

Place and Environment Scrutiny Committee

Monday, 5th February 2024

Report Title	Bus Service Improvement Plan and funding
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Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	Choose an item.
Which Corporate Plan priority does the report most closely align with? Our priorities for the future North Northamptonshire Council (northnorthants.gov.uk)	Green, sustainable environment

List of Appendices

- Appendix A – North Northamptonshire Bus Service Improvement Plan
- Appendix B – North Northamptonshire Enhanced Partnership Plan
- Appendix C – North Northamptonshire Enhanced Partnership Scheme
- Appendix D – List of proposed new/improved bus services
- Appendix E – CCIA report

1. Purpose of Report

- 1.1. Following Scrutiny Management Board requesting officers to attend the Place & Environment Scrutiny Committee to provide information on, and answer Member questions around, the Bus Service Improvement Plan, the following report and appendices provide reference material for Members to aid the scrutiny discussion.

2. Executive Summary

- 2.1. Following the publication by Government in March 2021 of Bus Back Better, the National Bus Strategy for England (outside London), the Council published a Bus Service Improvement Plan which was agreed by Executive in

November 2021. The Council also formed an Enhanced Partnership with local bus operators, with the Enhanced Partnership Plan and Enhanced Partnership Scheme being 'made' by Executive in April 2022. In common with many other local authorities, the Council did not receive any of the initial round of Bus Service Improvement Plan (BSIP) funding despite making a request for funding from the Department for Transport (DfT).

- 2.2. In place of funding paid directly to operators to support bus services by Government since the start of the pandemic, the Council has been allocated £569,412 of Bus Service Improvement Plan Plus (BSIP+) grant funding for each of the financial years 2023/24 and 2024/25. Executive agreed the approach for spending this funding in September 2023.
- 2.3. In October 2023 the Council received an indicative allocation of £2.045m of BSIP revenue funding for 2024/25. This is a significantly higher allocation than the level of revenue funding sought in the BSIP and unless further funding is allocated for future years, will represent a significant peak in expenditure for one year. This presents a risk that funding may be available to increase bus services for a year, but then the Council would have to withdraw the funding and the service may also be withdrawn. This would not be helpful for residents or conducive to establishing viable bus services over the long-term.
- 2.4. Spending plans are therefore being drawn up which focus on service improvements where it is possible that enhancements can become financially viable in a short timescale or which can access alternative funding sources beyond 2025/26.
- 2.5. In January 2024 the Department for Transport asked local authorities to produce an updated BSIP by 12th June 2024.

3. Recommendations

- 3.1. It is recommended that the Place & Environment Scrutiny Committee:
 - (a) Note the contents of this report and the proposal to develop an updated Bus Service Improvement Plan to include proposals for spending the £2.045m BSIP revenue funding indicatively allocated to the Council for 2024/25
 - (b) Consider any areas that Members would wish to discuss, ask questions of, and provide feedback to officers in the meeting in relation to the information provided
- 3.2. Reason for Recommendations – To undertake effective scrutiny of a significant area of the Council's work.

- 3.3. Alternative Options Considered – The Council could choose not to accept the external funding or to spend it in ways which were inconsistent with the terms and conditions of the grant. This would not be in the best interest of the community and would jeopardise future funding allocations. Proposals could be adopted which would be unlikely to represent value for money in achieving the objectives of the funding, and not appropriate with no long-term funding certainty.).

4. Report Background

- 4.1. The majority of bus services in England are provided commercially by operators, who decide the times, routes and fares to be charged. Under the Transport Act 1985 local authorities can supplement the commercial bus network with subsidised services.
- 4.2. The restrictions on travel introduced at the start of the Covid-19 pandemic necessarily resulted in such a large drop in fare income that the majority of bus services would have become financially unviable and ceased to run had the Government not stepped in with emergency funding to ensure that key workers could continue to travel and other essential journeys continue. The majority of that funding was paid directly to commercial operators, although a proportion was paid to local authorities to compensate for the loss of fare income for their subsidised services.
- 4.3. The Government published Bus Back Better, the National Bus Strategy for England (outside London) in March 2021. Backed with additional funding, the strategy set out a vision to make bus services more frequent, more reliable, easier to understand and use, better co-ordinated and cheaper so that increased passenger numbers would lead to reduced congestion, carbon and pollution, and that encourages motorists to use a bus rather than their cars.
- 4.4. In order to receive this funding, local authorities were required to commit by the end of June 2021 to forming either an Enhanced Partnership or introducing bus franchising across the whole of their area. The Executive agreed, in June 2021, to form an Enhanced Partnership, which is a statutory arrangement under the Bus Services Act 2017. The Enhanced Partnership can specify, for example, timetables and multi-operating ticketing and allows the Council, as Local Transport Authority, to take over the role of registering bus services from the Traffic Commissioners, the government body responsible for licensing bus and heavy goods vehicle operators.
- 4.5. Having committed to forming an Enhanced Partnership, the Council had to publish a local Bus Service Improvement Plan (BSIP), detailing how we proposed to use our powers to improve services, by 31st October 2021. This was agreed by the Executive on 11th November 2021, having been previously submitted under delegated authority in order to meet the timescales set by Government. A copy of the BSIP is included at Appendix A.
- 4.6. According to the requirements laid down by Government in the National Bus Strategy, the Council then had to form an Enhanced Partnership by 31st March 2022. This requires the preparation, consultation and publication of

