



EXECUTIVE 18th April 2024

Report Title	Department for Transport Funding Allocation
Lead Member	Councillor Matthew Binley, Executive Member for Highways, Travel & Assets
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Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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	N/A
Which Corporate Plan priority does the report most closely align with?	Safe and thriving places

List of Appendices

Appendix A – List of proposed new/improved bus services.

Appendix B – Climate Change Impact Assessment tool

1. Purpose of Report

- 1.1. To inform the Executive of grants received from the Department for Transport (DfT) for bus service improvements and road safety works on the A6 and to seek approval to spend these amounts on appropriate improvements.
- 1.2. To inform the Executive of the Council's allocation of Local Transport Fund and the plans for developing a spending programme for future approval.

2. Executive Summary

- 2.1. The Council has been allocated £2.045m of Bus Service Improvement Plan (BSIP) Phase 3 revenue funding for 2024/25, in addition to the allocations of £569,412 for BSIP Phase 2 for both 2023/24 and 2024/25.
- 2.2. As this represents a substantial increase in short-term revenue funding, with no certainty of future funding levels, proposals have been drawn up which maximise the ability to provide continued funding from either the Council's own revenue budgets or developer contributions. In addition, the DfT's approval has been sought to carry forward £872,197 of revenue funding to 2025/26 and to spend £128,000 of the funding as capital in 2025/26.
- 2.3. This has allowed a significant programme of bus service improvements across North Northamptonshire to be developed, with implementation to be phased over the coming months.
- 2.4. The Council has secured £2.2m of Safer Roads Funding for road safety improvements to the A6 between its junction with the A14 north of Burton Latimer and its junction with the A45 at Chowns Mill.
- 2.5. The Council has been allocated £149.208m from the Local Transport Fund over the period 2025/26-31/32. The majority of this funding will be available in the later years of the period. The Department for Transport intend to announce the allocations for 2025/26 and 2026/27 shortly and the Council will have to submit spending proposals by December 2024.

3. Recommendations

- 3.1. It is recommended that the Executive:
 - a) Note and accept the allocation of Bus Service Improvement Plan Phase 3 funding totalling £2.045m and agree to spend the grant in accordance with the grant conditions.
 - b) Delegate authority to the Executive Member for Highways, Travel & Assets in consultation with the Executive Director of Place & Economy to award any individual local bus contracts exceeding £500,000.
 - c) Note and accept the receipt of Safer Roads Safety Funding totalling £2.2m for works on the A6 and agree to spend the grant in accordance with the grant conditions.
 - d) Note and welcome the allocation of Local Transport Funding totalling £149.208m over the seven-year period 2025/26-31/32.
- 3.2. Reason for Recommendation: To spend the external funding in accordance with the terms and conditions of the grants.

- 3.3. Alternative Options Considered – Options would include not spending the money and allowing DfT to recoup it. Alternatively, the Council could choose to spend the money on schemes that are not a priority in line with their Northamptonshire Transportation Plan. Neither option is recommended as they do not represent the best interests of the authority or those who rely on the highways and transport network.

4. Report Background

- 4.1. The Department for Transport (DfT) provides annual capital grants to local authorities for highway maintenance and to enable improvement of transport and highway networks. The allocation for 2024/25 was reported to Executive in February 2024. From time to time, the DfT provides local highway and transport authorities with additional funding allocations for specific purposes. Three such allocations are outlined below.

4.2. Bus Service Improvement Plan Phase 3 £2.045m

On 17th May 2023, the Government announced a longer-term funding deal for the bus industry to replace the temporary funding that had been in place since the start of the Covid-19 pandemic. The Council was allocated £569,412 of Bus Service Improvement Plan plus (BSIP+) revenue funding for each of the financial years 2023/24 and 2024/25. This funding, which is also known as BSIP Phase 2, was reported to Executive in September 2023.

- 4.3. In October 2023, as part of the Network North announcement of funding reallocations following the cancellation of the northern sections of High Speed 2 (HS2), the Government announced that the Council would receive further funding for bus service improvements. The Council was subsequently allocated £2.045m of BSIP Phase 3 funding. While this funding was allocated as revenue funding for 2024/25, the grant conditions allowed recipients to make an exceptional case for some of the funding to be carried forward as revenue to 2025/26 if spent on service subsidy agreements, or to be spent as capital in 2024/25.

