

From: Simon Jones, Corporate Director, Growth, Environment and Transport

To: Neil Baker, Cabinet Member for Highways & Transport

Subject: **Kent Bus Service Improvement Plan (BSIP) and Bus Service Operators Grant (BSOG) Funding 2025/26**

Key Decision: 24/00123

Classification: **Unrestricted**

Electoral Divisions Affected: **All**

Summary: In January 2024, Government announced that all Local Transport Authorities (LTAs) were required to develop a revised version of their Bus Service Improvement Plan (BSIP) for 2024. As considered previously by this Committee, KCC developed and submitted its updated BSIP in response to this requirement in June 2024.

On 17th November 2024, KCC learnt of a new indicative BSIP allocation for 2025/26 along with its allocation of Bus Service Operators Grant (BSOG) funding for the same period. KCC has been allocated a total of £23,134,379. On 20th December, KCC received its formal offer of this funding and the associated Memorandum of Understanding which confirmed this allocation which is collectively referred to as “the Bus Grant”.

Recommendation: The Cabinet Member for Highways and Transport is asked to agree to:

- i) ACCEPT Kent’s BSIP and BSOG Government funding allocations for financial year 2025/26. This consists of £10,120,289 Revenue and £11,926,302 Capital BSIP and £1,087,788 BSOG funding
- (ii) DELEGATE authority to the Council’s Corporate Director of Growth Environment & Transport, and the Section 151 Officer to formally accept this funding and related terms and conditions through the completion and return of anticipated formal award documentation from Government.
- (iii) DELEGATE authority to the Council’s Corporate Director of Growth Environment & Transport, and the Section 151 Officer to agree and submit Kent’s Delivery Plan in response to the funding offer, working to the principles of Value for Money (VfM) and consistent with the principles and potential initiatives in Kent’s 2024 BSIP.
- (iv) DELEGATE to the Corporate Director of Growth Environment & Transport to take necessary actions including but not limited to entering into relevant contracts, or other legal agreements to implement this decision as shown at Appendix A

1. Introduction

- 1.1 Members of the Environment and Transport Cabinet Committee (ETCC) will be aware that since its launch in 2021, KCC has engaged fully with the National Bus Strategy (NBS) process.
- 1.2 Since the start of this process KCC has produced two versions of its Bus Service Improvement Plan (BSIP) and has been delivering a substantial initiative programme utilising funding allocated in response.
- 1.3 KCC's priority for all funding has been to protect the existing bus network as far as possible, whilst delivering complementary interventions.
- 1.4 This paper confirms that following the submission of its 2024 BSIP, KCC has been allocated further BSIP funding for the 25/26 financial year. The paper details the background for this allocation and the proposed decision to accept the funding by the Cabinet Member for Highways and Transport.

2. Background

- 2.1 As reported previously to this committee, In March 2021 the previous Government published its National Bus Strategy (NBS) 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.
- 2.2 In response to the NBS, all Local Transport Authorities (LTAs) were required to submit a BSIP setting out how the vision of the NBS could be delivered locally, but in the context of the existing challenges facing the bus industry.
- 2.3 In October 2021, KCC worked in conjunction with the county's bus operators to submit its first BSIP to the Department for Transport (DfT).
- 2.4 In April 2022 KCC learnt that its first BSIP had been well received by Government and that it had been allocated £35.1m of funding to deliver some of the interventions identified within the plan. The first tranche of this funding totalling £18.9m was received in March 2023 and has been utilised to roll out an initiative programme across the 23/24 financial year - See [Decision - 23/00027 - BSIP Tranche One](#). The second tranche of funding, totalling £16.2m for the delivery of initiatives in 24/25 was received in July 2024 following a Key Decision to accept - [Decision - 23/00104 - BSIP Tranche Two](#).
- 2.5 Remaining conscious throughout of the pressures facing the bus industry, KCC has utilised BSIP funding to date to protect the existing bus network as far as possible. Approximately 2/3 of funding to date has been capital in nature meaning the ability to take this approach has had its limitations, but this will remain a principle that KCC will take for all funding allocations linked to bus where possible.