both an Enhanced Partnership Plan and an Enhanced Partnership Scheme. In January 2022 the Government advised that they now only required a draft Enhanced Partnership Plan and Scheme to be submitted to them by the end of April 2022. In common with many other councils who had reached a similar stage, it was decided to continue to progress the Enhanced Partnership, and Executive 'made' the Enhanced Partnership Plan and Scheme in April 2022. Copies of the Enhanced Partnership Plan and Scheme are included at Appendices B and C.

- 4.7. As part of the BSIP submission, the Council made a request to Government for funding to implement elements of the plan. In common with many other local authorities, the Council did not receive any funding in the initial allocations of funding to support the BSIP
- 4.8. While bus patronage has recovered significantly, it remains at around 90% of pre-Covid levels. What was originally envisaged as short-term emergency Government funding was progressively extended, although the level of financial support was progressively reduced as passengers returned, and a reduced commercially viable network has been sought.
- 4.9. On 17 May 2023, the Government announced a longer-term funding deal for the bus industry covering the financial years 2023/24 and 2024/25. £160 million will be provided to local transport authorities to improve fares, services and infrastructure while £140 million will go directly to operators to help protect essential services across England. The £160 million for local transport authorities will be provided as Bus Service Improvement Plan plus (BSIP+) funding. Of this funding £80 million will be provided in 2023/24 and £80 million in 2024/25. The Council has been allocated £569,412 of BSIP+ funding for each of the financial years 2023/24 and 2024/25.
- 4.10. The BSIP+ funding which has been allocated to the Council is intended to be targeted on actions which the Council - and local operators through our Enhanced Partnership (where relevant) - believe will deliver the best overall outcomes in growing long term patronage, revenues and thus maintaining service levels, while maintaining essential social and economic connectivity for local communities.
- 4.11. An Executive Report in September 2023, accepting the additional BSIP+ funding, set out the following initial criteria for spending the funding:
 - To continue to fund existing bus services where they represent value for money or maintain essential connectivity for local communities;
 - To increase service frequency or restore services withdrawn since the start of the Covid-19 pandemic where there is a reasonable prospect of the service becoming commercially viable within the period of BSIP+ funding; and
 - To forward fund improvements where S106 developer funding is due before the end of the BSIP+ funding period to increase the time period for the service to achieve commercial viability.
- 4.12. Eligibility for future funding, including 2024/25 BSIP+ funding, is dependent on the Council's overall bus budget being maintained at least at the same level. For example, if concessionary travel reimbursements are

reduced, the corresponding budget must be reinvested into other bus measures (e.g. tendered services).

- 4.13. In October 2023 the Government announced new funding of over £1 billion for better buses in every part of the North and Midlands, as a result of the redistribution of HS2 funding. The Council has received an indicative allocation of £2.045m of BSIP revenue funding for 2024/25. This will be subject to local transport authorities continuing to work with Government to deliver ambitious improvements through up-to-date BSIPs, as well as continuing to deliver Enhanced Partnerships with operators in their local areas or pursuing franchising.
- 4.14. In November 2023, the Department for Transport issued new guidance on the calculation of reimbursement of bus operators for carrying concessionary bus pass holders free of charge under the statutory English National Concessionary Travel scheme. Such updates are issued from time to time, and the latest reflects the reduction in concessionary travel volumes since the Covid pandemic. The financial implications of the new guidance are still being assessed.
- 4.15. In December 2023 the Council submitted a Zero Emission Bus Regional Areas (ZEBRA) funding bid for the introduction of Zero-Emission Buses on service X4 (Northampton – Wellingborough – Kettering – Corby - Oundle – Peterborough). The Council is waiting for a response to this bid.
- 4.16. In January 2024 the Department for Transport asked local transport authorities such as the Council to submit updated BSIPs in accordance with new guidance by 12th June 2024.