- 4.4. As part of the conditions for funding, the Council had to submit its proposals for spending this funding and the previously allocated BSIP Phase 2 funding to the DfT by 29th February 2024.

4.5. Safer Roads Fund £2.2m.

In July 2023, the DfT invited the Council to submit a proposal for £2.2m of Safer Roads Funding for improvements to the A6 between its junction with the A14 north of Burton Latimer and its junction with the A45 at Chowns Mill (north of Higham Ferrers).

- 4.6. The selection of the A6 formed part of a prioritisation process managed by the Road Safety Foundation using the International Road Assessment Programme (iRAP) which takes a preventative approach to road safety risk and its

reduction. Schemes were selected based on annual crash mapping, location and potential benefit:cost ratios, with roads forming part of the designated Major Road Network excluded from consideration.

4.7. Local Transport Funding £149.208m

In October 2023, as part of the Network North announcement of funding reallocations following the cancellation of the northern sections of HS2, the Government announced that the North and Midlands would receive additional funding for transport improvements. In February 2024, the Government announced that the Council had been allocated £149.208m of this funding for the seven-year period 2025/26-31/32.

- 4.8. No annual allocations of this funding have yet been announced, but the majority will be available in the later years of the 2025/26 - 2031/32 period. While most of the funding will be capital, there will be a small amount of revenue funding to assist authorities in having the resources to deliver the capital schemes. The DfT intend to announce the allocations for 2025/26 and 2026/27 shortly, along with guidance on the format in which councils should submit their plans for spending the funding for those two years by December 2024.
- 4.9. A further report to approve the plans for spending the Local Transport Fund in 2025/26 and 2026/27 will be brought to Executive later this year.

5. Issues and Choices

- 5.1. Each of the three funding allocations has its own issues and choices which are set out below.

5.2. Bus Service Improvement Plan Phase 3 £2.045m

The Council's Bus Service Improvement Plan, 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

- 5.3. In common with many local authorities, the Council received no funding in the initial allocations of BSIP funding following submission of the plan. 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 allocations of BSIP Phase 2 and 3 funding will significantly increase the bus funding available to the Council during 2023/24 and 2024/25. The table below compares the expected funding allocations 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 funding for concessionary fares.

	Base revenue budget	Bus Subsidy (Revenue) Grant ¹	BSIP Phase 2 funding (revenue)	Indicative BSIP Ph3 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. The table demonstrates the scale of the short-term increase in revenue funding allocations. By comparison with the table at 5.2 above, it can also be seen that the level of *revenue* funding allocated for 2024/25 is significantly more than 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. 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 then must 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 for the Council's public transport and wider highways team, as neither will have the certainty to invest in additional capacity.
- 5.8. Proposals for spending the BSIP Phase 2 and 3 funding on bus service improvements have been developed using the criteria set out in the September 2023 Executive Report for the BSIP Phase 2 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

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.

- To forward fund improvements where S106 developer funding is due before the end of the BSIP+ funding period to increase the time for the service to achieve commercial viability.

5.9. In developing the proposals, it was clear that there was insufficient funding available from 2025/26 to sustain all the service improvements which could be funded in 2024/25. The grant conditions make it possible to make an exceptional case to carry forward some of the funding to 2025/26, but only for the purposes of subsidising services. A Project Adjustment Request (PAR) has therefore been submitted to the DfT to seek approval to carry £872,197 of the BSIP Phase 3 funding forward to 2025/26.

5.10. In addition to the proposals for service subsidy, the unfunded schemes from the first year of the programme in the Council's BSIP (originally planned for delivery in 2022/23) have also been included, along with two additional proposals for staffing capacity and marketing of new/improved services. This includes £128,000 of capital expenditure, and the PAR submitted to the DfT has also sought approval to spend £128,000 of the allocated funding as capital in 2024/25.

