

Highways and Transport Overview and Scrutiny Committee

Passenger Transport Update

9 November 2023

Department of
Environment & Transport

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Agenda Item 10

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The purpose of this presentation is to:

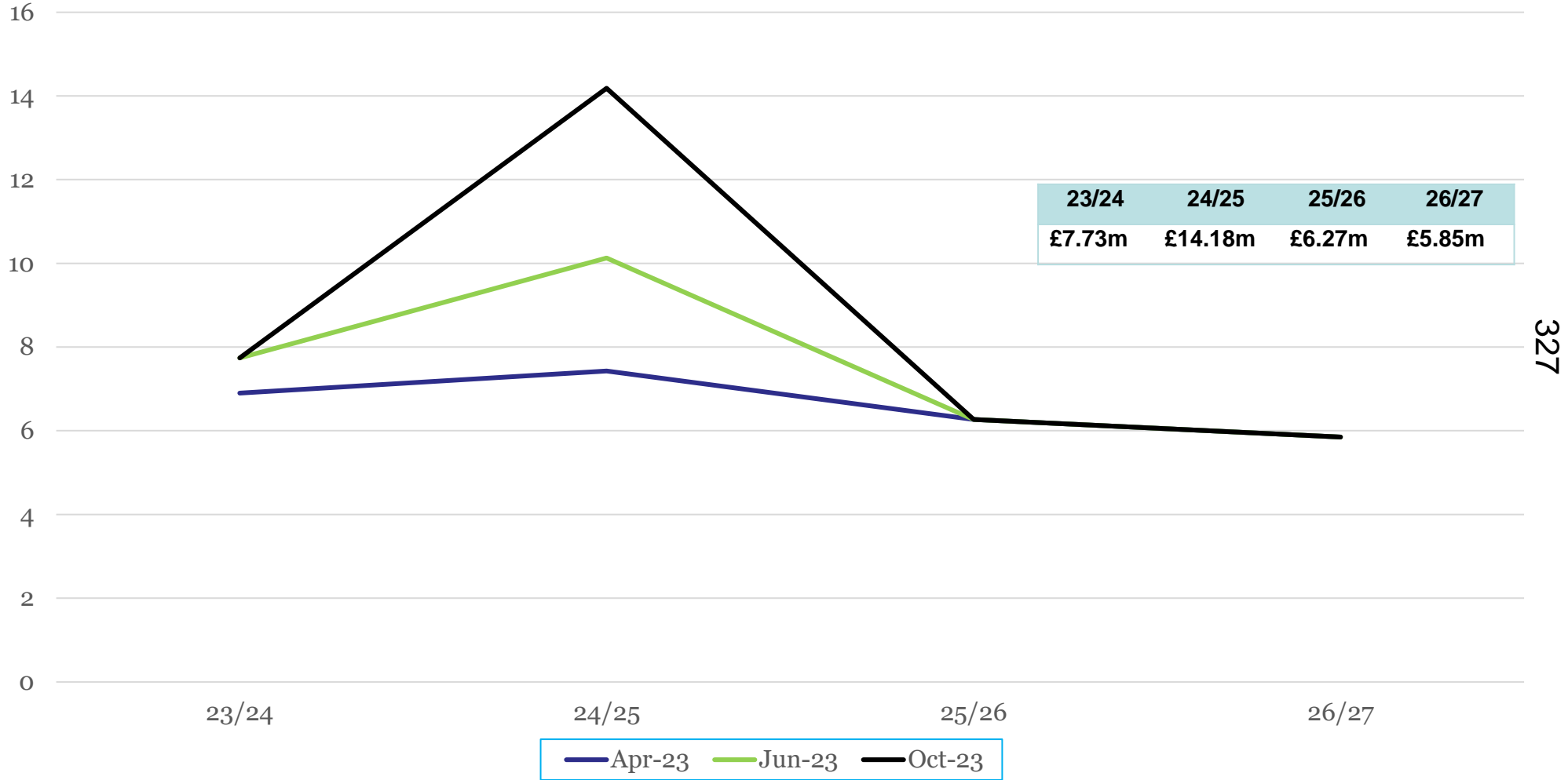
- ❑ Provide an update on funding arrangements for public transport services in Leicestershire;
- ❑ Provide an update on the work to refresh the Passenger Transport Policy and Strategy (PTPS) to support compliance with national policy;
- ❑ Provide an update on related work; and
- ❑ Seek views on the proposed approach to inform the Cabinet.