- 2.6 In addition to BSIP funding, KCC also receives BSIP+ funding which is also linked to BSIPs and the acceptance of associated conditions attached to both funding awards. The combination of BSIP and BSIP+ revenue funding ensures that KCC can protect over 50 services that were withdrawn by operators since 2021.
- 2.7 The Bus Service Operators Grant (BSOG) element of the grant, previously known as Fuel Duty Rebate, is funding which has been passed through local authorities for over 10 years and as such can be regarded as business as usual. For 25/26 however Government have grouped this grant with BSIP funding.
- 2.8 In January 2024 Government set out new BSIP guidance for all Local Transport Authorities (LTAs) requiring the submission of a revised 2024 BSIP by 12th June 2024. Following [Decision - 24/00038 - Kent's 2024 Bus Service Improvement Plan \(BSIP\)](#), KCC submitted its 2024 BSIP to Government in June 2024, meeting all deadlines.
- 2.9 The 2024 BSIP updated on progress made since Kent's original submission and set out an ambitious initiative programme for the period 2025-29, **which could be delivered in the event of further significant and long term external funding for bus.**
- 2.10 On 17th November 2024, Government announced that Kent was to be allocated £23,134,379 bus funding for 25/26. This consists of £10,120,289 Revenue and £11,926,302 Capital BSIP and £1,087,788 BSOG funding. The funding will not deliver the full aspirations of Kent's 2024 BSIP but can bring significant benefits to the bus offer in Kent.
- 2.11 On 20th December, KCC received its formal offer of this funding which is collectively referred to as "the Bus Grant". Acceptance of the grant will be subject to acceptance of the conditions of the Grant which will be formally signed off by KCC's Section 151 officer and the Corporate Director for Growth, Environment and Transport.
- 2.12 The conditions are consistent with previous NBS allocations in respect of appropriate use of Capital and Revenue elements. Notably, there is a requirement for KCC to protect its own bus funding at prevailing levels during this new funding period which is established as 2025/26 or longer in the event that funding and initiatives are rolled over into the following financial year.
- 2.13 KCC will need to submit a delivery plan by 31st March 2025 identifying the particular uses of funding consistent with its 2024 BSIP. Consistent with the approach to date, the primary use of revenue funding will be to protect the existing network and currently over 50 services are being sustained using these funds at a cost of over £4m per year. More pressures on the network and in turn demand on this element of the funding are expected in 2025.
- 2.14 KCC will utilise the established Enhanced Partnership meeting structure to agree this Delivery Plan. This will provide an opportunity for comment and engagement from District Councils and the county's bus operators. The Delivery Plan will consist of initiatives linked to Kent's formally agreed 2024 BSIP.

3. Options considered and dismissed, and associated risk

- 3.1 To forego the funding award. This is rejected as the funding represents a significant investment into Kent's bus offer.

4. Financial Implications

- 4.1 The total funding available and deliverable is £23,134,379, broken down as per the figures in this report.
- 4.2 There is no financial contribution required from KCC, however, if projects are not delivered as agreed in the funding agreement, the DfT may require payback of the whole or any part of the grant funding and also hold back funding for other projects.
- 4.3 There is a Change Control process in place at DfT which allows KCC to change or submit requests to change delivery timescales and budgets across initiatives. This means that if a project within the Delivery Plan is identified as rising at higher costs than anticipated then the Council can mitigate this by reallocating funding from across the allocation as a whole.
- 4.4 Acceptance of funding would require KCC to "lock in" funding levels for bus for the delivery period.
- 4.5 The grant funding avoids the need to consider the future of 51 services currently funded by BSIP, which without further BSIP funding would have either required funding by KCC or would have ceased to operate.

5. Legal Implications

- 5.1 it is anticipated that KCC will in due course receive a Grant Determination letter and MOU between Government and KCC relating to this funding which would be subject to part (ii) of this decision.

6. Equality implications

- 6.1 An EQIA for acceptance of this funding has been produced.

7. Other corporate implications

- 7.1 Communications / Consultation requirements may be required, however this would be linked to the delivery of an initiative programme.

8. Governance

- 8.1 The Corporate Director of Growth, Environment & Transport will inherit the main delegations as set out in the proposed decision.

9. Recommendation

9.1 The Cabinet Member for Highways and Transport is asked to agree to:

i) ACCEPT Kent's BSIP and BSOG Government funding allocations for financial year 2025/26. This consists of £10,120,289 Revenue and £11,926,302 Capital BSIP and £1,087,788 BSOG funding

(ii) DELEGATE authority to the Council's Corporate Director of Growth Environment & Transport, and the Section 151 Officer to formally accept this funding and related terms and conditions through the completion and return of anticipated formal award documentation from Government.

(iii) DELEGATE authority to the Council's Corporate Director of Growth Environment & Transport, and the Section 151 Officer to agree and submit Kent's Delivery Plan in response to the funding offer, working to the principles of Value for Money (VfM) and consistent with the principles and potential initiatives in Kent's 2024 BSIP.

(iv) DELEGATE to the Corporate Director of Growth Environment & Transport to take necessary actions including but not limited to entering into relevant contracts, or other legal agreements to implement this decision as shown at Appendix A

Appendices:

Appendix A – Proposed Record of Decision

Appendix B – 2024 Kent BSIP

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