To: All Leaders  
.cc S.151 officers

Dear Leader

**Local authority support for contracted transport services during COVID-19**

I would like to clarify some points on local authority payments to contracted local bus, home to school, social care and other transport operators during the COVID-19 crisis. Ken Skates and I set out our suggested approach in a joint Welsh Government/WLGA letter to Chief Executives, dated 20 March 2020.

Within that letter, our original recommendation was to pay at least 75% of the contract cost. That was proposed as a retainer payment to give operators assurance and the funds necessary to meet staff and other unavoidable costs in the interim period, whilst many contracts are suspended.

We know that there is much confusion at present, with a number of packages on offer from the UK and Welsh Governments. Whilst further clarity is needed on eligibility and payment arrangements for these packages for our contracted passenger transport operators, we need to act quickly. If we don’t, we will find that the bus, taxi and community transport sectors have collapsed, and many operators will simply not be around after the current crisis is over.

Of the support packages now being proposed, we know that the 80% of employee costs announced by the UK Government is not payable until at least the end of April. For the self-employed, payments will not be available until at least June. The Welsh Government is endorsing the COVID-19 Procurement Policy Note (PPN 02/20), which provides information and guidance for public bodies on payment of all their suppliers. That Note is intended to ensure service continuity during and after the current coronavirus outbreak, and is being implemented as a matter of urgency. It suggests that councils should carry on paying contracts at the full rate and reconcile this at a later date, removing profit elements.

In the light of the above, where operators continue to provide vital services on contracted public transport routes, even where the mileage and timetables have been reduced, it is now recommended that payments are maintained in full (100%). Fare box income will be substantially reduced from what operators would normally have collected on these services. If, however, any contracted local bus,
home to school, social care and other transport is stopped at any stage, then it is recommended that the 75% payment is applied during this exceptional period.

The purpose of these recommendations, with an indemnity letter to protect the expenditure, is to allow time for the implications of the various avenues of support to be explored further – e.g. where relevant, netting off the financial impact of the packages being offered on wages and self-employed payments from the UK Government.

I would ask that you strongly consider making such interim payments to local bus, home to school, social care and other transport operators for up to three months to alleviate further problems at the end of this crisis. Without such action, operators may cease trading before they are able to claim any other UK Government aid. That would leave the supply chain greatly reduced and your authority facing much increased contract costs in future or even, in the worst case, with no operators to carry out a statutory service.

A further announcement on the payment of concessionary fare reimbursement and Bus Service Support Grant payments will be made very shortly by Welsh Ministers. They will also be outlining other ways Welsh Government intends to help operators deal with the loss of up to 85% of their commercial farebox revenue.

I hope this explains the reasoning and the urgency for these payments to be made and that you will support and implement the proposals. They are fully consistent with the approach being taken by the Minister for Economy, Transport and North Wales.

Yours faithfully

Councillor Andrew Morgan
WLGA Leader and Spokesperson, Transport, Environment and Sustainability