



CABINET – 19 DECEMBER 2023

IMPROVING PASSENGER TRANSPORT THROUGH BUS SERVICE IMPROVEMENT PLAN PLUS AND NETWORK NORTH FUNDING

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet regarding the award of grant funding to the County Council for passenger transport services, to set out an approach to using these funds, and to present a revised Passenger Transport Policy and Strategy to support this.

Recommendations

2. It is recommended:
 - a) That the revised Passenger Transport Policy and Strategy (PTPS), attached to this report as Appendices A and B, be approved;
 - b) That the Director of Environment and Transport be authorised:
 - i. to use the Bus Service Improvement Plan (BSIP+) grant of £1,790,000 for 2023/24 and £1,790,000 for 2024/25 and additional £4,050,000 one-off revenue funding for 2024/25 from the Department for Transport detailed in this report to develop a reshaped Leicestershire supported passenger transport network, including working with transport operators through the Enhanced Partnership;
 - ii. following consultation with the Cabinet Lead Member, to amend the PTPS as necessary with regard to the mechanism for determining support for passenger transport services to reflect prevailing market forces.

Reasons for Recommendation

3. The recent funding awards from the Government provide a unique opportunity to explore how the Council, working closely with local bus operators through its Enhanced Partnership (EP) with them, might take a different approach to

providing supported passenger transport services across Leicestershire and, therefore, enable a more resilient and secure commercial network.

4. The revised PTPS would enable the Council to take a more flexible approach to help support communities and their high priority journey needs through efficient use of its budgets and utilising the commercial bus market through the EP to maximise a sustainable service offer to passengers and help stabilise the commercial market.
5. Given the Council's very challenging financial position, controls are required to ensure that it is not exposed to any new financial risks. The revised PTPS would also reinforce the mitigation of risks to the Council's own budgets, caused by fluctuations and uncertainty in levels of future Government funding for passenger transport services, by setting out a revised mechanism for determining the strength of case for consideration of providing support for services.

Timetable for Decisions (including Scrutiny)

6. The Highways and Transport Overview and Scrutiny Committee was provided with a presentation on 9 November 2023 which outlined the intentions of the revised PTPS in the context of a wider passenger transport programme and current funding situation. The Committee's views are included at paragraphs 74-76 of this report.
7. The EP was informed of the intention to revise the PTPS and provided with an overview of the main areas of change at its Forum on 21 September 2023 and its Board on 2 November 2023.
8. A briefing was given to all Council Members on 31 October 2023, updating them on the Government funding awards, providing examples of how they might be used to support public transport in Leicestershire and outlining the intentions to refresh the PTPS to better align with national policy.
9. Subject to the Cabinet's approval of the revised PTPS, a review of services will begin in January 2024. Following this, a programme of locally focussed engagement on the outcomes of the service reviews will be developed following consultation with the Cabinet Lead Member.

Policy Framework and Previous Decisions

10. On 9 March 2018, the Cabinet considered a report concerning the need to develop a PTPS to replace the existing 'Revised Policy on the Supported Bus Network' and the outcome of a review of Community Bus Partnerships and the extension of contracts to June 2019. The Cabinet gave approval to undertake an engagement and consultation exercise on the draft PTPS.
11. On 16 October 2018, the Cabinet considered a report on the outcome of consultation on the draft PTPS and approved the PTPS as the basis for future management of passenger transport services. Authorisation was also given to

the Director of Environment and Transport, following consultation with the Cabinet Lead Member, to implement the PTPS Operational Handbook.