5. Issues and Choices

- 5.1. The BSIP (Appendix A), published in October 2021, contained inter alia a bid for significant funding to improve bus services in North Northamptonshire:

	Resource (Revenue) funding	Capital funding	Total funding sought
2022/23	£310,000	£128,000	£438,000
2023/24	£450,000	£1,889,000	£2,339,000
2024/25	£300,000	£2,420,000	£2,720,000
Beyond 2025	-	£118,000	£118,000
Total	£1,060,000	£4,550,000	£5,615,000

- 5.2. Relevant elements of the BSIP were included as commitments of the Council and/or bus operators in the Enhanced Partnership Plan (Appendix B) and Enhanced Partnership Scheme (Appendix C) subject to funding being secured. Some elements, such as additional subsidised bus services, were not included as they need to follow a formal procurement route rather than be an Enhanced Partnership commitment.
- 5.3. In the absence of the funding which was sought, it has not been possible to pursue most of the improvements in the BSIP to date.

5.4. The allocation of BSIP and BSIP+ funding will significantly increase the bus funding available to the Council during 2023/24 and 2024/25. The table below compares the funding which is currently expected to be available over the period 2022/23 – 2026/27. It excludes Section 106 funding for bus service improvements, which is not tied to specific financial years, and also funding for concessionary fares.

	Base revenue budget	Bus Subsidy (Revenue) Grant ¹	BSIP+ funding (revenue)	Indicative BSIP funding (revenue)	Total
2022/23	£275,000	£105,654	-	-	£380,654
2023/24	£275,000	£110,728	£569,412	-	£955,410
2024/25	£275,000	£110,728	£569,412	£2,045,000	£3,000,140
2025/26	£275,000	£110,728	-	-	£385,728
2026/27	£275,000	£110,728	-	-	£385,728

5.5. While it is likely to be possible to carry forward some of the grant funding to future years, the table demonstrates the scale of the short-term increase in revenue funding available. By comparison with the table at 5.1 above, it can also be seen that the level of revenue funding allocated for 2024/25 is significantly in excess of that sought in the BSIP.

5.6. Recent Government announcements would indicate that there could be further additional funding for 2025/26 and subsequent years. However, currently this is not certain, and is likely to be dependent on the outcome of the forthcoming general election.

5.7. Short-term increases in revenue funding are difficult to manage when there is no certainty of continued funding. They can mean that services or initiatives are introduced which have to be withdrawn when there is no further funding available. It is also likely to be challenging for bus operators, who will not have additional drivers and vehicles readily available, and also for the Council's public transport and wider highways team, as neither have the certainty to invest in additional capacity.

5.8. Plans are currently being developed for the expenditure of the BSIP+ and BSIP funding in line with the criteria set out at section 4.11 above. Appendix D contains details of the service improvements which are currently being considered. Dependent on affordability and value for money, it is anticipated these services will be introduced on a phased basis from April 2024.

6. Next Steps

6.1. As outlined in section 5.8 above, work will continue to develop proposals for use of the BSIP+ and BSIP funding, with the intention to introduce additional services from April 2024.

¹ Bus Subsidy (Revenue) Grant is an annual grant paid by the Department for Transport. While the amount has been paid to the Council and its predecessors for more than ten years, the annual grant is only confirmed after the start of each financial year, leading to some uncertainty for budgeting purposes. From 2024/25, the figure includes £5,074 formerly paid to Kettering Borough Council in addition to £105,654 which is the North Northamptonshire share of the grant formerly paid to the County Council.

6.2. The Department for Transport have requested that proposals for use of the £2.045m BSIP funding are returned to them by 29 February 2024. The expenditure of this grant funding is also a key decision which will need to be agreed by Executive.

6.3. As noted in section 4.15 the Department for Transport has requested that an updated BSIP is submitted to them by 12th Jun 2024. The practicability of doing this, including the alignment with Council governance processes, is currently being considered.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

7.1.1. This report relates primarily to the spending of Government grant funding. As noted in section 5 above current funding allocations lead to a significant increase in funding levels for 2024/25, with no certainty about future funding at similar levels. This will need to be carefully managed to ensure that ongoing commitments are not entered into and that value for money is secured.

