Dear Lilian,

Health of the Bus Market

Thank you for your letter of 14 February, seeking the Department’s response to further questions the Committee posed as part of its Health of the Bus Market Inquiry, and thank you for the opportunity to give evidence.

I will begin by addressing the points on which I promised to write to the Committee during the evidence session last month.

The percentage of operators who are involved in a bus partnership. (Q475)
As we explained during the evidence session, the Department collects data on the number of partnerships which bus operators are involved in through its annual survey of bus operators. In 2017/18, 20% of operators were involved in a bus partnership scheme in England, rising from 18% in 2016/17.

The percentage of local authorities involved in a bus partnership. (Q475)
DfT only collects data on partnerships from the annual survey of bus operators and data from this survey does not contain information on which authorities are involved in the partnerships which operators refer to. However, where statutory partnerships are established, legislation requires the LTA making the scheme to inform the traffic commissioner. Therefore, based on data supplied by the Office of the Traffic Commissioners (OTC) there are 14 different councils or Passenger Transport Executives in England that are involved in at least one statutory partnership scheme.

The number of voluntary partnerships and the number of statutory partnerships. (Q475)
From the OTC data, some of the 14 councils or Passenger Transport Executives mentioned in the above answer operate more than one statutory scheme and those 14 authorities collectively have 22 separate statutory partnership schemes in England.
There is no requirement for local authorities to inform DfT or the traffic commissioner about voluntary schemes. Therefore, DfT’s annual bus survey is the best data source for this. Operators reported participating in 107 voluntary partnerships in our annual survey of bus operators. But this does not mean there are 107 separate voluntary schemes in existence. This is because this figure is calculated by asking operators how many schemes they are involved in. Where a local authority has a partnership with multiple operators, it is likely that each of those operators will say in their survey return that they are in that voluntary partnership. Some of these separate responses may, therefore, refer to the same voluntary scheme.

The percentage of bus operators who are (a) sent and (b) respond to the survey of bus operators. (Q481, Q483)

Of the 752 operator licences currently in issue in Great Britain, we contacted 587 of the holders and received responses from 483 – a response rate of 82%. However, operator licenses do not equate to the number of operators as an individual bus company can hold more than one. For example, bus companies that operate nationally will have regional subsidiary companies each holding their own, individual, operator’s licence. Unfortunately, this means that we cannot provide a definitive estimate of the number of operators that responded to the survey.

An update of when the Total Transport report will be published. (Q536)
The Department has already shared the report with interested stakeholders. It will be published in due course. We will now work with stakeholders to use the findings to inform our approach.

I will now turn to the additional questions posed in your letter.

1. Many operators already offer discounted bus fares for apprentices. Could you update us on the apprentice discount you mentioned in your written evidence and describe how this is going to be funded?
The Department for Transport and the Department for Education are currently working together to consider options relating to this issue, possibly including a Spending Review proposal for discounted public transport for apprentices. This is to deliver on the Government's election manifesto commitment of providing “significantly discounted bus and train travel for apprentices to ensure that no young person is deterred from an apprenticeship due to travel costs”. I understand that ministers at the Department for Education will be updating the Education Select Committee in due course about progress on this and I will ask them to send you a copy of this letter.
2. Can you update us on the Bus Services Act: accessible information consultation, and the Bus Services Act: open data consultation, which ran from 5 July to 16 September 2018?
In 2018 we consulted on plans to use powers in the Bus Services Act to require the provision of audible and visible information onboard local bus services across Great Britain. We received over three hundred responses, and continue to consider them ahead of announcing our next steps later this year. We remain committed to progressing an approach which gives passengers the information they need to travel by bus with confidence, whilst enabling operators to select solutions which work for their business.

3. When the Bus Services Bill was going through Parliament the previous Transport Committee recommended that “more must be done to ensure that innovation in ticketing technologies is encouraged and not hampered”. They also said that within six months of Royal Assent, the Department for Transport should produce, in consultation with industry, guidance to support LTAs in developing ticketing schemes. What have you done about this?
The Department published a suite of guidance documents to accompany the Bus Services Act 2017 that fully explains the options and opportunities to improve local bus services using the new powers in the Act. The guidance on Enhanced Partnerships particularly includes information on developing ticketing structures, pricing, payment options, marketing of ticketing products and the effect of competition law. It also includes advice on multi-operator and multi-modal ticketing options. The guidance suite, which comprises four separate documents on: the Act itself, franchising and the two partnership options can be found here: https://www.gov.uk/government/publications/bus-services-act-2017-new-powers-and-opportunities.

4. In your evidence you talk about the package of measures to ensure that those who rely on a wheelchair space are able to access it. You state that these were to be announced in 2018. In your inclusive transport strategy it says ‘we will announce how we will seek to prioritise access to the on-board wheelchair space’. We are currently unable to find them; when will this package be announced?
The Government previously indicated its agreement, in principle, with expert recommendations on measures to support wheelchair users’ access to bus services. We know that providing clarity on the status of the wheelchair space will help to avoid the confrontations that many wheelchair users continue to face when travelling by bus, and we hope to confirm our next steps soon.
5. You mention inclusive mobility guidance and ensuring the accessibility of the built environment and research that you are undertaking. The research has been published. Could you update us on any actions you are taking?