This presentation is given in the context of:

- ❑ [The National Bus Strategy](#)
- ❑ [Leicestershire County Council's Bus Service Improvement Plan \(BSIP\)](#)
- ❑ Leicestershire County Council's PTPS. Policy document is available [here](#) and Strategy document is available [here](#).
- ❑ Previous Cabinet decisions, including March 2022, are available [here](#).

- ❑ In June 2023 DfT confirmation of **BSIP+ funding for 2023/24 and 2024/25 at £1.79m respectively** (BSIP+ is the funding offered to LCC to support delivery of BSIP ambitions)
- ❑ Several terms and conditions apply to this BSIP+ funding, our understanding is these include:
 - It is revenue funding to be spent on supporting local bus transport (and rural public transport),
 - Commitment to maintain base budgets,
 - Underspends may affect future bids/awards,
 - There may be some flexibility for committed funds (e.g., for contracts let for longer than 12 months but the extent of flexibility is unclear).
- ❑ Call with Department for Transport (DfT) on 23 October 2023 confirmed the following:
 - DfT have announced £150m of additional grant for 'buses'.
 - This forms part of the funding packages announced following HS2 cancellation.
 - Leicestershire has been allocated an additional **£4.05m revenue funding** for the financial year 2024/25. (Terms and conditions as above)
- ❑ Informed there is a further £850m allocation to be announced in the coming months.
 - From this 4-year funding packages are expected to be awarded to local authorities.
 - The 4-year funding package will be a mix of capital and revenue funding to allow for improvement schemes too. The exact funding profile and mix is not yet known.
 - The Council is very supportive of the multi year grant proposal which would represent a positive investment in public transport in Leicestershire.

Change in Funding Profile and Potential 'Cliff Edge'

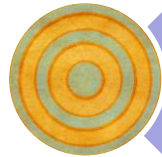


- ❑ The national and local bus markets have faced several challenges including:
 - Reduced patronage (particularly concessionaires) and reputational issues associated with the Covid-19 pandemic;
 - Driver shortages;
 - Wage rises;
 - Fuel costs; and
 - Short-term funding arrangements for over previous four years*.

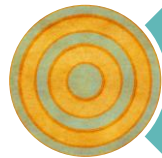
- ❑ In light of financial 'cliff edge' beyond 2024/25, officers, following consultation with the Cabinet Lead Member, have been applying a strict interpretation of the Passenger Transport Policy and Strategy (PTPS). This has meant:
 - Contracts have been let on short-term basis;
 - Commercial services have been withdrawn without replacement; and
 - Current services are due to be reviewed to support long-term financial pressures.

* Although a total of £3.68m grant has been received between March 2020 and 2023, it has been awarded in a patchwork manner with awards being confirmed at short notice for three or six months at a time – this is not enough to grow and stabilize a local bus network.

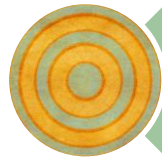
Since 2021:



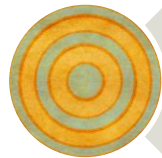
21% increase in Local Bus Contracts with the Council



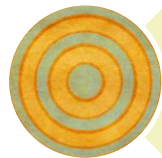
54% increase in services supported by De Minimis



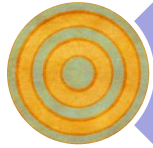
36% increase in spend on supported services



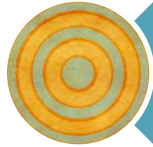
8 services withdrawn completely



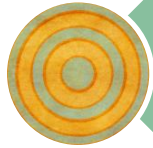
593 registration changes



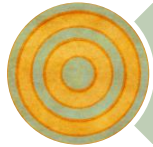
Recognition that national policy supported by BSIP+ is to prevent further shrinkage of the local bus network and support the recovering bus market after the worst impacts of the Covid-19 pandemic.