12. The County Council's Environment Strategy 2018-2023 sets out how the Council will reduce the environmental impacts of travel and transport. Providing frequent, high quality passenger transport services is a key element in delivering the Strategy.
13. In November 2020, the Cabinet approved the Leicester and Leicestershire Strategic Transport Priorities document (2020-2050), highlighting where the County and City Councils will work together to deliver common transport aims and objectives. Its principal aims include supporting the transition to a low-carbon and circular economy; adapting to climate change; improving connectivity; supporting and driving the economy to unlock growth; and supporting the efficient movement of both people and goods around and through the County.
14. In March 2021, the Government published its priorities and ambitions for road-based passenger transport in the Department for Transport's (DfT) publication, "Bus Back Better: national bus strategy for England." This required the Council to establish the EP with operators as a condition to receiving future funding. It also required the Council to develop the Bus Service Improvement Plan (BSIP) which sets out the vision, targets and initiatives to improve passenger transport in Leicestershire.
15. In June 2021, the Cabinet considered a report on the National Bus Strategy (NBS) and noted that a further report would be submitted to the Cabinet in Autumn 2021, setting out proposals for an Enhanced Partnership Scheme (EPS) and BSIP for Leicestershire, and identifying any implications for the Council's previously adopted PTPS.
16. In October 2021, the Cabinet considered a report on the implementation of the NBS, setting out the implications for finances and the Council's adopted PTPS. It resolved that the Council's PTPS be reviewed, to take account of the formal establishment of the EP and the delivery of the BSIP. The Director of Environment and Transport emphasised that the extent of delivery of the ambitious plans would be dependent on the level of Government funding available and added that the existing PTPS would be used to assess the need for support where bus services were no longer commercially viable.
17. In March 2022, the Cabinet noted the outcome of a consultation on the EPS. It approved the establishment of the EPS with bus service operators and resolved that registrations for local bus service changes and requests for funding to support local bus services continue to be assessed in line with the PTPS, pending a review of the PTPS once the EP was in place.
18. In March 2022, the Cabinet also considered a report on Local Bus Service Challenges and Impacts, including a review of the PTPS to establish if it was still fit for purpose, and a wider network review of its contracted services. The BSIP set out that the PTPS would be reviewed in full, once the BSIP and EPS

had been developed, to ensure that full alignment was achieved. This review was undertaken in May 2022. The Cabinet authorised the Director of Environment and Transport, following consultation with the Cabinet Lead Member, and Director of Corporate Resources, to take such action as necessary to ensure the continued provision of services in line with the PTPS.

19. In February 2023, the Cabinet noted the recommencement of the review of supported passenger transport services in line with the PTPS. The Cabinet also approved a proposed programme of local focussed engagement and consultation to inform affected communities on the review outcomes and intended course of action. However, in light of the BSIP+ funding awards, the reviews were further delayed.
20. In May 2023, the DfT announced that the Council would receive approximately £1,790,000 in the financial year 2023/24 and the same amount in 2024/25. This funding is known as “BSIP+” funding. Following this announcement, the review of subsidised services was halted again and services were maintained at their existing level.
21. In October 2023, the DfT announced further one-off revenue funding of £4,050,000, specific for public transport for the financial year 2024/25. This funding represents a share of the Government saving made from cancelling the second leg of HS2 and the redistribution of those monies as set out in the associated ‘Network North’ funding document.

Resource Implications

22. The time-limited funding available to the Council provides an unprecedented and one-off opportunity to transform the Leicestershire subsidised public transport network and enhance the resilience and stability of the commercial public transport network. However, the short-term nature of the funding is not helpful and the Council will need to ensure that there are no legacy costs once the funding ends. Development of the network and associated initiatives will be a significant undertaking for the Department, in particular, for the Network Management Service. A Passenger Transport Programme Board has been established, supported by the Council’s Transformation Unit in conjunction with the service, to manage and deliver holistic changes through a range of initiatives, of which the potential network remodelling and review of the PTPS are a part.
23. It is anticipated that additional resource and expertise will be required to deliver the initiatives and any reshaped network proposals and these will be funded through the BSIP+ and ‘Network North’ funding as necessary.
24. In February 2023, prior to the recent funding announcements from the DfT, the Council’s subsidised bus services budget was facing a £1,000,000 shortfall in the 2023/24 financial year. There was also a requirement in the 2023-27 Medium Term Financial Strategy (MTFS) to make savings of an additional £200,000 per year with effect from 2024/25.

