



Department
for Transport

From the Secretary of State
The Rt. Hon. Grant Shapps

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Huw Merriman MP
Chair, Transport Select Committee
House of Commons
London
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Dear Huw,

My Department welcomed the opportunity to discuss the steps we are taking to respond to the ongoing coronavirus crisis and the implications for various transport sectors with the Transport Select Committee on 7 April 2020.

I would like to take this opportunity to reiterate my apologies for not being available, as I was called to attend urgent meetings on the Covid-19 response.

I attach an annex setting out the responses to the questions and requests for additional information raised in the session, and in subsequent correspondence.

I trust you will find the responses useful and please do not hesitate to contact me again if the Committee have any further questions.

Yours ever,

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT

Annex – Response to Transport Select Committee queries from 7 April 2020

Question numbers have been copied from the transcript from the session for clarity and convenience. Numbers marked with an asterisk (*) denote requests for information that have been raised in subsequent correspondence.

No.	Question	Response
9/10/11	The Committee requested a briefing note outlining the financial support package for bus operators and the impacts this has upon their expected levels of service and the operation of concessionary fares.	<p>DfT is providing funding to support bus services impacted by the reduction in patronage as a result of COVID-19. £200m of existing funding will be paid to operators through the Bus Service Operators Grant (BSOG) on the basis of estimated service levels before the coronavirus outbreak. This will not be revised down where service levels have declined due to the coronavirus impact on the industry.</p> <p>We also pay an additional £43 million of devolved BSOG each year to local authorities. The expectation is that that they will continue to pay support for non-commercial bus services at the same levels as before the crisis.</p> <p>£30 million of funding was announced as part of the Better Deal for Bus Users package in September 2019, to be paid to local authorities to support new services, or restore lost routes. In light of the coronavirus outbreak, local authorities have been informed that they can use some, or all, of this funding allocation to retain and restore bus services affected by the outbreak. The funding allocation methodology includes 20% of the available funding being set aside and allocated to rural authorities.</p> <p>As part of our coronavirus response, we have asked local authorities to support vital local bus service providers by continuing to pay bus and coach operators for tendered services and home to school transport, as well as concessionary fare payments, at the levels before any downturn in service provision or patronage, for at least the period of the outbreak. Whilst a condition of the new funding is that operators offer concessionary passengers free travel before 9.30am, we have also asked them to extend this to all-day travel.</p>

On 3 April, we announced the new £166.8m COVID-19 Bus Services Support Grant (CBSSG), which will support commercial operators to continue to run services despite the impact on their revenue due to travel restrictions.

Bus operators who receive the grant will be expected to make available sufficient capacity to run up to 50% of scheduled commercial mileage. The CBSSG is designed to meet the costs of making this capacity available. The funding paid by the Department will, over time, be adjusted to reflect the actual level of service each operator is asked to provide.

Operators must engage with the relevant local transport authorities to determine what bus services should be operated, when and on which routes. CBSSG payments will be made on a 4-weekly basis and will initially be calculated on operated mileage data.

Local transport authorities are set to receive around 13% of the £166.8 million CBSSG funding, based on the proportion of total bus service mileage that is supported by local transport authorities. This funding can only be spent on supporting bus services that have been affected due to the impact of COVID-19 and any underspend will need to be returned to DfT.

We expect that this money is used as additional support on top of normal funding for local bus services, not as a replacement of that funding.

<p>17 & 19/20</p>	<p>The Committee requested further information on the support available to regional airlines such as Loganair.</p> <p>The Committee requested details of liaisons the Department is having with Ernst & Young Global Limited on financial support for the workers of Flybe.</p>	<p>The Department does not comment on the commercial or financial matters of individual companies.</p> <p>The aviation sector is important to the UK economy and will be able to draw upon the unprecedented package of measures announced by the Chancellor, including unprecedented steps to support wages and business. These include Time to Pay, financial support for employees, and the Bank of England’s Covid Corporate Financing Facility (CCFF). These measures have been designed to ensure that viable UK businesses receive the help they need to get through this difficult time.</p> <p>Where a company has been taken under the management of an administrator, it would be a matter for the administrator to consider whether they are able and willing to access the individual measures in this support package.</p> <p>To protect the interests of the taxpayer, the Chancellor has been clear that bespoke Government support will only be considered as a last resort, once all other options have been fully exhausted – including raising further capital from existing investors, approaching other investors, and discussing arrangements with financial stakeholders.</p> <p>Any Government support will only be provided on commercial terms, in order to protect the interests of the taxpayer.</p>
<p>18</p>	<p>The Committee requested further information on the Department’s considerations to provide full rates relief for aviation businesses, as has been provided by the devolved government of Scotland.</p>	<p>The aviation industry has been pressing for a suspension of business rate payments or a government rebate, noting the relief granted in Scotland. The relief of business rates is a HM Treasury policy and as such, Department officials are engaging with HM Treasury on the matter. At present, HM Treasury does not plan to extend rates relief.</p> <p>Officials continue to keep the Treasury up to date with the aviation industry’s real concerns on this issue and officials are encouraging industry to continue to discuss the situation with the relevant local authorities to seek an agreement which works for both parties.</p>

