strategy.

Options Available

Option 1 Cabinet Members approve the proposal to introduce free bus travel for the period of 1st – 31st March 2022 for all journeys that start and terminate within the city boundary.

Option 2 Cabinet Members do not approve the proposal to introduce free bus travel

Preferred Option and Why

Option 1 - Cabinet Members approve the proposal to introduce free bus travel for the period of 1st – 31st March 2022 for all journeys that start and terminate within the city boundary.

This will would apply to all operators currently operating a scheduled service with the Council underwriting the revenue that the operators would have received from the paying passengers from the Welsh Government grant. This proposal would encourage greater economic activity in the city and encourage back bus patronage that was lost during the Covid-19 epidemic.

The proposal would support longer term objectives to encourage the use of more sustainable modes of travel as supported by the Wales Transport Strategy and South East Wales Transport Commission.

It also makes transport services accessible, fair and inclusive through the removal of economic barriers that potentially prevent people from using sustainable public transport and encourage increased usage of public transport for retail and leisure activities.

Comments of Chief Financial Officer

Welsh Government have agreed to fund the proposal with a grant "up to" £400k which will be used to reimburse Newport City Council for the sums paid to bus operators taking part on the scheme. In the event that payments to operators exceed the WG grant then this will be provided for using existing core budgets although this scenario is highly unlikely based on activity to date.

The scheme will be linked to current fare levels and actual patronage numbers, the administration process for which to check and support the payment process is already in place following the similar initiative implemented in December 2021.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's general social, economic and environmental "well-being" powers under Section 2 of the Local Government Act 2000, and is consistent with the Council's sustainable travel and carbon reduction policies. Facilitating greater use of public transport is also consistent with the Council's statutory powers in relation to the provision of sustainable local transport under the Transport Acts 1985 and 2000. However, the Council has a duty under the Transport Acts to ensure that the provision of any financial assistance or subsidy in relation to local bus services does not breach any of the restrictions regarding unfair competition or commercial advantage. Therefore, as with the original free travel scheme during the pre-Christmas period, this extended free transport subsidy throughout March will need to be provided on a fair and consistent basis to all local bus service operators in Newport and only to journeys within the Newport area. Otherwise, it would be unfair competitive advantage for specific operators and would be cross-subsidising out of area passengers. Also, this arrangement can again only apply to existing registered bus routes, as there are statutory restrictions on how any additional local bus services and subsidised routes can be commissioned. This arrangement will again operate alongside and supplement the national BES2 agreement as an additional voluntary agreement between the Council and the Newport bus operators, relating to the operation of local bus services. The Council will be "underwriting" the revenue that the operators would otherwise be receiving from the paying passengers, and therefore there will be no unlawful subsidy or anti-competition issues. If specific local bus operators increase their passenger numbers in March as a result of the free bus services, as they did over the pre-Christmas period, then the loss of profit subsidy that they receive from Welsh Government under the BES2 agreement will reduce by a commensurate amount. Therefore, this arrangement will not be subsidising any increased profit or providing any unfair commercial advantage. Unlike the pre-Christmas scheme which was underwritten by the Council, the costs of this extended scheme in March will be met from Welsh Government grant funding and, therefore, there will be no cost implications for the Council.

Comments of Head of People and Business Change

This is a proposal to introduce free bus transport to support the economic recovery of the city as part of the Council's Covid Recovery plans, to be introduced under the general powers of well-being. Whilst resource will be required to ensure this scheme is delivered effectively, there are no specific HR implications. From a policy perspective, it supports work in relation to the post Covid recovery, our Corporate Plan objectives regarding a Thriving City, our draft Climate Change Plan 2022-27 and Well-Being Objective 2 – to promote economic growth and regeneration whilst protecting the environment.

Comments of Non-Executive Members

Councillor Linton:

I congratulate the Council for promoting this Free Bus Service in March and I hope this encourages all local residents of Newport to use the bus service on a regular basis to travel to and from work.

This will I hope lead to an increase in bus services from early morning until late at night as this should then improve the night-time economy i.e. Bars and restaurants in Newport including the town Centre.

Response:

The initiative will apply to all scheduled bus services that start and finish within the city with no time restrictions applied. Therefore, the free bus travel will apply to every service currently delivered in the city from the first to the last service each day, delivering economic support and social benefits for the businesses and residents of Newport.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
 - **Equality Act 2010**
 - **Socio-economic Duty**
 - **Welsh Language (Wales) Measure 2011**
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- The provision of free transport will be widely promoted to ensure all people, especially those who share protected characteristics, benefit from the scheme
 - Free bus travel within the city boundary will apply to all people who share protected characteristics or experience inequalities as a result of socio-economic disadvantage.
 - There are no negative impacts to the sustainable development principle (5 ways of working) as a result of this proposal.
 - This proposal will be open to all passengers who are not already eligible for free local bus travel under the All Wales Concessionary Travel Scheme or provided with free travel due to being aged under 5 years. Therefore there are no negative impacts to children or families as all children and adults will benefit from the free travel.

Crime and Disorder Act 1998

There are no negative implications on Section 17(1) of the Crime and Disorder Act 1998 as a result of this proposal

Consultation

As stated.

Background Papers

Nil

Dated: 18 February 2022