25. As outlined in paragraph 34 below, the BSIP+ funding is subject to a number of terms and conditions, with the 'Network North' public transport funding anticipated to come under the same restrictions. One of these conditions stipulated that recipients must retain existing funding levels for the duration of the funding, i.e., 2023-2025, and therefore necessary to defer the £200,000 MTFS saving requirement to 2025/26. The £1,000,000 shortfall, although covered by the funding for 2023-2025, must still be addressed in the long-term, as it is not part of the existing budget levels.
26. It must be noted, however, that funding post-2024/25 is still uncertain. If sufficient Government funding of an appropriate mix of capital and revenue is not forthcoming, the Council's passenger transport budget could face significant funding challenges, as was reported to the Cabinet in February 2023. It is crucial, therefore, that the revised PTPS allows for a flexible approach to supporting services to reflect the prevailing funding position.
27. It is also critical to note that the proposed network remodelling and PTPS are not mechanisms to reinstate services that have already ceased.
28. The Director of Corporate Resources has been consulted on the content of this report.

Legal Implications

29. The Council's legal duty regarding subsidised bus services is set out in Part B of the report.
30. The Director of Law and Governance has been consulted on the content of this report.

Circulation under the Local Issues Alert Procedure

31. This report will be circulated to all members.

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PART B

Background

Government priorities and funding

32. The Government's priorities and ambitions for road-based passenger transport are set out in the DfT 2021 publication, "Bus Back Better: national bus strategy for England". This required the Council to establish the EP with operators as a condition to receiving future funding. It also required the Council to develop the BSIP which sets out the vision, targets and initiatives to improve passenger transport in Leicestershire.
33. The two tranches of £1,790,000 BSIP+ funding that the Council has been allocated (as outlined in paragraph 20) is intended to target actions that the Council and its EP expect will deliver the best overall outcomes in growing long-term patronage, revenues and thus maintaining service levels, whilst providing essential social and economic connectivity for local communities.
34. The terms of this funding were set out in a Memorandum of Understanding that the Council was required to sign in order for the funds to be released. Specific terms to note are that this is revenue-based funding (not to be spent on physical infrastructure measures); the Council must maintain its existing bus budgets from all sources and demonstrate that the BSIP+ funding is additional to previously agreed budgets and that the DfT expects it to be spent within a reasonable timeframe with outputs delivered within 12 months of receipt. There may be flexibility around some of these terms, but this would be subject to the submission of a project access request form by the Council and its subsequent review and approval by the DfT.
35. The further one-off £4,050,000 'Network North' public transport funding for 2024/25 (as outlined in paragraph 21) will be subject to the same terms and conditions as those set for the BSIP+ funding. This means there is a total of £5,840,000 for the 2024/25 financial year. Further four-year funding announcements are expected over the coming months and this is expected to be a mix of capital and revenue, which could provide an opportunity to carry out improvement schemes that may not be eligible under the current funding restrictions. The exact funding profile and mix is not yet known.

The PTPS

36. The context within which the PTPS has operated has changed significantly several times since its first adoption in 2018. Factors include the drop in bus usage during the Covid-19 pandemic and journey numbers not fully recovering since then; changing levels of grant funding; the publication of the NBS, with its requirement for authorities to establish EPs and BSIPs; and the Council's increasing MTFS pressures. Therefore, the review of supported passenger transport services that commenced with the adoption of the PTPS in 2018 was delayed.

37. The review of supported passenger transport services in line with the PTPS recommenced in February 2023 working to a set programme of locally focussed engagement and consultation to inform affected communities on the review outcomes and intended course of action. However, in light of the BSIP+ funding awards the reviews were further delayed.
38. A review of the PTPS was commissioned in September 2023, to provide a flexible approach to supported passenger transport services, within the current funding from the DfT and the uncertainty of future funding post-2024/25. The proposed revisions aim to help support communities and their high priority journey needs through the efficient use of its budgets and utilising the commercial bus market (through the EP) to maximise a sustainable service offer for passengers and help stabilise the commercial market. It will be a core tool for informing and implementing changes as part of a redesigned network.

