

SURREY COUNTY COUNCIL

MR MATT FURNISS, CABINET MEMBER FOR TRANSPORT,
INFRASTRUCTURE AND GROWTH



DATE: 28 NOVEMBER 2023

**LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR ENVIRONMENT,
INFRASTRUCTURE AND GROWTH**

**SUBJECT: BUS SERVICE IMPROVEMENT PLAN PLUS (BSIP+) GRANT
INVESTMENT DECISIONS**

ORGANISATION Growing A Sustainable Economy So Everyone Can Benefit/Enabling A
STRATEGY Greener Future
PRIORITY AREA:

SUMMARY OF ISSUE:

This paper asks the Cabinet Member for Highways, Transport and Economic Growth to formally approval the allocation of Department for Transport (DfT) Bus Service Improvement Plan Plus (BSIP+) funding to the initiatives set out in the body of the report. These initiatives support 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 Plus (BSIP+) grant and the allocations of funding to the identified priority areas; and
2. The reporting process to the Department for Transport on delivering against our priorities through the application of Bus Service Improvement Plan Plus (BSIP+) grant.

REASON FOR RECOMMENDATIONS:

These recommendations are necessary to facilitate the allocation and spend of the allocated BSIP+ 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.

DETAILS:

BSIP+ allocation and timescales

1. In August this year, the DfT announced to LTAs that new funding would be made available to those who were previously unsuccessful in securing any allocation from the original BSIP process. This new funding was called BSIP+ and would be allocated for 2023/24 and 2024/25.
2. It was confirmed that the BSIP+ funding would be allocated on a formula basis, without the need for LTAs to submit any expression of interest or formal application.
3. It was also confirmed that the BSIP+ funding would be the same for both financial years. This was to facilitate longer term decisions on contracts with bus operators rather than annualised contracts. This means that, as long as funding is committed, it can be spent beyond the end of the BSIP+ funding period.
4. Following the announcement of BSIP+, the DfT wrote to all LTAs to confirm individual allocations. Surrey County Council has been allocated c£3.9m for each of the two financial years; £7.8m in total.

BSIP+ spending priorities

5. It was made clear in the conditions for the BSIP+ allocation that the grant was for revenue activity only.
6. Through ongoing engagement with bus operators and the Council's Stakeholder Reference Group, officers have gathered information on priorities for delivery for the Surrey Enhanced Partnership (EP). This was also supported by the extensive Future Bus Network public and stakeholder consultation held in 2022/23.
7. Using this valuable data and input, officers have developed a set of revenue priorities for BSIP+ investment. These are:
 - Enhancing specific bus services through improved frequency or greater hours/days of operation, including new or better evening and weekend services;
 - Supporting the further expansion of Digital Demand Responsive Transport services across Surrey;
 - Supporting the roll out of the Surrey LINK Card, which offers reduced price bus travel to all residents aged 20 and under; and
 - Supporting some bus services to help them to continue to build back to pre-pandemic patronage levels, noting that the DfT's Covid Recovery funding has ended.
8. The bus services identified for enhancements are those where the Council and our bus operators believe there is the best scope for passenger growth and where such enhancements have a real chance to become permanent through commercial viability.

9. A small amount of BSIP+ will be used to fund promoting the initiatives, in line with the advertising requirements set out by the DfT.

BSIP+ Headline Funding Breakdown

10. **Table 1** below provides a summary of how the BSIP+ funding is planned to be allocated.

Table 1: Summary BSIP+ Funding Allocations

	Sept-Mar 2023/24 (£m)	Full Year 2024/25 (£m)
Service Support	0.5	0.85
Service Enhancement	0.9	1.5
DDRT	0.7	1.7
LINK Card	0.5	0.77
Promotion of Initiatives	0.02	0.03
Risk & Contingency	0.13	0.2
Total	2.75	5.05

BSIP+ Reporting

11. The Council is required to report to the DfT twice a year – in May and October – on progress against published targets in the BSIP; this report is also published for the public. This report will reflect our progress against the four key target areas of:
- Average Journey Speed;
 - Reliability;
 - Passenger Numbers; and
 - Average Passenger Satisfaction.
12. Where BSIP+ funding is used, the Council is also required to inform the DfT on how this money has been invested and how it supports our BSIP strategic priorities and progress against our target areas. The detail on specific levels of investment will not be made available to the public as this information is commercially sensitive.

CONSULTATION:

13. Through the formal process of setting up the Enhanced Partnership and developing the BSIP, there has been ongoing engagement with bus operators and key stakeholders.
14. As part of our Enhanced Partnership governance arrangements, the Council formed a Stakeholder Reference Group, which first met in December 2022. This Group has a broad set of stakeholders, including disability groups, the bus user group, other special interest groups, elected members from the county council, boroughs and districts, and parish and town councils. This Stakeholder Reference Group has a key role in raising issues and priorities for residents and bus users, whilst helping us to encourage more bus use.

15. Officers have also reviewed and reflected the responses from last year's Future Bus Service public consultation, as well as previous public consultations, all of which has provided a clear indication of what priorities should be for this investment.
16. Among the top priorities for stakeholders and residents are improving bus frequency and hours of operation and assistance with the cost of bus travel. Both of these elements are covered in the interventions proposed in this report.

