

Local Transport Fund and Bus Recovery Grant: Network Review Guidance

Overview

1. As a condition of receiving recovery funding through either the Local Transport Fund (LTF) or the Bus Recovery Grant (BRG), Local Transport Authorities (LTAs) and operators must demonstrate that they have undertaken a Network Review. These will demonstrate that planning for a sustainable network, which is not reliant on Covid-19 government funding, has been undertaken. The LTF and the BRG extension are the final pandemic related funding packages, and end on 4th October.
2. Final payments of grant funding will only be made if both LTAs and operators can demonstrate that they have undertaken this work in partnership. Network reviews need to be submitted to the Department for Transport by 1st July.

Why is a network review needed?

3. As a consequence of the pandemic, passenger demand in some areas has structurally changed which impacts on farebox revenue and which may impact on the level of services required and their commercial viability. These changes will differ at local levels, hence the need for a locally led approach. LTAs and operators in receipt of funding will be required to co-produce a network review of local transport service provision, submitted to DfT by the LTAs.
4. The outcome of the network review will be to set expectations of service levels at the end of the recovery period, giving certainty to LTAs.
5. A single review per LTA should be produced, in co-ordination with all operators in their area. For areas with light rail systems, their network reviews should include light rail provision alongside bus. They will present a plan for continued sustainability of its commercial and tendered network following the end of funding.
6. For the purposes of these network reviews, 'sustainability' means the provision of stable and resilient local transport networks, bus and light rail, that deliver value to local communities and passengers without:
 - Any additional payment of concessionary fares funding to support operators, above payments at actual levels from FY 23/24, unless agreed otherwise by local areas
 - Any further continued revenue support funding from central government (with the exception of ongoing BSOG support, BSIP funding and any revenue set aside for tendered services through the Local Revenue Grant)

What does a Network Review look like?

7. The Network Review pro-forma has been designed to provide a summary to the Department of the work undertaken to review networks and ensure they adapt to new travel patterns from October 2022. It builds on existing BSIP and Enhanced Partnership (EP) or Franchising work.
8. The Department for Transport has created a pro-forma for LTAs and operators to use for their Network Review. A returned pro-forma constitutes a Network Review and it is the responsibility of the LTA to complete and return the document alongside other relevant evidence, if applicable.
9. What should be evidenced through the pro-forma and in supporting documentation is:
 - Patronage and fare revenue projections for local public transport networks
 - Open data sharing between operators and LTAs including route level data
 - How this builds on or links into existing BSIPs, EP or Franchising work

- How the available data and knowledge has been utilised to plan for future network efficiency
- What consideration has been given to encouraging modal shift to public transport and proposals to grow farebox, concessionary patronage and other revenue
- Supporting evidence can include a copy of BSIPs, EP or Franchising work.

Step by step guide to completing a Network Review

10. The pro-forma aligns with the step-by-step guide section, below. If the work has already been completed (e.g. as part of the EP process) then it should be referenced in the evidence section rather than completed again, unless it is necessary to do so.
11. The level of detail in the pro-forma is to be decided and agreed upon by LTAs and operators. The Department requires the returned pro-forma as confirmation that network planning has been undertaken and that the outlined steps have been considered. It does not need to see the granular detail of each area's network plan.

Step 1: Agree scope of network which needs reviewing

12. LTAs and operators should assess their local networks and agree what should be included in their network review.
13. For those LTAs which have light-rail systems, these should be included at all stages of the network reviews for a holistic understanding of future provision.

Step 2: Share Data

14. Given the close working between LTAs and operators going forwards under Enhanced Partnership or Franchising arrangements, the Department expects there to be co-operation in data sharing.
15. LTAs and operators must share data they have on patronage and other relevant information, such as foot fall and recovery in city centres or local areas, which will help understand the current situation.
16. The following, aligned to the 2017 Bus Services Act, can be considered a reasonable request by LTAs from operators:
 - The total number of journeys undertaken by passengers on the service in question
 - The number and types of passengers using the service (eg. Concessionary or youth pass holder etc)
 - The journeys made by those passengers
 - The types of fares paid and tickets used by passengers
 - The revenue received by the service. This can include revenue received by specific fare types or journeys undertaken at specific times of the day or week.
17. LTAs can request the data on routes they are interested in, to the level of detail they require as outlined above. In addition, DfT encourages open book data sharing, patronage and fare data as per the above bullets to be provided by service, route and stage (commercial and tendered) and a comparable data period pre-Covid so LTAs can understand demand and travel patterns before and during the pandemic.
18. Access to this data will be subject to Non-Disclosure Agreements being signed and a guarantee that the data will only be utilised for the intended purpose of Network Reviews.
19. By using the shared data LTAs and operators should agree a common understanding and shared set of assumptions (high, medium and low scenarios) of how they expect patronage to recover over the next 6-12 months.