5.11. The overall funding proposal for both the BSIP Phase 2 and Phase 3 funding, submitted to the DfT on 29th February 2024, was therefore as follows:

Proposed expenditure	2023/24	2024/25	2025/26	Total
Temporary service subsidy agreements: Contribution to W8 and X10	£27,148	£2,646	-	£29,794
New service subsidy agreements (see list in Appendix A)	-	£2,008,833	£872,197*	£2,881,030
Other revenue proposals from BSIP: Bus stop upgrade programme Investigate multi-operator ticketing Total:	- - -	£50,000 <u>£10,000</u> £60,000	- - -	£60,000
Additional revenue proposals: LTA additional staffing capacity Marketing for new/improved services Total:	- - -	£50,000 <u>£35,000</u> £85,000	- - -	£85,000
Capital proposals from BSIP: Upgrade Real-time displays Community transport capital grant Total:	- - -	£53,000* <u>£75,000*</u> £128,000*	- - -	£128,000
Total	£27,148	£2,284,479	£872,197	£3,183,824

Proposals marked * require approval from DfT for capital/out of year spend.

5.12. **Safer Roads Fund £2.2m.**

Following the invitation to submit a bid for Safer Roads Funding, the Council worked with the Road Safety Foundation through the iRAP process to understand current road safety risk on the A6 and develop a package of interventions to reduce road risk on the A6 for all users. This involves selecting from a list of possible interventions along sections of the route, and the system then calculates the likely casualty saving based on its analysis of the risks. While costs can be locally defined, the focus is on developing a benefit:cost ratio that is higher than 1.

5.13. The proposed interventions, which formed part of the bid submitted to the DfT, focus on speed management and improving safety at road junctions, measures proposed include:

- Signalisation of the junction of the A6 at Higham Road, Burton Latimer, including the upgrade of pedestrian facilities.
- Reduce the speed limit from 60mph to 50mph between Finedon and Burton Latimer.
- Measures along the length of the A6 to reduce speeds including central hatching
- Measures along the A6 between A14 and A510 to improve lane adherence including edge lines, clearing roadside hazard, guard railing.
- Signalisation of the northern junction of the A6/Station Road near Irthlingborough.

5.14. Following evaluation of the submitted bid, the DfT announced in March 2024 that the Council had been allocated the full £2.2m.

5.15. **Local Transport Funding £149.208m**

5.16. Once the DfT announce the allocations for 2025/26 and 2026/27, work will begin to develop a prioritised spend programme which will be brought back to Executive later this year.

6. Next Steps

6.1. Following approval to spend the BSIP funding, work on the procurement of new/improved bus services will be progressed and subject to prices representing value for money and being affordable within the available funding, contracts will be awarded, and new/improved services introduced. It is anticipated that the start of the new/improved services will be a phased process over several months.

6.2. Work on the infrastructure elements of the BSIP funded proposals and the A6 Safer Roads Fund work will also begin. It is anticipated that most of this work will be delivered through the Council's highways services contract.

- 6.3. The BSIP improvements outlined in section 4 above will form the basis of work to develop further service and infrastructure improvements over the period 2025/26-28/29 for inclusion in the updated BSIP to be brought to Executive for approval in June 2024.
- 6.4. Following announcement of the allocations for the Local Transport Fund for 2025/26 and 2026/27, work will begin to develop a funding programme for approval by Executive by December 2024. While the Department for Transport have still to define their requirements, it is anticipated that this may take a similar format to the list of additional highway maintenance works which has recently been published on the Council's website.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

- 7.1.1 This report relates to external grants from the DfT which are intended for a range of improvements to the Council's highways and transport networks. Given the short-term nature of the additional BSIP revenue funding, it is being used alongside the Council's own revenue budget for bus subsidy and Section 106 funding to maximise the time that new/improved services can operate. The award of contracts for individual services will be subject to them representing value for money and being affordable within the available funding.
- 7.1.2 While the intention is that some of the new/improved services will become commercially viable once the initial funding runs out, the expectation is that other services (particularly those in rural areas) will require ongoing support. While the Council's existing revenue budget for bus subsidy can provide some support, further government funding for 2026/27 and beyond will be required if all the new/improved services are to continue beyond 2025/26.
- 7.1.3 The A6 Safer Roads Funding is being added to the Council's capital programme. Once agreed by the DfT, any capital elements of the BSIP funding will also need adding to the capital programme. The Local Transport Fund will also need adding to the capital programme in due course. There is no requirement for the Council to undertake borrowing to support these schemes.
- 7.1.4 Whilst this report reflects continuous improvement in services, it does not form part of the Council's Transformation Plan.