7.1.2. Proposals for the spending of £569,412 BSIP+ revenue grant allocated to the Council for each of the financial years 2023/24 and 2024/25 were agreed by Executive in September 2023.

7.1.3. It is proposed that spending of the £2.045m indicative allocation of BSIP revenue funding for 2024/25 will be considered by Executive at a future date.

7.1.4. Approval for any other funding secured will follow the appropriate governance processes.

7.1.5. It should be noted that future bus funding, including the BSIP+ funding for 2024/25, is dependent on the Council's overall bus budget not being reduced.

7.2. Legal and Governance

7.2.1. This report relates to the improvement of bus services. The Council has powers to carry out such actions pursuant to the Transport Acts 1985 and 2000 and related secondary legislation, while other legislation such as the Highways Act 1980 gives it powers to undertake associated improvements to the highway. Any proposals for improvements will need to be undertaken in accordance with the requirements of the various Acts.

7.2.2. The Enhanced Partnership with operators is a binding legal agreement under the Transport Act 2000 and related secondary legislation, and the Council has a legal obligation to undertake the measures ascribed to it in the Enhanced Partnership Scheme over the three-year period from 1st April 2022 to 31st March 2025. The Enhanced Partnership Scheme includes Bespoke Variation Arrangements to enable changes to the Scheme to be made, and it is anticipated that these will be used to incorporate proposals regarding the

spend of the BSIP funding allocation once an updated BSIP has been agreed.

7.2.3. Grant funding must be spent in accordance with the terms and conditions of the various grants, and approval for expenditure of such funds must follow the governance processes set out in the Council's constitution.

7.2.4. Any procurement exercise for goods, works or services must be conducted in accordance with the Council's governance and legal obligations, specifically in compliance with the Council's Contract Procedure Rules, the Public Contract Regulations 2015 (PCR2015), s.89-91 of the Transport Act 1985 and The Service Subsidy Agreement (England) (Tendering) Regulations 2002. Legal Services, where instructed, will advise and assist officers with regard to the conduct of any procurement process and the resulting contractual arrangements.

7.3. Relevant Policies and Plans

7.3.1. The proposal will assist the Council in meeting the priorities in the Corporate Plan around:

- Safe and Thriving Places
 - Enable people to travel across North Northamptonshire and beyond
- Green, sustainable environment:
 - Promote sustainable, active travel

7.3.2. The proposal will assist the Council in developing and delivering Council's Local Plan and Local Transport Plan, which the Council has a statutory duty to deliver. The proposal will also help to deliver the Council's BSIP.

7.4. Risk

7.4.1. The significant short-term increase in revenue funding for bus services/improvements introduces a risk that services or initiatives will be introduced which cannot be funded in the medium-term, and thus withdrawn. Selecting proposals that work in the short-term may not produce the value for money if further funding for future years subsequently becomes available. Possible solutions will need to be carefully considered and selected to try and minimise any abortive spend and maximise value for money, but without certainty of future funding, the Council's ability to do this is limited.

7.4.2. Unless further Government funding is provided for 2025/26 and beyond, the Council will face the reputational risk of a decision to withdraw them if they have not become commercially viable.

7.4.3. The condition that future bus funding is dependent on the Council not reducing its overall bus budget has introduced a new factor for the Council to consider in setting a balanced budget. The proposed budget for 2024/25, subject to Council approval on 22nd February 2024, does not propose any reductions in the Council's budget for buses.

7.5. Consultation

- 7.5.1. No consultation has been undertaken on this proposal as it involves the spending of external funding in accordance with terms and conditions set by the funder.
- 7.5.2. The timescales for operators notifying the Council of proposed commercial bus service changes or withdrawals do not permit public consultation to be undertaken when assessing alternative provision. However, the consultation undertaken on the Council's BSIP in 2021 did seek ideas for service improvements and it may be possible to undertake further consultation on some longer-term proposals.