Adoption of the PTPS

39. The PTPS was adopted in October 2018, following a countywide online and face-to-face public and stakeholder consultation, which was undertaken between 21 March and 13 June 2018.
40. The adoption of the PTPS put in place a clear and transparent approach through which the Council would continue to provide value for money financial support to passenger transport services (unlike some authorities elsewhere in the country which have withdrawn support entirely) while endeavouring to ensure that Leicestershire residents have access to important services and facilities (such as primary health care, food shopping). Priority was given to trying to ensure that as many Leicestershire residents as possible were able to reach a local centre at least once per week to access these important services.
41. The adoption of the Strategy also provided the Council with a mandate to review each of its supported local bus services against the objective PTPS assessment system, engage on the intended course of action for each service and implement the changes to ensure that the services provided were fit for purpose and were achieving best possible value for money.
42. The Strategy considered support for services between 07:00 hours and 19:00 hours Monday to Friday and between 08:00 hours and 18:00 hours on Saturday. There were three indicators under the PTPS that services were to be assessed against to determine the strength of case for consideration of subsidy support:
- a) Net subsidy cost per passenger per kilometre.
 - b) Number of Leicestershire residents within the bus service's catchment area who do not have access to another direct service to a local centre by other means (for example, a commercial bus or train service stopping within 800 metres of their home), and who are not within reasonable walking distance (800 metres) of a local centre.
 - c) Journey purposes served.

43. The Cabinet, at its meeting in February 2023, approved engagement with communities on the outcomes of the service reviews and approved the Director of Environment and Transport's delegated powers to implement the changes following consultation with the Cabinet Lead Member.

Activity since the February 2023 Cabinet meeting

44. In May 2023, when engagement with communities was about to begin on the outcome of the reviews, the DfT announced a second round of BSIP funding (known as BSIP+). The Council was allocated approximately £1,790,000 revenue funds for the financial year 2023/24, with the same amount to follow in 2024/25. The funding was aimed at sustaining services for the duration of the funding and making improvements to continue sustainability beyond 2024/25.
45. Following this funding announcement, the review of services against the PTPS was once again halted with the continuation of support to existing subsidised services in the short-term due to this funding. It was made clear that this would not mean the reinstatement of commercial services that had already been withdrawn.
46. As more detail was received from the DfT about the terms and conditions on the use of this funding, it was felt necessary to carry out a light-touch revision of the PTPS to ensure that it could better adapt to fluctuating funding levels, the changing passenger transport landscape, and ensure continued value for money, whilst appropriately aligning with the Government's NBS. In addition, the funding allowed for the consideration of other initiatives that could improve services and underpin the ambitions of the Council's BSIP.
47. The review and update of the PTPS began in September 2023. In October 2023, further one-off funding was announced by the DfT as part of its 'Network North' commitment to improve connectivity in the North and Midlands using the funding saved from the second leg of HS2. The Council was awarded a further £4,050,000 for the financial year 2024/25, in addition to the £1,790,000 already allocated from BSIP+. The project to update the PTPS continued, as it was felt that the principles of a flexible approach to subsidised services was still, if not more, necessary given the uncertainty around future funding. Whilst needing to be mindful of the terms and conditions of this funding, most notably the requirement to spend within a reasonable timeframe and outputs needing to be realised within 12 months of funding receipt, this additional funding does allow for an even more transformational approach to passenger transport to be considered, hence the proposal in this report to reshape Leicestershire's passenger transport network.

Proposals for using the available funding

48. The combined BSIP+ and 'Network North' funding will enable the Council to:
- a) Complete a refresh of the BSIP.
 - b) Assist operators to stabilise and strengthen the commercial network.