7.2. Legal and Governance

- 7.2.1 The Council must utilise this DfT funding in line with the restrictions and requirements as set out in the agreements linked to that funding.
- 7.2.2 Under the Transport Act 1985 the Council has a duty to secure the provision of such public passenger transport services as the Council consider it appropriate to secure to meet any public transport requirements across North Northamptonshire which would not in their view be met apart from any action

taken by them for that purpose. The Council has general powers to undertake highway improvements, although some changes will require Traffic Regulation Orders.

- 7.2.3 Any procurement activities must be undertaken in accordance with the Public Contract Regulations 2015 and procurement of bus service subsidy agreements must also meet the requirements of the Transport Act 1985 and the Service Subsidy Agreements (Tendering) Regulations 2002 (as amended).
- 7.2.4 The funding helps to deliver the objectives of the Northamptonshire Transportation Plan (the Council's Local Transport Plan), which the Council has a statutory duty to deliver.

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
 - Maintain our highways infrastructure to help people move safely around North Northamptonshire
 - Enable people to travel across North Northamptonshire and beyond
- Green, sustainable Environment
 - Promote sustainable, active travel
 - Embed low carbon technology, sustained and improved green infrastructure, and sustainable forms of transport fit for the future.

7.3.2 The proposal will assist the Council in delivering the objectives of the Northamptonshire Transportation Plan (the Council's Local Transport Plan), which the Council has a statutory duty to deliver. The BSIP funding also helps to deliver the Council's BSIP.

7.4. Risk

7.4.1 The capital funding within these schemes will form part of the authority's Capital Programme. The deliverability of the Capital Programme is monitored by each accountable project manager and senior officer. There is further review throughout the financial year reported through the Executive.

7.4.2 If any overspends or emerging pressures are identified during the year, then mitigating actions will be sought and management interventions undertaken.

7.4.3 Details of pressures, risks and mitigating actions implemented will be provided as part of the project highlight reports as the year progresses and reported through monthly budget monitoring and/or the Strategic Capital Board.

- 7.4.4 There is a risk that delays, and cost increases may arise as a result of the significant volatility within the supply chain and high inflation rates arising from the current, national (and international) economic situation. This generally relates to the supply and price of materials with projects requiring increased lead in times. Whilst every attempt is made to cost these implications into the project, the risks remain.
- 7.4.5 There is a risk, as explained elsewhere in the report, that if funding levels are not sustained, bus services introduced in the coming year(s) will have to be removed again. This could result in communities losing bus services upon which some residents have become reliant and causing reputational damage for the authority from removing services only recently introduced.
- 7.4.6 The award of the allocated Local Transport Funding for the period 2025/26 - 2031/32 will be subject to decisions by future Governments following at least two general elections. This does not currently represent a financial risk to the council as no funding will be spent or committed until the next government has confirmed its intentions. However, as work will begin to develop a funding programme for approval by Executive by December 2024, if funding is not received these proposals will need to be withdrawn and will need to consider the impact on community/public expectations which will have been raised.

7.5. Consultation

- 7.5.1 The proposals for bus service improvements have been developed following consultation undertaken in developing the Council's Bus Service Improvement Plan.
- 7.5.2 Initial consultation for the A6 road safety proposals has taken place via a briefing note sent to ward Councillors.

7.6. Consideration by Executive Advisory Panel

- 7.6.1 Executive Advisory Panels previously considered the development of the Council's BSIP. While not directly related to this proposal, the Prosperous Communities Executive Advisory Panel began consideration of the development of an updated BSIP at its meeting on 22nd March 2024.