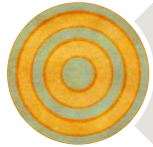
The Council has 32 contracts that are due to expire in July 2024.



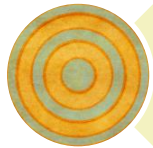
Service reviews are due to recommence in 2024.



Planned PTPS Refresh is still relevant.



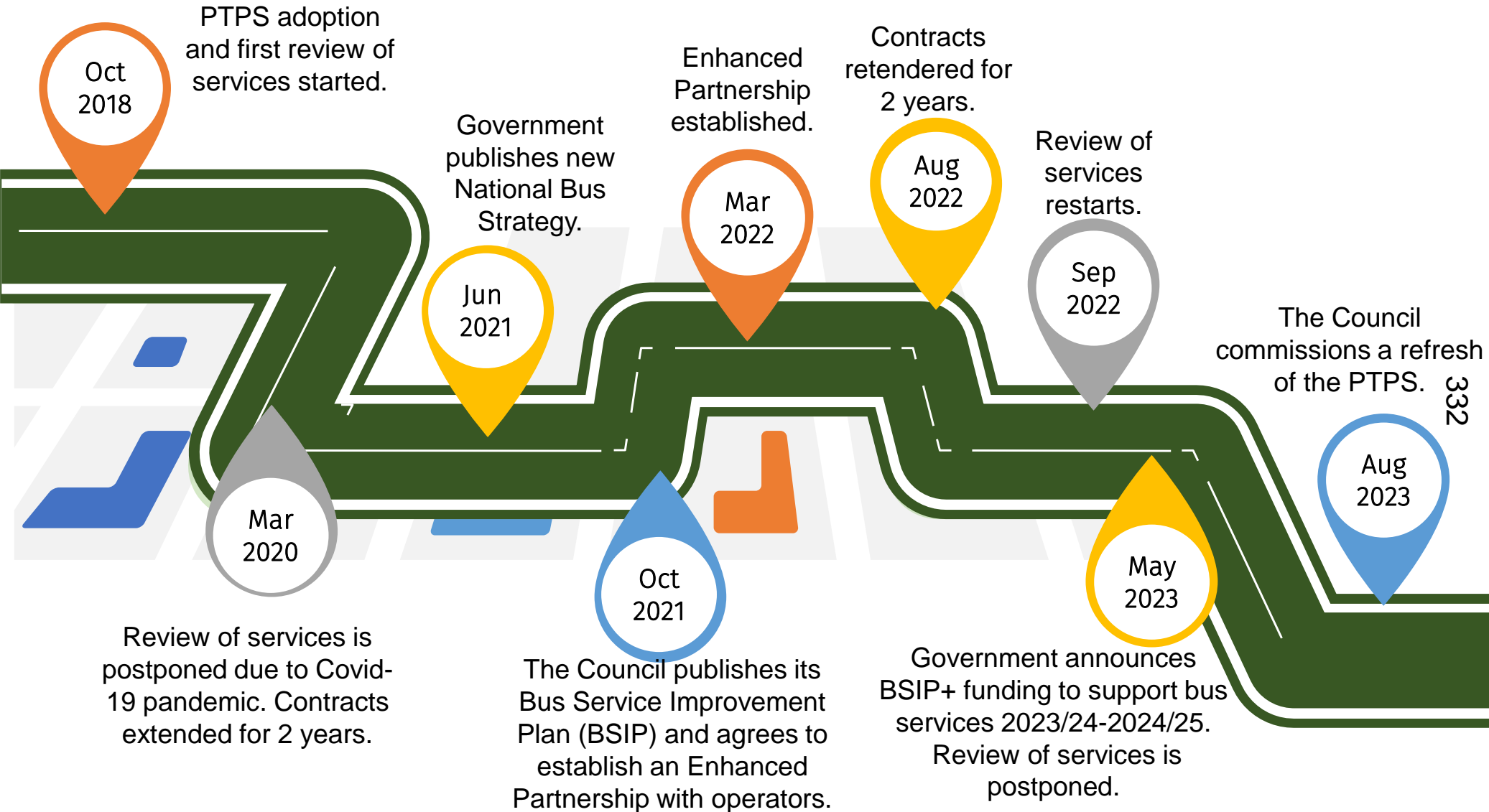
Developing and delivering BSIP+ approach.










