

From: Simon Jones, Corporate Director of Growth, Environment and Transportation

To: David Brazier, Cabinet Member for Highways and Transportation

Subject: Acceptance of DfT BSIP Funding

Decision No: 23/00027

Classification: Unrestricted

Electoral Division: County-wide

Summary: On 3rd March, the Department for Transport made a formal offer of funding to support the delivery of initiatives within Kent's Bus Service Improvement Plan. The scale and impact of this funding means that its acceptance is subject to KCC's Key Decision protocol.

Recommendation(s):

The Cabinet Member for Highways and Transportation is asked to agree to accept the DfT BSIP offer of £18,985,735, for delivery of agreed initiatives, in the year 23/24. The funding is split, £12,454,840 capital and £6,530,895 revenue.

1. Introduction

1.1 On 15 March 2021, the Department for Transport published its wide-ranging National Bus Strategy (NBS) entitled "*Bus Back Better*". The strategy, backed by £3 billion of investment across England, is aimed at seeing passengers benefiting from "more frequent, more reliable, easier to use and understand, better coordinated and cheaper bus services."

The ambitious objectives included:

- simpler bus fares with daily price caps, so people can use the bus as many times a day as they need without facing mounting costs
- more services in the evenings and at the weekends
- integrated services and ticketing across all transport modes, so people can easily move from bus to train
- all buses to accept contactless payments
- hundreds of miles of new bus lanes will make journeys quicker and more reliable, getting people out of their cars, reducing pollution and operating costs.
- the delivery of 4,000 new British-built electric or hydrogen buses to provide clean, quiet, zero-emission travel

1.2 The NBS required Kent to establish a Bus Enhanced Partnership and by October 2021 to submit a Bus Service Improvement Plan (BSIP). The BSIP would set out the initiatives that would be delivered by the EP, over a three-year period and would form the basis of a funding bid.

- 1.3 Kent duly submitted its BSIP in October 2021, which included initiatives requiring funding of £213M and established its three EP schemes in April 2022. The level of funding submissions made by local authorities in respect of BSIPs, exceeded the funding available and when funding allocations were announced they were greatly reduced and, in some cases, authorities received no allocation.
- 1.4 Following assessment of Kent's BSIP, the DfT awarded KCC an indicative funding allocation of (circa.) £35m payable over a three-year period commencing April 2022. Kent was required to submit detailed proposals to the DfT through a funding spreadsheet which identified the initiatives that would be delivered and the proposed timeline for delivery. This was expected to result in the commencement of a delivery programme during 2022 for completion by March 2025.
- 1.5 The proposed use of funding took account of the various conditions of acceptance, notably.
- Funding cannot be used to replace existing Council support of bus services.
 - A requirement to not reduce bus spend from 22/23 levels up until the end of the BSIP funding period.
 - Funding cannot be used to sustain or reinstate existing services.
 - Funding should predominantly be aimed at the following areas, bus priority measures, new / improved services, and fares initiatives, reflecting DfT's stated priorities.
- 1.6 The use of funding and the proposed timescales assumed the provision of year 1 funding early in 2022/23 financial year with the delivery of initiatives managed over a three period through until March 2025.
- 1.7 Following submission of the funding spreadsheet, Public Transport Officers worked exhaustively with the DfT to provide clarification about the precise nature of the initiatives that would be delivered and to reflect these and other features required by the DfT in a second (proposed) draft of the Kent Enhanced Partnership BSIP schemes.
- 1.8 Despite being assured that the Council had satisfied all such clarifications and that our BSIP and the award of funding was supported, the indicative allocation remained unconfirmed.

2. Revised BSIP Offer

- 2.1 On 17th January, Public Transport Officers attended a further clarification call with the DfT at which it was identified that DfT remained supportive of the Kent BSIP and were hopeful of delivering the full package of financial support and initiatives. However, KCC's indicative allocation of BSIP funding could still not be confirmed until the DfT completed a review of their short- and medium-term spending commitments.

