

From: David Brazier, Cabinet Member for Highways and Transport
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To: Environment and Transport Cabinet Committee – 8th September 2022

Subject: **National Bus Strategy: Status Update**

Key decision: **N/A**

Classification: **Unrestricted**

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Electoral Division: Countywide

Summary: This report provides an update on the National Bus Strategy and KCC's response. It advises on progress to date, Kent's indicative funding allocation received in response to its Bus Service Improvement Plan (BSIP), the status of Kent's Enhanced Partnership and next steps.

Recommendation: The Cabinet Committee is asked to note the contents of the report.

1. Introduction and Background

- 1.1 In March 2021 Government published a new National Bus Strategy (NBS) which set out a blueprint for the improvement of all aspects of bus service provision inclusive of both service levels themselves but also extending to infrastructure, ticketing, innovation, information, vehicle, accessibility and environmental considerations.
- 1.2 At the time of publication, Government stated that £3bn would be made available to support the strategy, although this figure was subsequently adjusted to £1.2bn, reflecting its use for existing commitments and expenditure linked to the Covid-19 pandemic.
- 1.3 In order to be able to access this funding and to protect existing funding streams, the NBS placed a number of requirements on LTAs and operators. By the end of October 2021, LTAs had to publish a Bus Service Improvement Plan (BSIP) and by April 2022, LTAs and bus operators were required to form Enhanced Partnership Agreements (EPs) governing all bus services in the LTA area. Government made it clear at the time of publication that existing and future funding streams linked to BSOG could be jeopardised if LTAs and operators did not engage with the NBS process.

- 1.4 A BSIP is essentially a local bus strategy document but in this context, it is also in part a bidding document designed to support accompanying funding requests to the Department for Transport. In response to the strategy and to align with its ambitions KCC, in conjunction with operators, submitted its BSIP at the end of October 2021, with a total funding ask of £213m over a three-year period. KCC subsequently worked with operators to introduce an EP for the County which came into effect from 1st April 2022 following an Executive Decision and the completion of all required statutory processes. The EP as it stands today contains only initiatives from the BSIP which are deliverable with no or little funding, but with a bespoke variation method included to allow changes to be made taking into account future funding availability (such as BSIP funding) or other local changes.
- 1.5 Whilst, the focus of the NBS and therefore, by necessity, the resulting BSIP is positive and ambitious in its intention to make improvements to the network, it is important to note that the strategy has been rolled out at a time of significant turmoil for the bus industry. The industry continues to face a very serious challenge in its efforts to recover from the pandemic with Covid support funding ending in Autumn 2022. As is the case across the country, a number of commercial bus services are facing withdrawal or reduction as a result of this and KCC is also having to reduce the number of services it subsidises due to budget pressures. The National Bus Strategy agenda, and in response Kent's BSIP and EP, is seeking to build back from this situation in a sustainable way.
- 1.6 On 4th April 2022, shortly after introducing its EP in line with Government guidance, KCC learnt that it had received an indicative allocation of £35.1m in response to its BSIP. The indicative allocation comprised of approximately £24.2m capital and £10.9m revenue funding. KCC was subsequently required to provide information on its planned use for the funding by 30th April 2022 and more detailed explanations of how the funding would be reflected in its established EP by 30th June 2022.
- 1.7 Whilst the allocation is significantly less than the £213m requested and will not deliver the level of ambition contained within Kent's BSIP, wider context is important which shows that:
- Of 79 LTAs which submitted a BSIP, only 31 received any funding from the allocations announced by Government on 4th April 2022.
 - Of those receiving funding, KCC's indicative allocation is the 9th highest in England with many of the areas receiving a higher level of funding being city areas or locations proposing to be or who already are mayoral authorities.
- 1.8 The indicative funding allocation came with a number of restrictions and spending limitations including, most importantly in the current climate, a condition that the revenue element of the allocation could not be used to support existing services, even though continuing to deliver certain public transport services may be unaffordable in the years ahead with the continuing impact of the pandemic and increasing inflation rates. KCC has therefore

been required to work within these specified conditions when proposing how the funding will be used. It is also necessary for KCC to commit expenditure on bus services at current funding levels for the period covered by BSIP funding meaning that no further reductions in respect of Supported Bus Services, Kent Travel Saver and other associated budget could be considered before the end of 2024/25.

- 1.9 At the time of submitting this report, KCC is awaiting firm confirmation of funding following the submissions of April and June 2022 (see 1.6). The indications are that this will be forthcoming subject to a clarification process which the Public Transport department are positively engaged with.

2. Use of indicative Funding Allocation

- 2.1 On 4th April 2022, Kent learnt formally of its funding allocation through the BSIP process. Kent received an indicative allocation of £35,070,139 (of which £24,159,744 is capital and £10,910,395 is revenue). This is total funding from 2022/23 to 2024/25.
- 2.2 The indicative funding allocation came pre-determined as a mixture of capital and revenue and was apportioned by the 3 years covered by the BSIP period and identified below. Clarity will be sought from DfT on year one profiling.