The Department’s 2017 consultation on the Draft Accessibility Action Plan (which preceded the Inclusive Transport Strategy, published in July last year) contained a commitment to commission research to review both the Inclusive Mobility and Tactile Paving guidance documents. DfT appointed TRL to carry out this research and their report was published on 26 July 2018: [https://www.gov.uk/government/publications/inclusive-mobility-and-tactile-paving-guidance-review](https://www.gov.uk/government/publications/inclusive-mobility-and-tactile-paving-guidance-review). This report contained 21 separate recommendations for the Department to consider.

Further research is necessary to address the recommendations made by TRL, and we cannot proceed to amend either the Inclusive Mobility or Tactile Paving guidance until this additional research is commissioned and concluded. This further research is expected to be completed by the end of 2019 and the Disabled Persons Transport Advisory Committee will have oversight of this research project as it progresses. As with the TRL report, we will publish the full findings from the research.

6. We have heard that buses are a lifeline for those in rural areas. You told us in your written evidence that you had a cross-departmental meeting in autumn 2018 about buses in rural areas. What actions came out of this meeting?

A joint DfT/DEFRA rural buses roundtable was held in December 2018. Key stakeholders, including rural interest charities, local authorities, operators and officials from DfT, Defra, MHCLG and DWP explored what levers Government and others can use to support a rural mix of public transport provision, including Total Transport, community transport, demand responsive transport, and how the Bus Service Operators Grant could be reformed to better support rural bus services. Officials are conducting further work on actions that emerged at the roundtable and will report back to me in due course.

7. The additional information from Paul Woods, which has been endorsed by the LGA, is available on our website. The Committee would welcome the Department’s thoughts on the information he has submitted to us.

The 2019/20 settlement package for local authorities confirms that Core Spending Power is forecast to increase from £45.1 billion in 2018-19 to £46.4 billion in 2019/20, a cash-increase of 2.8% and a real-terms increase in resources available to local authorities. This is the final year of a multi-year settlement deal, worth over £200 billion in the five years to 2020, that was accepted by 97% of councils in return for publishing efficiency plans.
Revenue Support Grant (RSG) is the main un-ringfenced central government grant given to local authorities through the settlement, and is one component of Core Spending Power. It is misleading to talk about the grant in isolation when councils have access to council tax, business rates and other local income to deliver their local services. Core Spending Power therefore measures the core revenue funding available to local authorities, including central government grants, council tax and locally retained business rates. Local authorities use un-ringfenced funding (such as RSG) from this settlement package to meet the costs of the statutory English National Concessionary Travel Scheme (ENCTS). In 2017/18, this resulted in Travel Concession Authorities (TCAs - predominantly local authorities) spending an estimated £884 million on the statutory ENCTS.

Local authorities can also use this un-ringfenced funding, other Government funding (such as the £40 million of BSOG devolved to local authorities) and funding from local sources (such as council tax), to support bus services and to offer discretionary concessions. This funding arrangement gives local authorities freedom and flexibility about how to best use their funding to provide services in their area. In 2017/18, this amounted to TCAs spending an estimated £233 million on discretionary concessions. In total, TCAs estimated spending £1.12 billion on concessionary travel in 2017/18. Since 2010/11, almost all of the 89 TCAs outside London have offered some type of discretionary travel concession. The most commonly offered discretionary concessions are extensions to the statutory time period (70 TCAs in 2018/19), free or reduced travel for companions to disabled people (53 TCAs in 2018/19), and concessions on community transport and Dial-a-Ride (44 TCAs in 2018/19).

Consideration about the overall quantum of funding available to the sector will be a matter for the next spending review. However, the Government recognises that there is still work to be done to address concerns about the fairness of current funding distributions. That is why the Government is undertaking a review of the relative needs and resources of local authorities in England, with a view to setting fresh baseline funding levels in 2020/21.

The Ministry for Housing, Communities and Local Government is working closely with local government representatives and others to consider the drivers of local authorities’ costs, the resources available locally to fund services, and how to account for these in a way that draws a more transparent and understandable link between local circumstances and resource allocations. The Government’s current aim is to implement the outcome of this review as part of the 2020/21 local government finance settlement, alongside increased business rates retention and the 2019 spending review as we believe this provides the best opportunity to deliver sustainable, coherent reforms to the local government finance system.
In December 2018, MHCLG published a consultation paper which set out proposals for the measurement of local authority needs, options for a resources adjustment and principles for potential transitional arrangements to the new system. This consultation closed on 21 February and MHCLG are considering the representations made in response, which will feed into the next phase of this work.

I hope the Committee finds this additional information useful.

Yours sincerely,

NUSRAT GHANI