

From: Neil Baker, Cabinet Member for Highways & Transport  
Simon Jones, Corporate Director, Growth, Environment and Transport

To: Environment and Transport Cabinet Committee – 15 November 2023

Subject: **Bus Service Improvement Plan (BSIP) – Tranche 2 Grant Offer**

**Key Decision: TBA**

Classification: Unrestricted

Past Pathway of Paper: **N/A**

Future Pathway of Paper: **For Cabinet Member Decision**

Electoral Divisions Affected: **All**

**Summary:** On 21<sup>st</sup> June 2023, Government announced that KCC could expect to receive the balance of its indicative BSIP allocation, representing a further potential funding award for the 2024/25 financial year of £16.08m comprising of £4,379,500 revenue and £11,704,904 capital funding. Additionally, KCC has been offered £2.3m BSIP+ funding for 2024/25.

Since this announcement, KCC's Public Transport Department has been working with the Department for Transport (DfT) to understand a) the potential spending opportunities for the funding and b) the terms and conditions which would be attached to the formal offer.

**Recommendation:** The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Highways and Transport to accept the BSIP Tranche 2 and BSIP+ funding offer as shown at Appendix A.

## 1. Introduction

- 1.1 In March 2021, The Government published its National Bus Strategy for England, setting out a vision for how bus services and infrastructure could be developed across the country to align with what was termed as the London standard. £3bn of funding was made available to support the strategy, although this figure was subsequently reduced to £1.2bn, due to alternative use of funds for support linked to the Covid-19 pandemic.
- 1.2. In April 2022, KCC received an indicative funding allocation of £35.1m to deliver the interventions within the Kent BSIP. In February 2023 Kent was provided funding of two years, on the condition that all initiatives would be delivered as part of an accelerated 2023/24 one-year programme, and this is known as BSIP Tranche 1. On 23<sup>rd</sup> March 2023, an Executive Decision was taken by the Cabinet Member for Highways and Transport to accept the DfT funding offer of £18,985,735, for the delivery of this agreed accelerated programme. The funding was split, £12,454,840 capital and £6,530,895

revenue. KCC was also allocated £2.3m BSIP+ funding for 23/24 under the same award conditions.

- 1.3 In late June 2023, Public Transport officers learnt from the DfT that KCC could anticipate receiving a formal offer for the remainder of the initial £35.1m BSIP allocation. This is known as BSIP Tranche 2.

## 2. Financial Implications

- 2.1 BSIP Tranche 2 equates to a further offer of £16,084,404, comprised of £11.70m capital and £4.37m revenue funding.

- 2.2 In addition to this funding, KCC is also to be offered further BSIP+ funding for 2024/25. This followed a government announcement on 17th May 2023 stating that an additional £160m was to be made available for Local Transport Authorities (LTAs) over 2023/24 and 2024/25 to further support the delivery of BSIPs. BSIP + did not form part of the original BSIP allocations, can be used for network support or BSIP measures and is not tied to a defined program. In Kent, BSIP + has been used to fund the bus network and 49 services with a school focus.

- 2.3 Following the announcements, KCC's Public Transport Department subsequently worked with the DfT to establish how all further funding streams can potentially be utilised, how funding will be formally offered and any Terms & Conditions to be attached to each funding element. Following Discussions with the DfT, the following was established:

- That 2024/25 BSIP funding must still align with original key BSIP principles (i.e., to support bus priority, network provision and fares support predominantly) and stay true to Kent's own original BSIP submission.
- That BSIP+ funding can be spent on any aspect of Kent's BSIP that we as an Authority see as appropriate. As long as the spend is revenue based.
- That BSIP+ and BSIP 2024/25 funding will be offered under a joint MOU, meaning that BSIP+ funding could not be accepted without the acceptance of 2024/25 BSIP funding or at least without acceptance of the same conditions.

- 2.4 In order to access 2024/25 BSIP/BSIP+ funding, the DfT confirmed that KCC was required to submit a revised funding table for its BSIP programme, detailing the proposed use for both revenue and capital spend. The agreement of this table, shown below will then lead to a formal grant offer and related MOU, which is subject to a key decision for acceptance

### Capital funding table:

Bus priority scheme - Bean Road Tunnels	£9.5M
Further Bus Priority initiatives (to be developed) and bus related highway interventions to support Punctuality Improvement Partnerships (PIPS)	£1.5M

Further Real Time Information (RTI) Screens & Wider Technological Trials (e.g. solar lighting at bus stops)	£600k
ANPR Enforcement	£104k

**Revenue funding table:**

Fares and Promotion Initiatives and a Kent Travel Saver Initiative	£3.2m
Network: Service Support	£1.0m
Multi-Operator Ticketing Scheme	£179.5k

