Dear Lilian

I am writing to you further to the points you raised during the Estimates Day debate on the 27 February 2018, which I was unable to respond to within the speaking time available. You raised a number of questions, including about local bus services, rail franchising income, the transport investment appraisal methodology and the value for money of local roads investment.

The Government is committed to supporting buses. They are the backbone of our public transport system, supporting our economy and connecting our communities to the workplace, as well as to vital public services such as health and education.

It might be helpful if I explain that the bus market in England outside London is deregulated and decisions regarding service provision are primarily a matter for bus operators. Where there is not enough demand for a bus route to be commercially viable in its own right, all local authorities have powers to subsidise bus services. Around one-fifth of all bus services are subsidised in this way.

Decisions on subsidised bus services are a matter for individual English local authorities, in the light of their other spending priorities. We fully appreciate that local authorities are making difficult choices as a result of ongoing financial pressures.

The majority of public funding for local bus services is via block grant provided to local authorities in England from the Ministry for Housing, Communities and Local Government. However, my Department also provides around £40m of Bus Service Operators Grant funding directly to English local authorities to help deliver supported bus services.
The Bus Services Act 2017 presents local authorities with new powers to bring about change, and unlock the potential for the bus industry to increase passenger numbers.

In particular, new Enhanced Partnership and Advanced Quality Partnership powers provide the framework for authorities to work side by side with operators to set a shared vision for bus services in their area.

Bus Open Data powers will require bus operators in England to open up route and timetable, fares and tickets and real time information for passengers by 2020. These improvements aim to remove uncertainty in bus journeys, improve journey planning and help passengers secure best value tickets.

Accessible Information powers will require all operators of local bus services to provide audio and visual route and next stop announcements on board buses across Great Britain, helping to remove barriers to bus travel particularly for those with disabilities or accessibility needs.

We are working with local authorities to determine which of the powers provided in the Act are best able to support bus networks in their areas.

Ultimately, however, it is for local authorities, working in partnership with their communities, to identify the right transport solutions that meet the economic and environmental challenges faced in their areas and deliver the greatest benefits for their communities.

Turning to your point regarding the lower-than-expected income from rail franchising, we have been able to manage this during 2017/18 via additional income and savings from other budgets, as set out in the Supplementary Estimates memorandum.

As you note, the department received £60m of additional spending cover during the year to help manage this pressure, via the risk transfer mechanism agreed with HM Treasury as part of the 2015 Spending Review settlement. HM Treasury has confirmed that this mechanism will continue to hold for the remaining years of this settlement, and my officials continue to work closely with HM Treasury colleagues to ensure that DfT spending remains within budgets in these years.

In addition, you raised a concern about the extent to which the transport business case methodology takes into account wider economic benefits. I would like to assure you that the department’s guidance is widely considered to represent international best practice and allows a wide variety of economic, environmental and wider societal impacts to be taken into account, reflecting the unique circumstances of each location and investment. The guidance also allows you to take into account the extent to which strategic case
objectives, such as rebalancing, would be achieved by a proposed scheme. As a result all areas of the country have been able to bring forward well-designed, robust transport business cases to support investment.

Finally, you also asked about how government ensures the value for money of the investment that it makes in local roads. As set out above, Ministers take decisions on transport investment based on business cases developed in line with the department’s transport appraisal guidance and we estimate from these appraisals that local major road schemes approved by the Department since 2012 will produce an average of £4.50 for every £1 invested.

Furthermore, when the Department invests in a local transport scheme, it also requires an evaluation of the scheme. The evaluation assesses whether the scheme has delivered value for money and to ensure that lessons are learnt for further investment decisions. DfT review and sign off the evaluation plans and review evaluation reports to ensure that they are fit for purpose. The department’s evaluations found that local major schemes have been successful in delivering reductions in congestion, often leading to better access to employment and local businesses.

Thank you again for raising these points and I hope this reply is helpful.

[Signature]

JO JOHNSON