- c) Work with operators to review and reshape the passenger transport network (both commercial and supported) across Leicestershire and enhance access to opportunities for people.
 - d) Work with operators to trial discounted travel for younger people.
 - e) Work with operators to standardise youth fares.
 - f) Explore and develop appropriate ticketing schemes, for example, multi-operator / tap on tap off with operators.
 - g) Develop rail interchange marketing and information.
 - h) Explore the feasibility of using Digital Demand Responsive Transport (DDRT) and to connect at more hubs across the county enabling greater connectivity and journey choice.
 - i) Develop scheme designs for identified pinch points for buses on Leicestershire highway network in preparation for potential award of capital grants in future years.
 - j) Work with operators to support the adoption of electric vehicles and other greener technologies.
 - k) Develop a Leicestershire buses branding.
 - l) Procure a contract management system and introduce a data portal to increase efficiency and improve data accuracy.
 - m) Maintain the current Park and Ride provision.
 - n) Seek appropriate specialist resource and advice where appropriate including financial, procurement, and legal.
49. As part of this funding boost, the Council is also in a position to consider a different approach to the supported bus service network. This would involve working with operators directly and through the EP to redesign a passenger transport network for Leicestershire based around existing commercial services and providing more direct, attractive routes by bus and making better use of Flexibus models and DDRT similar to Fox Connect, providing services to more communities. Consideration could also be given to enhancing existing commercial services where appropriate, such as longer operating hours to facilitate shift work at a major employment centres. In addition, officers would seek to extend the current Park and Ride contract to enable a full procurement exercise.
50. The Council would then tender contracts for the services that are not provided commercially on a longer-term basis (five years plus) than has been possible over recent years with the short-term, uncertain nature of funding.
51. The benefits of this approach are expected to be:
- a) Alignment with the NBS.
 - b) Increased stability and sustainability of the local commercial network.
 - c) Enhanced viability of supported passenger transport network with greater commercial potential.
 - d) Greater access to public transport in Leicestershire as well as improved journey choice.
 - e) Better value for money for the investment in passenger transport services.
 - f) Ability to provide operators with greater confidence to invest in new vehicle stock (bringing environmental benefits).

52. However, there are risks associated with this approach. Firstly, the continuation of funding from April 2025 by the DfT is subject to confirmation. Indications are that a £850,000,000 pot is available for the four years immediately after the current allocations; however, this has still to be confirmed as has the funding profile for each authority. It is therefore possible that considerable resources are committed to redesigning the network and putting it in place but that this would have to be removed without future funding and reductions in service to the 'core offer', as set out in the revised PTPS, would have to be implemented.
53. Secondly, the use of the 'Network North' funding to let longer-term contracts will be subject to approval from the DfT. Details of the plans for the network will be submitted for approval at the earliest opportunity to mitigate this risk. Given the DfT's requirements that outputs are delivered within 12 months, it will also be important to demonstrate good progress; therefore, engagement with operators will start in January 2024, subject to approval by the Cabinet.
54. Thirdly, the approach is ambitious and requires considerably more resource both from the Council and from operators. Prior to BSIP+ the assumption has been that investment from the Council in local passenger transport services would decrease; as such, it may take time and considerable investment to build up the availability of vehicles, drivers or other requirements needed to deliver a new passenger transport network. Council officers will work with partners to better understand these challenges through the EP and consider any relevant factors in designing and procuring services.
55. This approach would be feasible under the new PTPS proposed as part of this report.

Proposed PTPS revisions

56. The revised draft PTPS is attached at Appendices A and B.
57. The revised PTPS will provide the framework to allow for a more flexible and creative approach to supporting passenger transport services. This includes services that are not the traditional scheduled, fixed-route bus service, such as Demand Responsive Transport (DRT) and DDRT. The revised PTPS allows a more flexible approach to supporting services that are either marginally commercial or would be withdrawn, whilst steps are taken to return the service to being commercially viable.
58. It will allow the Council to do more, where affordable, and to prioritise spend when funding is reduced.
59. It is recognised that the way services are assessed in determining whether to provide subsidy or change from a local fixed timetable bus to a DRT service, needs to be clear and understandable. The revised PTPS provides this by setting out a clear scoring mechanism, enabling the Council to do things differently, to make more efficient use of available funding and service provision

options. Decisions will be based on using the mechanism set out in the PTPS, with a view to mitigating risk in consideration of available funding.

The current PTPS assessment criteria

60. The current approach has a strong focus on local centre accessibility and support is generally not provided if alternative access to a local centre and essential services such as food shopping and healthcare is available, whether that might be the preferred destination of choice to communities.
61. The strength of case for support of a service is based on a scoring system which is calculated using three key indicators listed in table 1 below.