RISK MANAGEMENT AND IMPLICATIONS:

17. The risk associated with implementing these initiatives is relatively low. The proposals are positive for residents in supporting sustainable transport decisions and, specifically for the LINK Card, supporting people with cost of living pressures by reducing the cost of public transport.
18. However, there is a risk around the LINK Card popularity that could require additional buses and drivers to cope with increased demand which could lead to capacity issues. Driver recruitment and retention is still an issue for the bus industry nationwide, and an increase in demand, needing additional buses, would have to be carefully managed.
19. The risk associated with operators requiring additional vehicles and drivers is not unique to potential popularity of the LINK Card. It is also a risk for increasing service frequencies and enhancing services. Officers will be monitoring changes to patronage with bus operators. This will be managed by assessing the need and cost of additional buses and driving staff and the additional income generated from passenger growth to determine a way forward with individual bus operators.
20. Finally, there is the risk around the availability of longer-term funding for some of these initiatives once the BSIP+ funding ends. As these initiatives are being funded from external grant, there is currently no agreed provision in the Local Bus Budget for the continuing operation once the funding ends.
21. In the case of service enhancements, this risk is mitigated by the fact that these enhancements were selected with the understanding they had the best chance of being commercially viable so they would not require ongoing funding after the two year BSIP+ spending period.
22. In the case of DDRT, to ensure that funding is in place for their ongoing operation, the required budget is being sought as part of the Council's budget setting process.
23. Lastly, in the case of the Surrey LINK Card, this new initiative will be closely monitored in terms of uptake, usage and cost so that we may consider future budgetary requirement from 2025/26 and onward.

Financial and value for money implications:

24. Using the BSIP+ grant allocated to the County Council reduces pressure on County Council budgets and allows for additional investment that would be otherwise unaffordable.
25. The BSIP+ grant is available for the remainder of the 2023/24 and for the 2024/25 financial years. However, the DfT have confirmed that, where funding is committed, for example, through local bus contracts, it can be spent beyond the end of the 2024/25 financial year.
26. As part of developing the funding proposals for the bus service enhancements, officers have asked bus 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.
27. Patronage growth will be monitored over the BSIP+ period, with the County Council working with bus operators to see where patronage is growing or where passenger numbers are not as high as expected, so that appropriate action can be taken when and where needed.
28. It is recognised that DDRT schemes will require ongoing funding support and, as mentioned above, this will be addressed through the Council's budget setting process.

Section 151 Officer commentary:
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29. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation 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 be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
30. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 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.
31. The funding commitments proposed within the report are either short term with no intended continuation or have already been committed to within the 'Future Bus Service Network Review' Cabinet Report 28 March 2023. The plans for enhancement of bus services are consistent with the Council's draft budget; however, there currently remains an overall budget gap next year and in future years, and further action will therefore be necessary to close that gap.

Legal implications – Monitoring Officer:

32. The County Council has been allocated BSIP+ funding by the DfT on a proportionate basis, alongside other authorities who were unsuccessful in the original BSIP funding process.
33. The scope for spending the allocation is set out in the Memorandum of Understanding (MoU) from the DfT. This MoU is clear that BSIP+ money must be spent on targeted action that the County Council, as the Local Transport Authority, and bus operators, through the Enhanced Partnership, believe will deliver the desired benefits as set out in the Surrey Bus Service Improvement Plan.
34. The measures recommended in this report around supporting bus services to build back patronage, providing bus route enhancements, supporting the expansion of DDRT and a young persons' fare initiative must comply with relevant procurement, subsidy control and equalities legislation.
35. As an authority, the County Council can vary contractual arrangements it has in place to ensure deliverability and best value. Officers in Strategic Transport also have the delegated authority to let bus contracts in line with the County Council's Procurement and Contracts Standing Orders.
36. The importance of monitoring is highlighted through by the DfT. This has been considered as part of this process by officers.

Equalities and diversity:

37. An Equality Impact Assessment (EqIA) has not specifically been completed for this decision.
38. The interventions listed for approval in this paper are covered by previous impact assessments, including the EqIA that was completed at the start of the BSIP process that covered the process, including the aspects covered in this paper.
39. The proposals set out in this Cabinet Member 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 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:

40. 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.

41. 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.

Area assessed:	Direct Implications:
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	

Corporate Parenting/Looked After Children implications:

42. With have raised awareness with colleagues in Childrens, Families and Lifelong Learning Directorate on the availability of the Surrey LINK card, which is available for free those children and young people in Surrey aged 20 and under. This can provide some additional support for Looked After Children by offering discounted bus travel.

Environmental sustainability implications:

43. By providing efficient and affordable public transport, we can grow its use and give people a more sustainable travel option, compared private vehicles. The proposals in the paper all support the County Council's Greener Futures agenda and our pathway to net zero.

Public Health implications:

44. Growth in public transport across local bus services and DDRT will take car trips off the road, which will have a positive impact on air quality.

WHAT HAPPENS NEXT:

45. Below sets out the next steps, should the recommendations in this report by approved:
- Agree enhanced bus service start dates, which will be from January 2024 and commence mobilisation
 - Publish the list of bus routes being enhanced
 - Promote the BSIP+ funded improvements to residents and businesses to help grow patronage
 - Submit the BSIP Targets and BSIP+ spend to the DfT for the end of May 2024.

Contact Officer:

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Consulted:

Surrey bus operators

Surrey Enhanced Partnership Board

Surrey Enhanced Partnership Stakeholder Reference Group

Annexes:

Part 2 – Detailed Funding Breakdown for BSIP+ Allocation

Sources/background papers:

- 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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