Other opportunities – ZEBRA

The Passenger Transport Policy and Strategy Refresh

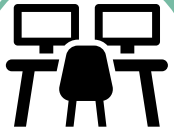
Context and history of the PTPS



-  Encourage use of passenger transport
-  Encourage commercial transport provision
-  Encourage and support Community Transport
-  Work with planning authorities for accessibility for developments
-  Intervene where priority travel needs cannot be met
-  Provide concessionary travel
-  Work with providers to ensure up to date, clear information



Key needs of elderly, disabled and isolated



Employment-deprived areas



Access to a local centre: food, primary healthcare and education/employment opportunities



Core and peak times



Overall service score	Case-for-support rating
25 or more	Strong
20-24	Marginal
<20	Weak

- ❑ To more explicitly reference national guidance published since the PTPS was adopted as set out in:
 - “Bus Back Better – National Bus Strategy for England” (National Bus Strategy - NBS);
 - Leicestershire’s Bus Service Improvement Plan (BSIP);
 - Leicestershire Enhanced Partnership Plan and Scheme.
- ❑ Future funding from the Government for passenger transport is uncertain beyond 2025, and significant challenge to the Council’s passenger transport budget.
- ❑ The refresh allows for more flexible consideration of services that offer value for money and meet priority journey needs for the people of Leicestershire.

- ❑ A better reflection of the principles of BSIP and supporting spending of the grant.
- ❑ More direct support for borderline or potentially commercial services.
- ❑ Allowing the provision of relatively small amounts of subsidy to services that are:
 - Well used, support jobs and economic growth;
 - Viable alternatives to the car;
 - Provide key links in the overall network increasing journey choice;
 - Still value for money and appropriate.
- ❑ A more stable and secure Leicestershire commercial network.
- ❑ A blended approach to service provision – better connected places with the right service in the right place.

- ❑ Allow demand responsive options that are more generous than 'lifeline only' in line with national thinking on social value where appropriate and value for money.
- ❑ Put Leicestershire in the best place to secure future long-term funding.
- ❑ **A policy that still allows the Council to scale its level of subsidy to fit available budget.**
- ❑ The policy change is required to maximise the benefits from available budgets (with or without BSIP).
- ❑ As we have paused reviews of contracted services there are currently services that do not provide the best value for money. It is therefore necessary to recommence the reviews of services.

The Council proposes to better reflect national policy by updating the policy document to:

- ❑ Reflect the Council's Strategic Plan;
- ❑ Include reference to the BSIP in the document hierarchy;
- ❑ Include and explain the BSIP and national bus strategy; and
- ❑ Include the role of the Enhanced Partnership in delivering the aims of the PTPS.

The Council proposes to better reflect national policy by updating the strategy document to:

- ❑ Focus more on connectivity and access to services than nearest local centres;
- ❑ Give more weight to employment and training opportunities;
- ❑ Include and explain the BSIP and NBS;
- ❑ Make specific reference to using conditions in addition to contributions to support developers to fund passenger transport.

- ❑ Include the possibility of demand led services being offered on a more flexible basis than lifeline Demand Responsive Transport (DRT), building on experience of FoxConnect where:
 - There is available budget;
 - The type of service selected is underpinned by evidence;
 - The market can support the provision of services; and
 - Appropriate ticketing and connections can be made available.
- ❑ This will give the opportunity of a blended approach to public transport where commercial services are complimented by demand responsive services.
- ❑ Work is currently underway to understand the potential for this in Leicestershire and also to include how performance and value for money could be assessed, linking in with national best practice.