Table 1: The current criteria and scoring

Indicator	Score
Net subsidy cost per passenger per kilometre (Higher the cost the lower the score is)	0-20
Accessibility Leicestershire residents within the service's catchment area who do not have access to another direct service to a local centre by other means (for example, commercial bus or rail service) and who are not within reasonable walking distance (800 metres) of a local centre. (Higher the number of residents the higher the score is)	0-10
Journey purpose (Higher score given based on number of high priority purposes served, for example, primary health care, food shopping)	0-5

62. The service is given an overall score on which the case for support is determined.

Table 2: Case-for-support rating

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

The revised PTPS assessment process

63. The proposed revised PTPS assessment process will also enable requests for marginal support, potentially through de-minimis arrangements, to be assessed in a more transparent way (de minimis refers to award of small amounts of bus subsidy without tender, as allowed by bus service tendering rules set out in Government regulations. This is especially valuable where a variation or

addition to an otherwise commercial service is the most effective way of meeting a particular need). This includes requiring key service data to be provided by the operator and targets set to review performance with a view to the service requiring less subsidy and ultimately aiming to return to full commerciality. It will also focus on access to opportunities (facilities) as opposed to journey purpose. Services to be considered for subsidy support would go through the process set out in table 3 below.

Table 3: Assessment process

Step	Activity
Request is made	<ul style="list-style-type: none"> • Operator approaches the Council prior to bus services registration process. • Data is provided that supports the request - evidence of viability issues, subsidy required, patronage etc.
Assessment	<ul style="list-style-type: none"> • The service is initially assessed on basis of the cost per passenger per kilometre indicator (17-20: strong, 15-16: marginal and under 15: weak). • If affordable, strong services will proceed as below, but marginal/weak will require full assessment.
Conditions and targets	<ul style="list-style-type: none"> • The Council and operators agree performance targets aiming at reduction in de-minimis subsidy – service to be reviewed against these targets. • Failure to meet these targets will mean the service is assessed and ranked in line with main criteria scoring. • Through liaison with the operator, the Council will set out in clear terms the conditional nature of support.
Review	<ul style="list-style-type: none"> • Service is reviewed in line with targets set and future funding decision is based on this.

64. The proposed criteria and scoring are shown in table 4 below. In addition to updating costs metrics to reflect inflation, a key change in the revised PTPS scoring mechanism is in regard to the key indicator that now measures access to opportunities, meaning access to settlements that have high priority services and facilities, such as, primary health care, employment, education and food shopping. This is as opposed to measuring journey purpose.

Table 4: the proposed criteria and scoring

Indicator	Score
Net subsidy cost per passenger per kilometre (Higher the cost the lower the score is)	0-20
Accessibility number of Leicestershire residents within the services catchment area who do not have access to another service and are not within reasonable walking distance (800 meters) of a large settlement centre. (Higher the number of residents the higher the score is)	0-10
Access to opportunities (See paragraph 66 and table 7)	0-5

65. The overall scoring mechanism indicating the overall strength of case for support has also been updated to differentiate and reflect the potential for support under de minimis arrangements (table 5 below). The comparison of scoring for fully supported and de minimis services is also outlined in table 6 below.

Table 5: Proposed case-for-support rating

Case-for-support rating	Overall service score	
	Supported services score out of 35	De-minimis score out of 20
Strong	25 or more	17 or more
Marginal	20-24	15-16
Weak	<20	<15

Table 6: Proposed scoring mechanism for fully supported service or de minimis

Indicator	Fully supported bus service	De minimis bus service
Cost per passenger per kilometre	0-20	0-20
Access to an alternative bus / rail service	0-10	-
Access to opportunities	0-5	-
Overall score	Out of 35	Out of 20

Access to opportunities

66. Assessment criteria have been developed to measure access to opportunities, making the best use of available data. This metric enables more meaningful value to be attributed to the range of high priority services and facilities accessed by communities. The criteria are set out in table 7 below. The previous assessment of journey purpose was very resource heavy as it involved manual surveys of passengers, was difficult to achieve within the timescales of the registration process and was not always fully representative.

Table 7: Evaluating access to opportunities

Indicator	Value range	Score
(as measured by the relative size of the destinations served by the service, reflecting the availability of a range of facilities and services)	Provides access to a city plus at least one large settlement.	5
	Provides access to at least two large settlements.	4
	Provides access to at least one large settlement.	3
	Provides access to at least two medium settlements.	2
	Provides access to at least one medium settlement.	1
	Provides access to at least one small settlement.	0