- 2.5 The Bean Road Tunnel project (which notably will form part of the Fastrack network) is currently on hold, as inflation has significantly increased the costs of the project (effectively doubled cost) and although EDC funding is in place for the project, BSIP Tranche 2 will be required to deliver it. Without this funding, this project will not move forward and the benefits it will bring will not be delivered. The spend remains in the ethos of the National Bus Strategy, which requires a significant amount of capital expenditure to be directed toward bus priority measures.
- 2.6 It is proposed that BSIP+ funding for 2024/25, be used to support the existing network of services, including the 49 services, of which 44 have a school focus, supported since Summer 2022. KCC will consider the potential for other service improvements possible with the acceptance of BSIP Tranche 2.
- 2.7 The situation with respect to network funding is complex. Initial BSIP conditions dictated that this funding could only be used for new and enhanced services but more recently, acknowledging the state of the bus industry, Government have provided greater flexibility to allow authorities to use their revenue funding to stabilise the network and protect services that are or were at risk of cancellation. As highlighted above BSIP+ will be used for sustaining the network, however it is anticipated that an element of core BSIP network funding will also be allocated to network sustainability, as BSIP + will not cover full/anticipated costs in this area.
- 2.8 It is important to note that the use of funding in this area needs to demonstrate value for money and a reasonable prospect for the service becoming sustainable in the future and for this reason the use of funding to reinstate services previously funded by KCC would not be an allowable or appropriate use of BSIP funds.
- 2.9 In respect to ticketing offers, KCC will look to run a number of ticketing offers such as those rolled out in summer 2023 (e.g. Kent Free Bus Weekend, All Day August) and introduce a pricing initiative linked to the Kent Travel Saver (KTS) scheme.
- 2.10 Acceptance of BSIP Tranche 2 funding along with the associated BSIP +, obligates KCC to deliver the agreed programme of work set out in this paper and to continue to support those services picked up through Local Transport Fund.
- 2.11 It also commits KCC to maintaining its funding for public transport in 24/25 at the same levels to 23/24 and also restricts the potential for any formal consultation on any proposed public transport savings for 25/26 or 26/27, until end of March 2025 reducing

the flexibility to address the authority's budget challenges, in respect to public transport spend.

- 2.12 Conversely, non-acceptance of the funding, would mean loss of BSIP + to support the network and KCC would need to withdraw the funding to the 49 school focused services taken on through LTF as of July 2024. The price for the KTS in 24/25 would need to increase significantly, to beyond £630.

### **3. Legal Implications**

- 3.1 For a BSIP Tranche 1, an existing Memorandum of Understanding (MoU) is in place and DfT have proposed that on acceptance of Tranche 2, there is one overall MoU. The MoU places significant delivery obligations alongside significant financial claw back liabilities upon KCC.
- 3.2 As with the Tranche 1 works, the proposed programme is considered to present low risk and are all deemed to be readily deliverable within the time available.
- 3.3 Formalised monitoring and measurement of progress is undertaken to identify any issues as early as possible. This will allow variation discussions to be held with DfT before significant expenditure is undertaken. Regular updates on progress will also be reported to this cabinet committee
- 3.4 The draft MoU is shown in Appendix B.

### **4. Equality implications**

- 4.1 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.
- 4.2 For a number of the initiatives forming part of the revised package, individual EqIA will be completed as part of the project implementation process.

### **5. Other corporate implications**

- 5.1 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.

### **6. Governance**

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

### **7. Conclusions**

- 7.1 On 21st June 2023, Government announced that KCC could expect to receive the balance of its indicative BSIP allocation, representing a further potential funding

award for the 2024/25 financial year of £16.08m. Additionally KCC has been offered £2.3m BSIP+ funding for 2024/25

- 7.2 KCC's Public Transport Department has subsequently worked with the DfT to establish how all further funding streams can potentially be utilised, how funding will be formally offered and any Terms & Conditions to be attached to each funding element
- 7.3 Acceptance of BSIP Tranche 2 funding along with the associated BSIP+, obligates KCC to:
- deliver the programme of work set out in this paper and to continue to support those services picked up through Local Transport Fund;
  - commit to maintaining its funding for public transport in 24/25 at the same levels to 23/24
- 7.4 KCC will need to enter in to an extended Memorandum of Understanding (MoU). The MoU places significant delivery obligations alongside significant financial claw back liabilities upon KCC. This risk will be mitigated by formal monitoring and measurement of progress with regular updates on progress also reported to this cabinet committee

## 8. Recommendation

8.1 The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Highways and Transport to accept the BSIP Tranche 2 and BSIP+ funding offer as shown at Appendix A.

## 9. Contact Details

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