Demand-Responsive Transport (DRT)

- A flexible service that provides shared transport to users who specify their desired location and time of pick-up and drop-off.
- DRT can complement fixed route public transport services and improve mobility in low-density areas and at low-demand times of day.



Digital Demand-Responsive Transport (DDRT)

- A demand-responsive service that also makes use of technology, allowing passengers to book by app, and routes to be optimised.



Lifeline DRT

- Taxi / minibus
- Small number of scheduled journeys available to book in advance to nearest local centre during the week.
- Provides 'lifeline services'.



Community Transport

- Community-led services in each of the seven districts in Leicestershire.
- These projects are delivered in partnership with voluntary sector providers as part of a service agreement with Leicestershire County Council.

The Council proposes to adapt the assessment criteria by including a simplified assessment for previously commercial services that would allow financial support to be given if:

- ❑ There is available budget.
- ❑ Operators provide evidence of the viability issues.
- ❑ Operators provide evidence that the cost per passenger km of the required subsidy represents good value for money.
- ❑ Operators work with the Council towards returning the service to commerciality through agreed targets.
- ❑ The Council and operator agree to review funding based on those targets.
- ❑ The Operator provides the Council with full operational performance data (on a confidential basis).
- ❑ There is an understanding that should the service remain unviable after review period a full assessment would be undertaken and options assessed.

The Council proposes to adapt the assessment criteria to replace journey purpose with access to opportunities when assessing supported services as this enables:

- ❑ Greater consideration to employment and training opportunities.
- ❑ Provides weight to greater connectivity (for example, connecting two town centres – this currently scores poorly when considering access to ‘high priority’ needs in local centres).
- ❑ Simplification of the assessment and data requirements to support efficient processes.
- ❑ Greater consistency in assessments as there is less reliance on external data.

Subject to Highways and Transport Overview and Scrutiny Committee and Cabinet input/review next steps will be as following:

ACTIVITY	DATES
Presentation to the Highways & Transport Overview & Scrutiny Committee	9 November 2023
Finalise draft PTPS	November 2023
Cabinet – approval of PTPS refresh	19 December 2023
Review services against refreshed PTPS	January-March 2024
Engage with communities on outcomes	March-April 2024
Procurement processes	April 2024 onwards
Current contract end dates – new contracts in place	July 2024 onwards

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Related Work Brief Update

- ❑ Plans are being made for a deliverable BSIP+ programme.
- ❑ Environment & Transport Department is currently working with the following colleagues and stakeholders to develop that programme:
 - Finance
 - Legal
 - Procurement
 - Enhanced Partnership
 - Neighboring authorities
- ❑ Programme will build on existing work including consideration of:
 - Youth fares
 - Demand Responsive potential
 - Pinch Points schemes identification and prioritisation
 - Cleaner, greener public transport
 - Potential for behavior change
- ❑ Please note that the funding is currently for one year giving rise to a number of risks. It is not intended to reinstate previously withdrawn services but proposals from operators to register new services will be considered under the refreshed policy and strategy.

- ❑ £129m is available for local authorities and operators to introduce electric buses and infrastructure. £25m of this money is ringfenced for rural authorities.
- ❑ The Council submitted an Expression of Interest to DfT on 17th October 2023.
- ❑ ITP consultancy commissioned to support officer resource in preparing a potential bid.
- ❑ Through the Enhanced Partnership Local operators were invited to express interest to the Council in bidding.
- ❑ Three operators have expressed an interest and have provided additional basic proposal information for consideration to form the basis of Leicestershire's bid.

- ❑ Proposals evaluated based on rural criteria and the DfT assessment requirements.
- ❑ Those proposals are currently being assessed and the selected operator will work with the Council to develop and, if affordable, submit a bid by the 15 December deadline.
- ❑ The Council is also working closely with officers from Leicester City Council who have the experience with ZEBRA funding.
- ❑ DfT to make funding decisions on bids in March 2024.



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