Core offer

67. The Strategy retains clear guidance on the 'core offer' that the Council would use in times of low funding. Without funding from external sources, the 'core offer' would be full or partial support in the form of:
- a) A scheduled bus within the Council's budgetary constraints; or
 - b) Replacing buses with basic taxi-type DRT services where scheduled services are not affordable or deemed not to offer value for money.
68. When additional external funding is available, such as BSIP+ or Section 106, the Council may implement an enhanced offer including the potential for:
- a) Trialling and or implementing some of the more flexible means of service provision, such as new operating zones for the FoxConnect DDRT, new 'Flexibus' services or enhanced taxi type DRT;
 - b) Awarding short-term support in response to new de minimis requests from operators with a view to assisting borderline commercial services to return to commercial viability;
 - c) Ticketing, fares, marketing and promotional projects through the Council's EP;
 - d) Zero emission initiatives.
69. Any 'enhanced' service provision supported with external funding will be reviewed at the end of the funding period and considered for ongoing support in

relation to other 'core' service provision, subject to staying within the Council's budgetary constraints.

Legal Duty

70. A revised PTPS would support the Council's responsibilities as the Local Transport Authority. The County Council has a statutory duty² to secure the provision of local transport solutions which the private sector is unable or unwilling to provide. The Council also has other statutory duties which touch upon the provision of public transport². However, the Council's duty under the Transport Act 1985 is not absolute. Rather the duty simply requires transport provision so far as the Council considers it appropriate to meet any public transport requirements which would not otherwise be met.
71. Section 109(1) of the Transport Act 2000 requires transport authorities to keep their local transport plan under review and alter it if they consider it appropriate to do so.
72. Furthermore, as a "best value authority", the Council is under a statutory duty³ to secure continuous improvement in the way in which it exercises its functions, having regard to a combination of factors, including economy, efficiency and effectiveness.

Consultation

73. Engagement took place with the Highways and Transport Overview and Scrutiny Committee, with all Council Members and with the EP, as well as seeking advice from the DfT Relationship Officer.

Comments of the Highways and Transport Overview and Scrutiny Committee

74. On 9 November 2023, the Highways and Transport Overview and Scrutiny Committee considered a presentation which gave an update on the opportunities afforded by the funding announcements for the Leicestershire passenger transport network, including the work undertaken to refresh the PTPS.
75. The funding was welcomed by the Committee, but disappointment was expressed by members at the timescale within which it was to be used.
76. The Committee was keen to ensure that operators' engagement around service changes was improved and that partnership working would be strengthened. It was suggested that this could include rail ticketing to offer a more integrated service. It was felt that, although an excellent offer, more consideration needed

² Section 63(1)(a) of the Transport act 1985.

² Road Traffic Reduction Act 1997 (duty to prepare reports setting out targets to reduce congestion); Road Traffic Regulation Act 1997 (duty to exercise functions to secure the expeditious, convenient, and safe movement of traffic) & Transport Act 2000 (duty to produce a local transport plan).

³ Section 3(1) of the Local Government Act 1999.

to be given to the accessibility of DRT/DDRT and the applications operators used.

Further engagement

77. Subject to the Cabinet's approval of the recommendations, full engagement will be planned throughout the network redesign and implementation of service changes through the PTPS. This will include passengers, non-passengers, the EP, individual operators, the DfT and other stakeholders. It will also involve a comprehensive review of the Equality Impact Assessment (EIA) along with engagement with special interest groups or representatives of people with protected characteristics.

Conclusion

78. The funding from the DfT for the financial years 2023/24 and 2024/25 provides a unique opportunity to make real improvements to the passenger transport network and services over the next two years. The position after this funded period is less certain and it is, therefore, necessary to ensure that the Council is in a position to adapt its support to services according to the prevailing budget situation.
79. The proposed revisions to the PTPS are necessary to enable prioritisation and decision-making on supporting services to meet priority travel needs and opportunities, particularly relating to employment and training. It would also allow for a more flexible approach to supporting services that are close to being financially viable for the operator, with a view to returning them to commerciality as soon as possible. This approach benefits operators in being able to continue to deliver valuable well-used services by receiving support, where deemed it provides value for money, supporting the commercial market to continue to provide the majority of bus services in the county. It also crucially benefits both the Council in targeting limited funds to provide efficient passenger transport services that represent value for money, and in keeping Leicestershire communities connected to the high priority services and facilities they need.