- 2.2 DfT confirmed that they were able to provide both the Year 1 and 2 allocations immediately, whilst the remainder was conditional on the outcome of the DfT spending review. This was on the condition that KCC would accept the funding, that the associated grant conditions would be met, and that funding would be provided by end of March 2023. Furthermore, it was necessary to deliver all Year 1 and 2 initiatives by March 2024.
- 2.3 Officers identified what initiatives could be delivered within a 12-month window and established what flexibility DfT would provide, particularly in relation to the revenue element of the allocation. It was clear to officers that it would not be possible to deliver initiatives that would equate to funding originally allocated to year 1 and 2, as a number of the initiatives were bus priority elements which could not be designed, consulted on, procured and delivered within a 12-month period. Similarly, the use of funding for new services would not be possible nor recommended when, even setting aside the planning and procurement timeline (particularly lengthened for more innovative solutions such as Demand Responsive Transport, the service would only be secure for, at best, 12 months. This would be insufficient time for the service to become established and self-sustainable.
- 2.4 Public Transport officers worked with DfT colleagues to determine what flexibility might exist around timescales and initiative types, taking account of the funding and time available. The DfT's position remained that there was no flexibility around the time available for delivery. There was, however, scope for greater flexibility about the level of funding to be used and the precise makeup of the work programme.
- 2.5 Specifically, there was an indication from the DfT that they would now accept the use of revenue funding to sustain existing or recently cancelled services so long as they had the potential to become sustainable in the longer term and that they were not services already formally withdrawn because of KCC's bus subsidy reduction.
- 2.6 A revised programme of initiatives (see Appendix 1) was submitted to DfT for approval, and these were developed using the following general principals.
- To identify funding only where we believe that initiatives can be delivered by March 2024
 - To reduce the overall capital ask reflecting the removal of two bus priority schemes which cannot be delivered within this timescale.
 - To re-purpose the revenue for network funding away from new and innovative services and to supporting the protection of the current network and the reintroduction of some services and journeys recently withdrawn with a particular focus on school transport services.
 - To re-purpose revenue funding for fares and ticketing initiatives to off-set inflationary increases to the cost of the Travel Saver scheme enabling KCC to hold fees for parents at current levels. This would be packaged alongside the sustaining of the schools' transport network as a "Get back on the Bus to get to School" initiative aimed at bringing school buses back into sustainability.

- 2.7 Appendix B, provides a comparison of the initiatives that would have formed year 1 and 2 of the £35.1M indicative BSIP funding, against the one-year program as shown in Appendix A.
- 2.8 Based on the approach taken within Appendix A, DfT have formally confirmed that they will provide BSIP funding for the year 23/24 of £18,985,735.
- 2.9 Although the revised BSIP offer is lower than the initial indicative allocation of £35.1M, it still represents a significant investment in bus services in the county, allowing investment into bus infrastructure, improved bus service information, the protection of the prevailing network, sustainable service enhancements and fare promotions to increase the use of bus.

3. Financial Implications

- 3.1 A Memorandum of Understanding (MoU) accompanies the funding, and this requires that KCC maintains, during 23/24, the funding from all sources to bus services.
- 3.2 Should KCC fail to deliver the work programme associated to the provided funding within the prescribed timescale then part or all the funding allocation may be refundable to DfT.
- 3.3 A revised Enhanced Partnership has been drawn up and agreed and this reflects the revised initiatives and confirms the funding allocated.

4. Legal implications

- 4.1 The funding package provided by DfT is governed by an MoU. It states clearly within the MoU that it is not legally enforceable. However, the MoU does place significant delivery obligations upon KCC which places significant financial claw back liabilities as well as reputational risk upon the authority.
- 4.2 The MoU contains a clause that states.

1.1. Should delivery not progress as agreed in the funding submission or subsequent Project Adjustment Request, or the conditions of this MOU not be met, the Department will review whether it is appropriate to, by notification in writing to the authority, require the repayment of the whole or any part of the grant and/or reduce, suspend or withhold future grant payments. The Department also reserves the right to:

- i. Reduce, suspend or withhold BSIP grant funding should delivery not progress as agreed in documentation relating to other grants provisionally awarded by the Department to the Authority.
- ii. Reduce, suspend or withhold grant funding from other grants provisionally awarded by the Department to the Authority, should

scheme delivery not progress as agreed in the funding submission or subsequent Project Adjustment Request, or the conditions of this MOU not be met.

