



**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY**  
**COMMITTEE: 5 SEPTEMBER 2024**

**IMPROVING PASSENGER TRANSPORT THROUGH A REFRESHED BUS**  
**SERVICE IMPROVEMENT PLAN**

**REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT**

**Purpose of the Report**

1. The purpose of this report is to inform the Committee of work associated with the refresh of the Leicestershire Bus Service Improvement Plan (LBSIP 24), attached as Appendix A to this report, and to seek its views, prior to consideration by the Cabinet on 13 September 2024.

**Policy Framework and Previous Decisions**

2. In November 2020, the Cabinet approved the Leicester and Leicestershire Strategic Transport Priorities (2020-2050), which highlights where the County Council and Leicester City Council 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.
3. In March 2021, the Government published its priorities and ambitions for road-based passenger transport in the Department for Transport (DfT) publication, 'Bus Back Better: national bus strategy for England'. This required the Council to establish an Enhanced Partnership (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.
4. 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 a BSIP for Leicestershire, and identifying any implications for the Council's previously adopted Passenger Transport Policy and Strategy (PTPS).
5. In October 2021, the Cabinet considered a report on the implementation of the NBS, which set 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.

6. 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.
7. 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 the Director of Corporate Resources, to take such action as necessary to ensure the continued provision of services in line with the PTPS.
8. 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.
9. 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.
10. 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.
11. In December 2023, the Cabinet considered a report regarding the award of grant funding to the County Council for passenger transport services, which set out the approach for using those funds and a new PTPS. The Cabinet approved the revised PTPS and authorised the Director of Environment and Transport to use the grant funding to develop a reshaped Leicestershire supported transport network.

## **Background**

### **Government priorities and funding**

12. In 2021, the Government's priorities and ambitions for road-based passenger transport were set out in the 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 a BSIP which sets out the vision, targets and initiatives to improve passenger transport in

Leicestershire. The County Council, as the Local Transport Authority (LTA), submitted its first BSIP in October 2021.

13. The two tranches of £1,790,000 BSIP+ funding that the Council has been allocated (as outlined in paragraph 9) are 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.
14. 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.
15. The further one-off £4,050,000 'Network North' public transport funding for 2024/25 (as outlined in paragraph 10) 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. The Government at the time also advised of a forthcoming further four-year funding settlement, which was expected to be a mix of capital and revenue and that an announcement would be made on this. This could provide an opportunity to carry out improvement schemes that may not be eligible under the current funding restrictions. On 4 July 2024, there was a change of the Government following the general election; however, it is not yet known if the newly elected Government will continue with this funding plan.
16. Following the general election and at the King's Speech on 17 July 2024, the Government proposed a 'Better Buses Bill' for the next session of Parliament. Although there is little detail at this stage, it is clear that the incumbent Government has a fundamentally different ambition for passenger transport. These ambitions are likely to include:
  - a) Empowering LTAs and reform funding;
  - b) Allowing every community to take back control of their buses;
  - c) Accelerating the bus franchising process;
  - d) Stepping in to safeguard local bus networks;
  - e) Supporting public ownership.
17. It is likely, however, that the majority of the ambitions described in the LBSIP 24 would remain valid, as they share a common desire to improve passenger transport provision, viability, access and the passenger experience. It is, therefore, considered that the proposed LBSIP 24 is fit for purpose prior to new legislation or provision of interim guidance. On this basis, the remainder of this report and the BSIP itself largely does not refer further to the 'Better Buses Bill'.

LBSIP 24

18. Following the publication of a new BSIP guidance by the DfT in January 2024, the County Council, in collaboration with the EP, has undertaken an exercise to refresh its BSIP. A copy of the refreshed LBSIP 24 is attached as Appendix A.
19. The County Council has a long-held vision for a 'best in class' sustainable and green passenger transport network. It would seamlessly connect people with employment locations, education and training opportunities, key services, other transport modes, leisure destinations and each other; in a way that is reliable, affordable, environmentally friendly, easy-to-use, safe, and inclusive. Across Leicestershire, including rural areas, passenger transport would be seen as the travel method of choice for the people living and working in the County, enhanced by links to rail, walking and cycling routes. Leicestershire's communities would enjoy enhanced connections and Leicestershire would be an attractive place to live, work, and play.
20. The LBSIP 24 aims to make the passenger transport vision a reality as much as possible, within the financial context described in paragraphs 35-39. The overall aim of the plan is to increase bus usage (compared with the pre-Covid-19 pandemic levels) across the County through improved, financially sustainable, higher standard services that better meet the needs of Leicestershire's residents, employees, and visitors – making bus travel a preferred choice for travel around the County and travel into Leicester.