Equality Implications

80. An EIA on the proposed revisions to the PTPS has been undertaken and found that whilst this will result in some changes to passenger transport provision these changes should have a positive impact, as in essence access to high priority services should be enhanced, particularly so with the Government funding that has been awarded. It recognises that should funding and therefore budgets be reduced in the longer-term, then the subsequent need to reduce provision would have a negative impact on older people, people with disabilities and people living in rural or deprived areas. However, this impact risk is no different to what is there now with the current PTPS.
81. A full EIA is attached at Appendix C.

Human Rights Implications

82. There are no human rights implications arising from the recommendations in this report.

Crime and Disorder Implications

83. There are no direct anticipated crime and disorder implications.

Environmental Implications

84. Providing and promoting a sustainable public transport network, resulting in increased passenger usage, should have a positive impact on the Council's net zero county commitment.

Partnership Working and Associated Issues

85. The delivery of the Leicestershire BSIP (to the extent possible within funding constraints) is driven by a formal EP between the Council and Leicestershire bus operators. The EP also includes opportunity through a broad 'Enhanced Partnership Forum' for a wide range of other stakeholders to provide input and suggestions on how the BSIP should best be implemented. As such, the EP and its Board have a significant interest in the implications of the PTPS.
86. The Council works closely with and receives guidance and funding from the DfT in implementing passenger transport initiatives. Relationships are also maintained with neighbouring authorities to address cross-border matters.

Risk Assessment

87. In February 2023, when the Cabinet last considered the PTPS, there was a high likelihood of negative public reaction. The proposed changes to the PTPS, plus the additional one-off funding in 2023/24 and 2024/25, mean that, for the short-term, services can be sustained with a view to improving provision as well as increasing the resilience of the County's bus operation. There is, however, a need to ensure that services offer value for money and meet passengers' priority travel needs. This may lead to changes to some services that could still garner negative public reaction, although this risk is significantly reduced.
88. Although there is funding for the financial years 2023/24 and 2024/25, with the expectation that further ongoing funding will be allocated for the following four years, it is not guaranteed beyond 2024/25. If funding is not forthcoming, the Council's ability to continue supporting some services would be limited, resulting in reductions or withdrawal of support. Further funding would also not address the current budget shortfall or upcoming MTFS commitments which will still need to be mitigated.
89. There are risks around operators' ongoing viability and interest in tendering for supported services. This could lead to some services being left without an operator, or unsustainably high contract costs.

Background Papers

Report to the Cabinet on 9 March 2018, 'Draft Passenger Transport Policy and Strategy Review of the Community Bus Partnerships'

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5178#A154445>

Report to the Cabinet on 16 October 2018, 'Draft Passenger Transport Policy and Strategy', including appended EHRIA:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5184&Ver=4>

Report to the Cabinet on 22 June 2021, 'National Bus Strategy':

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6444&Ver=4>

Report to the Cabinet on 26 October 2021, 'National Bus Strategy':

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6447&Ver=4>

Report to the Cabinet on 29 March 2022, 'National Bus Strategy – Enhanced Partnership Plan and Scheme and Bus Service Improvement Plan':

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6774&Ver=4>

Report to the Cabinet on 29 March 2022, 'Local Bus Service Challenge and Impacts':

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6774&Ver=4>

Current Passenger Transport Policy and Strategy (PTPS) (2018):

- Policy:
<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2019/5/10/Passenger%20Transport%20Policy.pdf>
- Strategy:
<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2019/5/10/Passenger%20Transport%20Strategy.pdf>

Bus Service Improvement Plan (BSIP):

<https://www.leicestershire.gov.uk/roads-and-travel/buses-and-public-transport/bus-service-improvement-plan-bsip>

Enhanced Partnership Plan and Scheme:

<https://www.leicestershire.gov.uk/roads-and-travel/buses-and-public-transport/enhanced-partnership-plan-and-scheme>

Report to the Highways and Transport Overview and Scrutiny Committee on 9 November 2023 and minutes of that meeting

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1293&MId=7176>

Appendices

Appendix A: Draft revised Passenger Transport Policy

Appendix B: Draft revised Passenger Transport Strategy

Appendix C: Equality Impact Assessment (EIA)

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