- iii. 1.11.1 Should the Authority remove capital schemes funded by this grant (e.g. bus lanes) prematurely or without proper evidence, the Department retains the right to require repayment of the commensurate part of the grant, and/or reduce, suspend or withhold future grant payments, as per paragraph.

- 4.3 In order to manage these conditions, the proposed planned works are considered to present low risk and are all deemed to be readily deliverable within the time available.
- 4.4 Furthermore, regular, and formalised monitoring and measurement of progress will be undertaken to ensure any early warning or issues are identified as early as possible. This will allow variation discussions to be held with DfT before significant expenditure is undertaken.
- 4.5 In this way it should be possible to reduce/limit the likelihood DfT exercising its right to recover part or all of the funding in respect to the none/late delivery of a stated initiative.

5 Equalities implications

- 5.1 An initial EqIA was completed for the original BSIP submission in October 2021, and this did not identify any negative implications for any group with a protected characteristic.
- 5.2 For a number of the initiatives forming part of the revised package, individual EqIA will be completed as part of the project implementation process.

6 Other corporate implications

- 6.1 As part of BSIP funding, it is a requirement that all initiatives using this funding are jointly branded with DfT / National Bus Strategy and account of this will be taken in developing communications.

7 Governance

- 7.1 Delivery of the agreed initiatives will be delegated to Simon Jones, Corporate Director for Growth, Environment and Transportation.

8 Conclusions

- 8.1 In March 2021 the government launched the National Bus Strategy, which promised new funding for bus services and bus infrastructure, allowing delivery of improved and enhanced bus networks.

- 8.2 In line with the requirements set out in the National Bus Strategy, KCC submitted a Bus Service Improvement Plan, setting out a range of initiatives it would deliver over a three-year period. This plan was submitted in October 2021, seeking £213m of funding.
- 8.3 KCC working with partner bus operators and other key stakeholders, established formal Enhanced Bus Partnerships in April 2022.
- 8.4 In April 22, DfT announced BSIP funding awards. Kent was allocated an initial sum of £35.1M. Submissions for NBS greatly exceeded the funding available and much reduced allocations were made to submitting authorities. Some authorities received zero funding.
- 8.5 Since April 22 officers have worked closely with DfT to confirm the initial allocation. The process took longer than anticipated and funding was then delayed by the need for a funding review within the DfT.
- 8.6 In January 2023, DfT confirmed to officers that although they could not yet formally confirm the allocation, they could offer funding for years 1 and 2 on the basis that all projects/initiatives would be delivered within one year.
- 8.7 On review, officers were able to identify a revised list initiatives that could be delivered. Officers also sought operational flexibility about how revenue funded enhancements could be delivered. The revised list of initiatives and approach was confirmed and agreed by DfT.
- 8.8 DfT have now confirmed £18,985,735 of BSIP funding for the year 23/24. Accompanying this funding is a MoU that places financial and reputation burden and risk upon the authority. The legal/financial implications are noted in 4.3.
- 8.9 Whilst the revised allocation is less than the initial amount, it still provides a significant accelerated investment into bus services and associated infrastructure in Kent.
- 8.10 On this basis, recognising the operational, financial, and legal implications, it is recommended that the Cabinet Member accepts this funding.

9. Recommendation(s):

The Cabinet Member for Highways and Transportation is asked to agree to accept the DfT BSIP offer of £18,985,735, for delivery of agreed initiatives, in the year 23/24. The funding is split, £12,454,840 capital and £6,530,895 revenue.

10. Background Documents

Appendix A – Revised Programme of Initiatives
Appendix B – Comparison Programme of Initiatives for one-year Programme
Record of Decision
Equality Impact Assessment

11. Contact Details

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