7.6. **Consideration by the Executive**

- 7.6.1. The BSIP was approved by the Executive in November 2021 and the Enhanced Partnership Plan and Scheme were 'made' by Executive in April 2022. Proposals for spending the BSIP+ funding were agreed by Executive in September 2023.
- 7.6.2. It is proposed that an updated BSIP and proposals for spending the BSIP funding are considered by Executive at future dates

7.7. **Equality Implications**

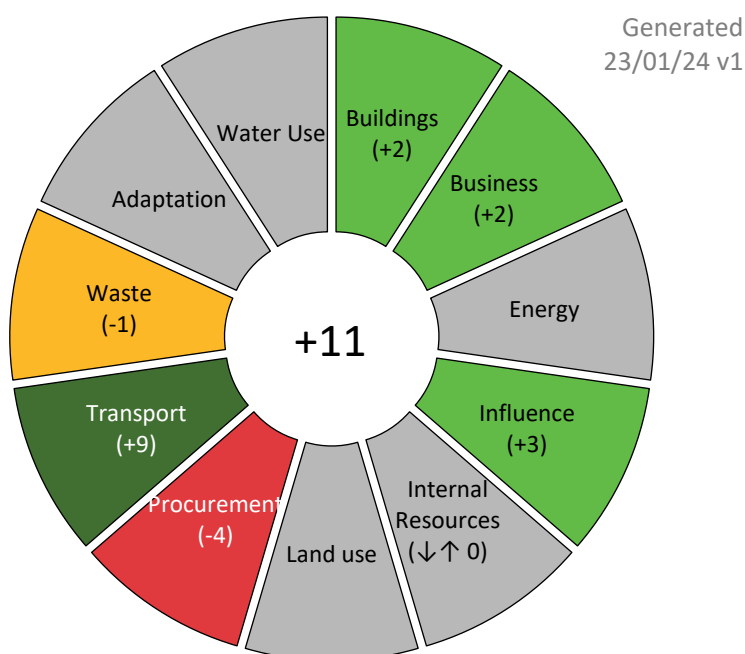
- 7.7.1. Equalities Screening Assessment have been completed for the various elements of past work covered by this report and will be completed for future proposals. Generally, improvements to bus services have a positive benefit for those with protected characteristics, although it is possible that particular proposals may have potential negative impacts. All vehicles used on local bus services are required to meet disability standards as set out in The Public Service Vehicles Accessibility Regulations 2000 and The Public Services Vehicles (Accessible Information) Regulations 2023.

7.8. **Climate Impact**

- 7.8.1. This report outlines a series of proposals for improvements to bus services which are generally positive from a climate change viewpoint and can be considered key actions in terms of tackling the climate change emergency from a transport perspective.
- 7.8.2. The elements which have been scored are as follows:
- Buildings (+2): The ZEBRA bid would equip Stagecoach's Kettering depot with electric charging points.
 - Business (+2): The ZEBRA bid would see Stagecoach introduce its first electric buses in North Northamptonshire
 - Influence (+3): The ZEBRA bid would introduce zero-emission branded buses which would be a very visible advert. Other proposals involve the Enhanced Partnership with bus operator, although many initial improvements will be contracted.
 - Internal Resources (+/- 0): The proposals make use of significant grant funding, which will use resources focused on a key area of climate change activity.

- Procurement (-4): The proposals will increase the overall number of buses operating in North Northamptonshire, and the Council's role in the operation of those services.
- Transport (+9): The ZEBRA bid would introduce the first electric buses in North Northamptonshire; other proposals will increase the number of bus services and the frequency of others; this will increase the number of people walking to access the bus. Improvements to public transport infrastructure will also feature.
- Waste (-1): If successful, the ZEBRA bid will see some older buses scrapped, or cascaded to replace older vehicles which will be scrapped.

The overall score is +11.



North Northamptonshire Council has committed to being a carbon neutral organisation by 2030, 5 yrs & 11 mos away.

7.8.3. In terms of the negative impacts, while more procurement is being undertaken this is for proposals that form a key part of tackling the climate change emergency. The scrapping of older buses is inevitable if older buses are to be replaced with newer zero-emission vehicles. There are well established processes to maximise the recycling of the materials from old buses.

7.9. Community Impact

7.9.1. Improving bus services should have a positive impact for local communities by reducing isolation and supporting local economies. The proposed new bus services will help to address the concerns of Local Area Partnerships about rural accessibility.

7.10. Crime and Disorder Impact

7.10.1. Improvements to bus stops and shelters may have scope to reduce incidences of crime and disorder at these locations and increase perceptions of safety. .

8. Background Papers

Transport Act 1985 [Transport Act 1985 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/1985/67)

Transport Act 2000 [Transport Act 2000 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2000/17)

Report to Executive – 18th November 2021 – Bus Service Improvement Plan (Minute 94 refers)

Report to Executive – 14th April 2022 – North Northamptonshire Enhanced Partnership (Minute 200 refers)

Report to Executive – 14th September 2023 – Bus Service Improvement Plan Plus (BSIP+) Funding (Minute 497 refers)