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
<i>Capital</i>	25%	37.5%	37.5%
<i>Revenue</i>	33%	33%	33%

- 2.3 In addition, associated guidance from the DfT highlighted a clear expectation that funding proposals delivered schemes aligning with their own priorities which were stated as:
- Revenue: Ambitious initiatives that reduce or simplify fares at pace / increased service frequencies and new / expanded routes (funding cannot be used to sustain existing services).
 - Capital: Bus priority measures, which enable operating cost savings and as such reciprocal investment.
- 2.4 In order to secure this funding, all successful LTAs were required to submit a further pro-forma identifying how they intended to use the indicative allocation taking account of the nature of the funding available and the associated guidance.
- 2.5 Unfortunately, the timescales involved did not allow for this submission to be taken through usual Governance and it was therefore agreed that the return to this part of the process be informed using the newly established Enhanced Partnership Board (EPB), which used a prioritisation method taking account of a range of considerations with different weightings including; alignment with

DfT guidance, support of other KCC policies, deliverability, value for money, sustainability and impact to agree an appropriate proposal.

2.6 A copy of the submission detailing proposed use of all of the indicative allocation is included as appendix A but can more quickly be summarised as;

- Fares Initiatives, Ticketing and Promotions - £3.6m
- Bus Priority Schemes (three corridors) - £16.5m
- Bus Focused Highways Interventions - £1.5m
- New / Enhanced Bus Services - £7.5m
- Pengester Rd Scheme – Dover Fastrack - £2m
- Back Office Systems for MaaS and DRT - £1.5m
- Other Bus Support (see appendix)- £2.4m

2.7 Following agreement at EPB, Kent's proposed use of BSIP funding was submitted to DfT on 30th April 2022, with further detail provided on 30th June 2022.

2.8 On confirmation of funding and subject to the timescales applicable, it is intended to bring a further report forward, identifying its proposed use in more detail.

3. Enhanced Partnership Agreements (EPs)

3.1 EPs are a statutory provision made available to all LTAs through the 2017 Buses Act. EPs provide a formal and binding framework which enables LTAs to introduce realistic requirements on bus operators providing services in the area covered by any EP relating to standards across the whole bus offering including service levels, customer service, vehicle standards, levels of customer care, fares, ticketing and information.

3.2 Whilst this is so, the relationship between service provision, infrastructure and other support provided by the LTA particularly in its role as the local highway network manager deem that EPs are shared between the LTA and the operator and targets that have to be set within them are similarly shared.

3.3 An EP consists of two distinct parts. The EP Plan is akin to the BSIP in being the vision for the EP in setting out the intentions of LTAs and operators, the areas identified for improvement and identifying how the plan will be delivered.

3.4 The EP scheme is the detailed and binding part of the EP. Through the EP scheme, LTAs and Operators commit themselves to deliver the Scheme through a series of obligations on what will be sustained or delivered during the period of the plan.

3.5 The Scheme obligations are binding and are required to be detailed in what they will deliver.

3.6 In order to reflect differences in geography, demography, local conditions and the respective operating territories of Arriva and Stagecoach, Kent proposed three EP Schemes covering; East Kent, West Kent and Kent Thameside.

- 3.7 Following a full statutory consultation process, Kent's EP was established on 1st April 2022. The EP, which was developed in full conjunction with bus companies, currently only includes commitments which can be delivered at little or no cost to KCC or operators. Despite this, collectively we have sought to make the agreements as meaningful and impactful as possible.
- 3.8 If a final BSIP allocation is offered and formalised, its use will be reflected in the EP appropriately through use of the bespoke variation process.
- 3.9 To support Kent's EP, an Enhanced Partnership Board (EPB) comprising of KCC, operator and other representatives was formed and will be used to oversee EP performance and consider any changes required to EP schemes. The EPB was utilised to inform the submission to DfT for the proposed use of Kent's £35.1m funding allocation.
- 3.10 Meetings to support the EPB continue to be established including Enhanced Partnership Scheme Monitoring Groups (one for each Scheme area, with representation from each District), District Focus Groups and Passenger Charter Groups

4. Summary

- Kent is hopeful of receiving £35.1m to support enhancements to the Bus Network in the next three years.
- This is considered to be a very positive outcome reflecting the quality of the BSIP submitted to Government.
- The funding is not yet confirmed but we have identified a range of initiatives taking account of the level and nature of funding available and guidance provided by the DfT.
- Once secured and timescales permitting, a further report for discussion regarding the detailed use of funding will be brought forward.
- This funding cannot be used to sustain existing services.

5. **Recommendation:** Cabinet Committee is asked to note the contents of the report.

6. Background Documents

- The Kent Bus Service Improvement Plan
- Kent Enhanced Partnership Agreements (<https://letstalk.kent.gov.uk/busfuture>)

7. Lead Officers

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