39	<p>The Committee requested an explanation of seafarers' eligibility for furloughed pay.</p>	<p>The Department has received confirmation from HM Treasury that all firms enrolled in UK PAYE as of 19 March, and that have a UK bank account, are eligible for the Coronavirus Job Retention Scheme (CJRS). As long as a non-UK firm meets both of these criteria, they, and the seafarers they employ, will be eligible for support under the Scheme.</p> <p>Those companies that do not fulfil the two key eligibility requirements, and are therefore still unable to access the CJRS, should contact HMRC directly to discuss this in further detail.</p> <p>The removal of the "UK based" requirement has enabled many more firms to access the scheme and furlough workers, enabling them to reduce key overheads. The scheme also extends to foreign nationals.</p>
1*	<p>The Committee requested further information on the support package available for trams and light rail.</p>	<p>The Government has confirmed that it will provide almost £30 million funding in support of 5 light rail systems:</p> <ul style="list-style-type: none"> • Sheffield Supertram - £1.3 million support package • Manchester Metrolink - £11.6 million support package • West Midlands Metro - £2.1 million support package • Nottingham Express Transit - £3.7 million support package • and Tyne and Wear Metro - £8.6 million support package <p>Following consultations with the industry, a bespoke package of support has been agreed for each operator to cover the cost of running service levels that allow these vital services to continue. The Department for Transport has agreed 12 weeks of funding for these metro systems - enabling key routes to remain open for people travelling to hospitals, supermarkets or those who cannot work from home, including frontline NHS staff.</p>

2*	<p>The Committee requested further information on what Personal Protective Equipment (PPE) bus drivers ought to have.</p>	<p>We continue to work with transport operators and the Confederation of Passenger Transport UK (CPT) to understand the measures that are being put in place to protect staff, including where there is a risk of shortage of hand sanitiser and sanitising wipes.</p> <p>Bus operators have been putting in place a variety of measures to protect staff over the last two weeks. For example:</p> <ul style="list-style-type: none"> • Issuing general Public Health England (PHE) guidance; • Extensive cleaning regimes that maintain high levels of hygiene for passengers to protect the health and well-being of their customers and employees, focusing on high touch points such as hand poles and grab rails; • All seats within two metres of the driver being sealed off and not available for use by passengers; • Installation of screens between the driver and passengers; • Encouraging customers to pay by contactless payment methods wherever possible to reduce contact with drivers. • Announcements are in place on buses where possible to encourage social distancing; • Requiring passengers to board the bus through its middle doors where possible.
3*	<p>The Committee requested further information on the Department's policy on rail season ticket refunds.</p> <p>Further to this request, additional correspondence was received relating to this issue on 24 April 2020.</p>	<p>All season ticket holders are entitled to claim a refund for time unused on their tickets in accordance with the National Rail Conditions of Travel, less a £10 administration fee. Ticket holders should contact their retailer for details.</p> <p>We have prioritised waiving refund administration fees for other ticket types, as for season ticket refunds a £10 fee often represents a very small proportion of the overall ticket value compared to the cost of a daily ticket. Processing of season ticket refunds is more complicated and time consuming than refunding the face value of a day ticket, so the £10 fee goes some way towards covering the cost of administering season ticket refunds.</p>

Season tickets offer a discount relative to the alternative of buying other tickets, and any refund is calculated based on the alternative fares that could have been purchased for the journeys made so far, rather than on a pro-rata basis. This means that the last 7 weeks of an annual season ticket, one week of a monthly ticket, and three days of a weekly ticket usually have no refund value. The majority of season ticket holders will still be entitled to a refund for the time unused on their ticket, as many season tickets are bought in December.

The government is taking emergency measures to support and sustain necessary rail services as operators face significant drops in their income, temporarily suspending normal franchise agreements and transferring all revenue and cost risk to the government for a limited period. Changing the season ticket refund policy now to offer full pro-rata refunds or to allow passengers to pause their tickets would therefore have significant additional cost implications for the rail industry when our focus is on maintaining the rail network to ensure key workers can still get to work. As season ticket holders are already entitled to claim a refund for their tickets, we have prioritised providing fee-free refunds for Advance tickets which are not normally refundable.

Whilst we are not changing the season ticket refunds policy, train operators and retailers have made the process for claiming refunds easier during this crisis, for example by allowing passengers to claim refunds remotely rather than returning their ticket to a ticket office. We have also allowed passengers to backdate their claim to 17th March, when 'do not travel' advice was first introduced, or the date their ticket was last used, whichever is later. The refund acceptance period for passengers has also been extended from 28 to 56 days.

Since 17 March 2020 over 80,000 season ticket holders have already claimed season ticket refunds totalling over £120 million in response to COVID-19 restrictions. *(Data accurate as at 27 April 2020)*