Step 3: Share risks and mitigations

20. Identify shared risks that may impact on either patronage return or service levels and to what extent these should be considered as part of the network review. Recent examples include driver shortages and fuel price increases.
21. Operators should explain to LTAs what their mitigation plans are to address these risks if they are to materialise and identify how they will affect projections.
22. Regarding driver shortages, if these are directly leading to lower service levels, operators must, if requested, provide a clear plan of action for resolution and commitment to the LTA that when these shortages are resolved that service levels will be restored.

Step 4: Data used to forecast revenue on services

23. Using the data, scenarios and knowledge around risks and mitigations, the operators and LTAs should forecast revenue on services, on a route by route basis, using the patronage recovery assumptions developed in Step 2. Routes should be identified as either viable, marginal or non-commercial. Operators must share information around those that are deemed non-commercial and LTAs will have the ability to scrutinise any route in detail if necessary.
24. Operators should be prepared to share commercial information, including cost and revenue projections, on an open book basis across all routes. This can include historical information to demonstrate that the status of routes have changed as a direct result of the pandemic.
25. Any forecast data should take into account BRG funding and Bus Service Improvement Plan allocations.

Step 5: Agree route or service changes

26. Following revenue data assessments, LTAs and operators should agree where route or service changes are necessary. The cost and revenue data will allow decisions to be made about whether certain routes should be prioritised for tendering, and the associated costs.
27. Operators should comply with reasonable asks from LTAs which could include:
 - Optimising inter-modal services
 - Working with authorities via the Enhanced Partnership process to avoid over provision or duplication of services
28. When routes or service changes are identified, an agreed timetable for implementation should be agreed. If the change is made during the period of BRG funding, they must comply with the provisions of the scheme and can only be made if the operator and LTA agree that changes will not have a significant impact on patronage or on future demand for services.
29. If, as a result of the change, there is likely to be a demand scarring effect on other services in the area, then there must be alternative provision in place. It would be contrary to the objectives of this government's support to reduce long term demand through removal of a service.

Step 6: Work together to grow demand (throughout)

30. It is imperative that both LTAs and operators work together to grow patronage demand, including concessionary passholders, as much as possible during the recovery period. To assist with this, the Department is allowing LTAs to use their BRG allocations to run marketing campaigns, if they do not have services they wish to support with it (alongside operator's ability to use BRG funding for the same purpose).

31. Where possible, through network reviews or longer-term, Enhanced Partnership arrangements, LTAs and operators should encourage modal shift to public transport which could include:
- Integrated bus and light rail ticketing
 - Parking levies or similar measures targeted at congestion/ air quality;
 - Simpler fares
32. They should also focus on proposals to make operating efficiencies and grow farebox and other revenue across modes through:
- Ticketing strategies
 - Commercialisation opportunities
 - Reductions in fare evasions (particularly for light rail systems)

Step 7: Public consultation, political agreement and timeframe for delivery (throughout)

33. Operators and LTAs should follow their usual approach to public consultation and political agreement to network changes. This should occur throughout the process, in time for funding ending in October. LTAs and operators should agree a timeline for changes to be made.

Delivery and Timing

34. Network reviews should be returned to the Department by 1st July. This is following step 5, where the plan for networks has been agreed between LTAs and operators. This deadline allows for work to be undertaken on service registration in time for October.
35. It is not expected that changes to services will be made before the network review is submitted, unless otherwise agreed upon between LTAs and operators. This work is intended to smooth the transition away from government funding and avoid a cliff-edge in October.

Support

36. If an LTA and operators in their area cannot agree a way forward, the Department will be happy to facilitate a joint meeting to aid the process.
37. Either party can contact the Department via BRG@dft.gov.uk and we will endeavour to resolve meetings quickly.

Payments

38. For both LTAs and operators, payment of their final grant allocation is dependent on working to produce a network review. This is per the Local Transport Fund (para 5) and the Bus Recovery Grant (para 13) terms and conditions.