



Ein cyf/Our ref: MA/KS/1088/20

To All Local Authorities Chief Executives
by e-mail

02 April 2020

Covid19 – Bus industry support

The Coronavirus pandemic has created uncertainty and challenge across all industries and sectors and the bus industry, the arteries of our public transport network, are no exception. My ambition remains to create a sustainable integrated public transport network, including community transport, across Wales. We therefore must act now to ensure that when we reach the other side of the pandemic we will have a viable bus network to allow us to achieve this ambition.

Continuity of payment to operators

Our bus companies and community transport operators, many of whom are SMEs or charities, are facing a significant and unprecedented challenge. Travel demand has reduced significantly, and is likely to reduce further following the latest advice for everyone to stay at home unless in specific circumstances, the need for social distancing, widespread working from home, and the closure of the schools.

Following discussions with businesses and stakeholders to understand these impacts, it is clear that the industry needs immediate support in order to remain viable even for the next few months, while longer-term measures are developed.

My joint letter with the WLGA dated 20 March, sent to all local authority chief executives recommended that local authorities continue to pay a minimum of 75% of the contract value for school and other contracted local passenger services. I trust that this is being provided to all bus companies across Wales with urgency in providing assurance. I am working closely with Councillor Morgan from the WLGA and have seen the letter that was sent to you on Saturday reinforcing this point, and recommending that all local authorities provide 100% funding on all operational services (even if mileage and timetabling have been reduced) and 75% as a minimum on those that do not operate during this exceptional period.

Today I am announcing a further step that will help bus operators get through the inevitable uncertainty of the next 3 months. For the first quarter of the 2020/2021 financial year the

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

grant funding provided through the Bus Services Support Grant and the MyTravelPass scheme, and the payments made in connection with the Mandatory Concessionary Fares scheme will be paid in advance and at pre-Covid-19 levels in recognition of the severe hardship facing the bus industry and the need to maintain the public service. As the monies will be front loaded to you during this quarter I expect these monies to flow through to bus companies as quickly as possible. The total funding made available across Wales will be based upon the value of previous historical payments made in connection with the Bus Services Support Grant, the MyTravelPass scheme, and the reimbursement of mandatory concessionary fares. In respect of these payments a financial reconciliation exercise will be necessary once the crisis has abated, to guard against overcompensation.

Please can you ensure that these monies are distributed to bus companies in your regions upon this principle and that local authority contributions to BSSG, MyTravelPass and mandatory concessionary fares payments continue to be provided as they have done historically.

In return for this support, all bus operators who will receive these payments must commit to the following for the next three months:

- Scheduled services will operate a foundation timetable (section 63 contracts to be agreed with Local Authorities), sufficient to allow key workers to get to work and those without a car to get to shops for essential food and medical supplies
- No bus will carry more than 50% of its maximum capacity
- All NHS workers who use a scheduled bus service will travel free of charge, including TrawsCymru services
- Each operator will provide Welsh Government and the Local Authorities with a weekly report showing how every bus in its fleet has met its obligations. Setting out what routes have been run, what times it arrived at terminal stops, how many passengers alighted, what the fare each passenger paid, etc.

This funding will allow a core network to operate without which some operators, particularly SMEs, will not survive and we would lose the value of having a continued bus service in Wales to transport key workers and provide transport for essential supplies.

In order to mitigate risks, particularly from providing funding up front can you please ensure that:

- you make clear to all operators that, for the time being, the grant payments (Bus Services Support Grant and MyTravelPass) and MCF funding will be maintained at current levels and that they will still be expected and/or legally required to carry those passengers.
- you provide funding to Bus Operators monthly rather than quarterly
- all operators will be required to operate on an 'open book' basis during the crisis so that their true costs/income can be assessed
- terms will include a 'clawback' provision so that where an operator has, for example, been able to take advantage of an alternative support mechanism such as the UK Government wages support scheme (which they will be encouraged to do), they will have to return to WG any 'over-subsidy' received.

I also ask that you increase the frequency of normal contractual payments to at least monthly in order to provide further support business cash flow.

I hope that this will give operators some short-term resilience to continue to deliver services, pay employees and sub-contractors, while we work to develop the comprehensive package of measures, called for by the scale of the crisis, to secure an efficient, sustainable, and robust bus network.

In addition, during this period when we are asking people to travel only for essential purposes, we will be withdrawing the offer of free weekend travel on the Traws Cymru network.

My officials are also working closely with Business Wales who are providing direct specialist support to bus companies across Wales which includes survival planning.

Industry stakeholders are also able to access immediate Business Wales advice and guidance and support during this emergency through their website at:
<https://businesswales.gov.wales/coronavirus-advice>.

Central Government have also given a firm commitment through the job retention scheme and income support scheme to provide 80% support towards the wages of those affected by this crisis.

Further information regarding this is available on the gov.uk website through the following web links:
<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

<https://www.businesssupport.gov.uk/self-employment-income-support-scheme/>

In terms of the job retention scheme it states on line that the scheme will 'open' on the 1st of March 2020 but will not be 'up and running' until the end of April 2020, causing an immediate issue from the claim period to the period in which claims can be made. Grant payments regarding the income support scheme is not likely to take place until the beginning of June 2020.

The availability of contractual retainers will therefore be extremely beneficial in ensuring that companies do not go out of business, and may need to be off set beyond the end of April 2020 to compensate for the introduction of the above schemes in avoiding possible double payment with the caveat of reconciliation from retainer payments made in the interim.

These are difficult times and we need to work together to ensure bus companies are able to deliver these vital services as well as remaining viable.
Your support and co-operation is vital in achieving this objective.

Variations to bus timetables

My officials have been working closely with the Office of the Traffic Commissioner (OTC) and the Traffic Commissioner for Wales in order to ensure that changes to bus registrations can be made promptly through short notice due to exceptional circumstances from reduced patronage on services or shortage of staff whilst maintaining vital services to key workers as well as access to essential supplies.

Further details are available from the OTC's website at:
<https://www.gov.uk/government/news/traffic-commissioners-require-electronic-communication-during-covid-19-outbreak>. This web page is being updated on a daily basis.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a long horizontal flourish extending to the right.

Ken Skates AC/AM

Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales