

**SURREY COUNTY COUNCIL****MATT FURNISS, CABINET MEMBER FOR HIGHWAYS,  
TRANSPORT AND ECONOMIC GROWTH****DATE: 24 MARCH 2025****LEAD OFFICER: OWEN JENKINS, EXECUTIVE DIRECTOR,  
HIGHWAYS, INFRASTRUCTURE AND PLANNING****SUBJECT: BUS SERVICE IMPROVEMENT PLAN (BSIP) PHASE 4  
GRANT INVESTMENT APPROVAL****ORGANISATION STRATEGY  
PRIORITY AREA:** Growing A Sustainable Economy So Everyone Can  
Benefit/Enabling A Greener Future**Summary of Issue:**

This paper asks the Cabinet Member for Highways, Transport and Economic Growth for the formal approval of the initiatives and investment priorities set out in the body of this report. The investment is being made using BSIP Phase 4 funding allocated to the County Council by the Department for Transport (DfT). These are based on the aspirations set out in our June 2024 BSIP and align with the County Council's priority objectives of growing a sustainable economy and enabling a greener future.

**Recommendations:**

It is recommended that the Cabinet Member agree:

1. The prioritised programme for the application of the Bus Service Improvement Plan (BSIP) Phase 4 grant and the allocations of funding to the identified priority areas; and
2. The reporting process to the Department for Transport (DfT) on delivery against our priorities through the application of BSIP Phase 4 grant.

**Reason for Recommendations:**

These recommendations are necessary to facilitate the allocation and spend of the allocated BSIP Phase 4 grant. They will also ensure that the processes for reporting back to the DfT are clearly defined and in place to provide assurance around how the funding is being spent and any assessment of impact on passenger growth.

## Executive Summary:

### BSIP Phase 4 allocation and timescale

1. In November 2024 the DfT announced to Local Transport Authorities (LTAs) that new funding would be made available to all LTAs in England. This BSIP Phase 4 follows the funding allocated for Surrey in 2023, called BSIP+, later renamed to BSIP Phase 2.
2. For Surrey this means that we have received Government funding support for bus service improvements in two of the four phases of funding.
3. Unlike BSIP Phase 2, which was only revenue funding, BSIP Phase 4 covers both revenue and capital funding. The allocations for Surrey are set out in the **Table 1** below. Alongside the revenue and capital allocations for LTAs, Government has provided some funding for 'Capacity and Capability' support. This can be applied, for example, to expanding staff associated with BSIP delivery, paying for training, expert advice or consultancy support, etc.
4. The DfT have been clear with all LTAs that BSIP4 funding should be spent or otherwise fully committed, ideally with contracts in place, in the 2025/26 financial year. The investment priorities set out later in this report reflect this.
5. The DfT also confirmed that LTAs will receive future funding allocations covering 2026/27 and 2027/28. This announcement is expected in the summer of 2025, following the next round of the Spending Review. Based on insight from the DfT, it is expected to be similar to this allocation, although it could be lower.
6. It was also stated by the DfT that authorities may be able to influence their allocations through either:
  - a. Actively exploring the franchising of bus services, or
  - b. Exceeding their BSIP targets.

**Table 1. Surrey County Council BSIP Phase 4 Allocations**

<b>BSIP capital funding 25/26</b>	<b>BSIP capacity and capability allocation 25/26</b>	<b>BSIP revenue funding 25/26</b>
£4,958,394	£125,000	£5,866,001

### BSIP investment and performance

7. We are delivering against our BSIP aspirations. Through decisions made by the Surrey Enhanced Partnership Board we have agreed:

- a. The Surrey LINK Card offering half price travel for people aged 20 and under;
  - b. To expand the Surrey Connect DDRT flexible transport offer;
  - c. A programme of bus priority investment;
  - d. Funding to grow the numbers of zero emission buses;
  - e. The continued expansion of Real Time Passenger Information whilst also working on improving data;
  - f. Funding access to roadworks data for bus operators to help mitigate the impact on bus services;
  - g. To enhance 15 bus services to operator at extra hours of the day or at weekends;
  - h. To make the Acorn multi-operator ticketing scheme smart enabled;
  - i. To standardise timetable changes to key times a year to make changes easier for residents to understand;
  - j. To develop training for bus operators and relevant LTA staff on disability awareness; and
  - k. To develop a bus stop design guide
8. Some of these activities were only possible because of the BSIP Phase 2 allocations in 2023 and 2024. More information on those investment decisions can be found in the previous Cabinet Member Decision paper from November 2023.
9. Importantly, however, many were due to local funding from the County Council, such as supporting decarbonisation, or low-cost measures to make improvements without the need for significant investment.
10. **Table 2** shows the building back of passenger numbers and growth of concessionary bus pass use as part of the English National Concessionary Travel Scheme (ENCTS) since 2018. It should be noted that passenger numbers, shown as patronage, are recorded as single trips.

**Table 2. Patronage numbers and concessionary bus pass use by year**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Total Patronage</b>	27,330,018	27,264,890	8,615,803	17,129,757	23,218,877	26,698,047
<b>ENCTS use</b> (included in the above total)	5,881,374	5,483,246	1,541,885	2,853,451	3,660,995	4,067,836

11. **Table 3** shows the change, and recent growth, in bus kilometres operated over the same period. This is as reported to the DfT and broken down by commercially run and local supported services.

**Table 3. Bus vehicle kilometres (millions)**

Service type	2018	2019	2020	2021	2022	2023	2024
Commercial	10.31	10.00	9.85	8.26	9.33	10.48	10.19
Local authority supported	5.37	5.07	5.13	6.61	4.96	6.05	5.66
<b>Total</b>	15.68	15.07	14.98	14.87	14.29	16.53	15.85

12. Alongside the growth in passenger numbers and route kilometres, we have achieved good results on customer satisfaction. Using the feedback from bus users taking part in the Transport Focus “Your Bus Journey” surveys the average satisfaction rating for 2023 reported 83% of people saying they were “fairly satisfied” or “very satisfied” with their bus journey. The interim figure from October 2024 has increased to 88%. We expect the full report in late March, so whilst not available at the time of writing this report it will be shared with stakeholders through our Enhanced Partnership (EP) governance.
13. It should be noted that the survey is not countywide. It focuses on key locations where there are more bus movements per day to ensure the survey gets a good number of responses. This means that satisfaction with buses outside of well served area will likely be lower. Work is planned for the next financial year to undertake spot surveys to obtain a broader view across the county.

#### **BSIP Phase 4 Headline Funding Breakdowns**

14. The following tables show the summary areas of prioritised spend agreed for allocation by the EP Board. More detail on the areas of specific spend can be found in the required DfT Delivery Plan, attached as **Annex 1**.
15. The breakdown of costs for each services enhancement are not included in the public portion of this report. These are commercially sensitive contract costs being paid to bus operators and therefore covered in a Part 2 Annex to this decision paper.

**Table 4. BSIP Phase 4 Revenue Summary**

<b>Revenue Intervention / BSIP Aspiration</b>	<b>Estimated Funding (£000)</b>
Promotional activity	300
DDRT Phase 3	1,200
Continued support for the Surrey LINK Card	300
Service enhancements & Reliability Improvements	3,717
Aira Explorer App Support	25
Initial Bus Franchising Study	110
Supporting Real Time Investment	214
<b>Estimated funding total</b>	<b>5,866</b>
<b>Total allocated BSIP funding</b>	<b>5,866</b>

**Table 5. BSIP Phase 4 Capital Summary**

<b>Capital Intervention / BSIP Aspiration</b>	<b>Estimated Funding (£000)</b>
DDRT Phase 3 minibuses	800
Zero Emission Bus scheme – ZEBRA 2 increased scope	550
Bus Clearway Assessment & Expansion Programme	375
Wider Elmbridge & NW Surrey Bus Priority Programme	300
Bus Priority Programme West Surrey focused – Guildford & Blackwater Valley	700
Redhill Bus Station Study Options Assessment	255
Staines Bus Station Options Assessment	500
<i>Real Time Passenger Information improvements</i>	224
<i>Zero Emission Bus scheme – New scheme with Stagecoach</i>	1254
<b>Estimated funding total</b>	<b>4,958</b>
<b>Total allocated BSIP funding</b>	<b>4,958</b>

16. The investment in the two items in italics in **Table 5** were suggested to the EP Board to use BSIP Phase 4 funding to reduce the County Council's need to borrow to fund capital investment.

#### **BSIP Phase 4 reporting and change control**

17. As mentioned in paragraph 4, the DfT expect BSIP Phase4 funding to be spent or fully committed in the 2025/26 financial year. To give the DfT this assurance, we must provide quarterly updates on BSIP Phase 4 spend.

18. The DfT have recognised that LTAs may need to amend their plans to ensure that the funding is spent effectively and in line with the aspirations set out in their BSIP. To support this, the DfT have updated their change control process to allow more flexibility in amending the agreed

programmes. However, changes still need the approval from the EP Board and must be communicated to the DfT.

#### **Consultation:**

19. Bus operators and members of the Bus Forum were asked for their input in prioritising this spend as well as suggesting options for consideration from those already in the BSIP, alongside new initiatives.
20. In December 2024 a short questionnaire was sent to all members of the Bus Forum. This asked them to rank some suggested priorities already in the BSIP and also for any new suggestions they wished to put forward. Bus operators and Bus Forum members also emailed suggestions for consideration.
21. Other suggestions and a reason for why they may not have been taken forward as a potential option can be found at **Annex 2**.
22. The Communities, Environment and Highways Select Committee received a draft of this report for review. The select committee also engaged in a “deep dive” of the BSIP as part of the County Council’s budget setting process in 2024.

#### **Risk Management and Implications:**

23. The risk associated with implementing these initiatives is relatively low. The proposals are positive for residents in supporting better and more sustainable transport.
24. The main risk is the ability to spend the full funding allocation in the coming financial year, 2025/26. However, and as mentioned previously, the DfT have amended their change control process to allow LTAs more flexibility in amending our Delivery Plan as long as the amended priorities align with the BSIP aspirations.
25. In November 2023, the Cabinet Member Decision report at that time highlighted the risk around future funding. We have now received this new allocation to support BSIP delivery and the DfT have confirmed that new funding allocations for at least the next two financial years will be announced in summer 2025 following the Government’s Spending Review.
26. This is positive for future planning and getting value for money from letting longer contracts for bus services.

#### **Financial and value for money implications:**

27. The County Council has been allocated BSIP Phase 4 grant funding, covering both revenue and capital, totalling £10.9m. Details of the proposed use of the grant are set out in the paragraphs above.
28. Using the BSIP Phase 4 grant reduces pressure on County Council budgets and allows for additional investment that would be otherwise unaffordable.
29. As with the BSIP Phase 2 investment, we are continuing to work with bus operators to fund service enhancements for two years with operators to continue running the enhanced services for 12 months after the BSIP funding ends. This is in the hope that the enhancements will prove popular enough with passengers that they become commercial and do not require ongoing funding support.
30. Alongside service enhancements with future commercial potential, we are also looking at funding additional buses within existing services to support punctuality. "Timeliness", covering punctuality, average journey speed and waiting time, is the biggest driver of bus user satisfaction. The intention is that this investment will generate more bus use from people seeing more frequent services in key areas.
31. As noted in **Table 5**, some of the BSIP Phase 4 funding is being used to support capital spend. This will reduce the County Council's borrowing requirement.

#### **Section 151 Officer commentary:**

32. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
33. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to

continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.

34. The BSIP Phase 4 grant funding set out in this report is positive and welcomed. This grant funding supplements the significant expenditure on bus improvements already factored into the Council's budget, and allows further investment which otherwise would not be affordable given wider demand and cost pressures and the Council's funding position. The proposed service enhancements have been designed with the intention they are financially sustainable once grant funding ends, noting that announcements about future grant are anticipated.

#### **Legal implications – Monitoring Officer:**

35. In May last year the Cabinet Member agreed the updated BSIP for Surrey.
36. The government has since announced Bus Service Improvement Plan (BSIP) funding allocations for all Local Transport Authorities (LTAs) for 2025/26. This funding has been allocated by the Department for Transport (DfT).
37. LTAs are required to submit a template to the DfT indicating their delivery plan for the funding allocated.
38. This report seeks formal approval of the initiatives and investment priorities outlined in the body of this report.

#### **Equalities and diversity:**

39. An Equality Impact Assessment (EqIA) has not specifically been completed for this decision. However, the overarching EqIA for the BSIP has been updated and can be found as **Annex 3**.
40. Listening to people with lived experience has directly influenced previously agreed BSIP priorities and has again for this round of funding. As an example, we will trial the use of the Aira Explorer App which supports people with sight loss navigate around. This follows the successful implementation by Govia Thameslink at some of their rail stations.
41. Also, the planned investment at Redhill and Staines Bus Stations will support people with mobility issues to better access and the buses they need at those locations.
42. The proposals set out in this Cabinet Member Decision report are in line with the aspirations in our BSIP and are all positive for those with protected characteristics. However, the proposed improvements will not benefit people in all areas the county, as some funding is being targeted

at particular areas and bus services. For example, the routes proposed for service enhancements have been put forward on the basis of the potential for passenger growth, as passenger growth is one of the four key targets for LTAs to deliver against under the National Bus Strategy.

**Other implications:**

- 43. Local bus services are vital in supporting residents to access essential services, such as employment, education and training, health care and essential food shopping, whilst helping the economy of Surrey to thrive and ensure no one is left behind. Buses are also key to our work in encouraging residents to travel more sustainably, helping to reduce carbon emissions. Increasing sustainable travel alongside the Council’s investment in zero emission buses and minibuses will help deliver the carbon reduction targets set out in the Climate Change Delivery Plan. The Council is committed to supporting local bus services and has increased revenue support for service delivery and capital investment to improve their operational effectiveness and efficiency.
- 44. There are clear links to the Surrey Transport Plan, our Greener Futures work and the Climate Change Delivery Plan, alongside council wide work to support residents in tackling the cost of living crisis.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	Looked After Children all have access to the LINK Card to be able to get discounted bus travel.
Environmental sustainability	Local Bus service enhancements, DDRT service expansion and providing young people discounted travel are all a means to encourage people out of cars or other private vehicles, with associated air quality benefits, and onto public transport.
Public Health	

**What Happens Next:**

- 45. Below sets out the next steps, should the recommendations in this report be approved:
  - a. Finalise the BSIP Delivery Plan, submit it to the DfT by 31 March 2025 and publish it on the County Council’s website.
  - b. Start the mobilisation and delivery against the agreed investment priorities.
  - c. Review the Delivery Plan and provide quarterly updates to the DfT, starting in June 2025.

**Report Author:**

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**Consulted:**

Surrey bus operators

The Surrey Enhanced Partnership Board

The Surrey Bus Forum

Communities, Environment and Highways Select Committee

**Annexes:**

Annex 1 BSIP Phase 4 Delivery Plan

Annex 2 BSIP Options Not Prioritised for Phase 4 Funding

Annex 3 Updated Equality Impact Assessment

Part 2 Annex List of Bus Service Support and Enhancements

**Sources/background papers:**

- Bus Service Improvement Plan Plus (BSIP+) Grant Investment Decisions, November 2023
  - Future Bus Service Network Review Cabinet Report 28 March 2023
  - Bus Back Better – An Enhanced Partnership for Surrey Cabinet Report 25 October 2022
  - [Surrey Enhanced Partnership Plan and Scheme \(surreycc.gov.uk\)](https://www.surreycc.gov.uk) November 2022
  - Bus Back Better – Bus Service Improvement Plan for Surrey Cabinet Report 26 October 2021
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