7.7. Consideration by Scrutiny

- 7.7.1 The Place and Environment Scrutiny Committee examined the developing proposals for the BSIP funding at its meeting on 5th February 2024. They were supportive of the approach being taken, but made several suggestions, and as a result Wellingborough – Berrymoor was added to the list of new services to be funded.

7.8. Equality Implications

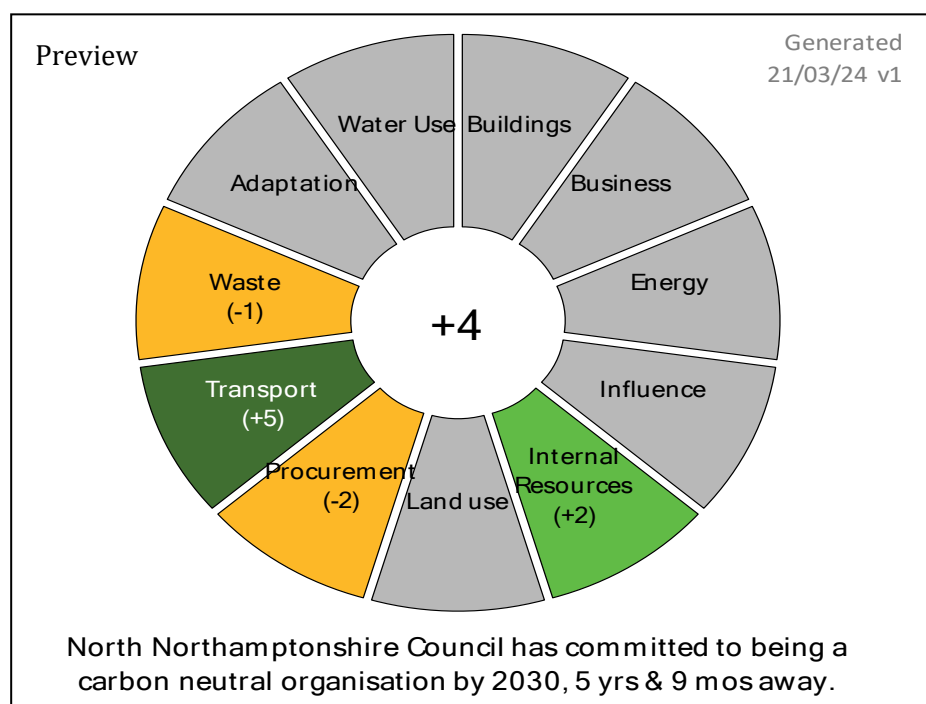
7.8.1 Equalities Screening Assessments have been completed for both the BSIP and the A6 Safer Roads Fund proposals and no negative impacts to groups with protected characteristics were identified as a result of that screening. The proposals also bring benefits to some vulnerable residents and communities who use the transport and highways network by improving safety and reducing isolation.

7.9. Climate Impact

7.9.1 A Climate Change Impact Assessment has been undertaken for these proposals. The elements which have been scored are as follows:

- Internal Resources (+2): The proposal uses significant grant funding which has already been obtained.
- Procurement (-2): The proposal will increase the number of buses operating in North Northamptonshire (requiring an expansion of the overall fleet) and use civil engineering products for highway infrastructure works.
- Transport (+5): The BSIP proposals will lead to significant bus frequency improvements/new services across the Council areas, albeit funded for a relatively short period of time. Increased bus use will directly lead to more people walking to access the bus, while the A6 road safety improvements will generally slow traffic making active travel more attractive.
- Waste (-1): The proposal will produce a small amount of waste from installation of ducting at new traffic signals and replacement of existing real-time passenger information displays and speed limit signs.

The overall score is +4.



7.10 Community Impact

7.10.1 These proposals can be considered to have a positive impact on the community as they deliver improved/new bus services for many communities and road safety improvements. An efficient highway and transport network supports all manner of social benefits including access to education, healthcare, social networks and economic opportunities.

7.11 Crime and Disorder Impact

7.11.1 There are no evident crime and disorder implications of the proposals in this report.

8. Background Papers

8.1 [Northamptonshire Transportation Plan
Highways plans and strategies | North Northamptonshire Council
\(northnorthants.gov.uk\)](#)