Objectives

21. The principal objectives of the LBSIP 24 remain unchanged from the previous BSIP and that is to make the Leicestershire Bus Network:
  - a) A single system – a high-quality integrated and efficient system, with:
    - i. a clearer brand identity and a more holistic approach to marketing;
    - ii. greater coordination between operators' timetables;
    - iii. integration with other travel modes such as rail, cycling, walking, and e-mobility; and
    - iv. the use of Demand Responsive Transport (DRT) to provide greater availability, particular in rural areas of the County.
  - b) Reliable – quicker journey times delivered more reliably and where possible, more frequently.
  - c) Affordable – particularly for young people, who are the potential core bus market for the future.
  - d) Easy to use – with the customer experience much easier in terms of getting information, using different operators' services, and paying fares.
  - e) More attractive and greener – through moving towards use of modern, lower emission (and ultimately zero emission) vehicles across the network.

Challenges

22. The LBSIP 24 does provide context into the environment in which the EP has been working in to achieve the objectives and the significant challenges faced in delivering passenger transport in a rural County from 2021 to 2024. The most significant challenges being:

- a) Limited funding to enable the Council to step in and support commercial services (for instance, when operators seek support to continue services or register to withdraw/reduce provision).
- b) Rural provision restricted to minimal DRT provision, offering one to two journeys a week to one local centre.
- c) Essential provision only.
- d) Significant savings pressures to offset the Council's decreasing bottom line.
- e) Limited resources for bus promotions.
- f) Limited budget to introduce bus infrastructure improvements, such as real time information or shelters.
- g) At best, managing a decline in passenger numbers through a number of factors (such as the impact of a lack of funding from the Government, the cost of living crisis, and the impacts of the Covid-19 pandemic).

### Successful delivery

23. Against this backdrop since the initial BSIP in 2021, the Council has achieved the following:

- a) The EP has been established with key stakeholders collaborating on the delivery of the BSIP.
- b) The delivery of initial EP schemes. A Bus Charter has been approved, Bus Infrastructure Standards have been set, and Euro VI standard vehicles are in operation on Leicestershire's roads.
- c) The supported bus network has been maintained, ensuring access to essential services for residents.
- d) A Passenger Transport User Group has been established providing critical support to the EP Board.
- e) There has been a successful bid to the Rural Mobility Fund, which has seen the delivery of the Fox Connect DRT service in the south of the County. This will be used as a guide for future DRT roll-out across Leicestershire, subject to future funding.
- f) Stops have been upgraded within central Leicestershire with support from Leicester City Council, demonstrating the ability to work and deliver with a neighbouring LTA.
- g) There has been a successful Zero Emission Bus Regional Area (ZEBRA) funding bid, securing £8,800,000 for the introduction of 46 new electric vehicles and associated charging infrastructure.

### LBSIP 24 delivery plan for 2024/25

24. Through the combined BSIP+ and 'Network North' funding, the LBSIP 24 sets out an ambitious programme for delivery in 2024/25 to meet the objectives set out in paragraph 21. This consists of the following:

- a) A complete refresh of the BSIP.
- b) Assisting operators to stabilise and strengthen the commercial network.
- c) Working with operators to review and reshape the passenger transport network (both commercial and supported) across Leicestershire and enhance access to opportunities for people.
- d) Working with operators to trial discounted travel for younger people.
- e) Working with operators to standardise youth fares.

- f) Exploring and developing appropriate ticketing schemes, for example, multi-operator / tap-on-tap-off with operators.
  - g) Developing rail interchange marketing and information.
  - h) Exploring the feasibility of using Digital Demand Responsive Transport (DDRT) and to connect at more hubs across the County, which would enable greater connectivity and journey choice.
  - i) Developing scheme designs for the identified pinch points for buses on the Leicestershire highway network, in preparation for the potential award of capital grants in future years.
  - j) Working with operators to support the adoption of electric vehicles and other greener technologies.
  - k) Developing Leicestershire buses branding.
  - l) Procuring a contract management system and introducing a data portal to increase efficiency and improve data accuracy.
  - m) Maintaining the current Park and Ride provision.
  - n) Seeking the appropriate specialist resource and advice where required including financial, procurement, and legal.
25. 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; providing more direct, attractive routes by bus; making better use of Flexibus models and DDRT (similar to Fox Connect); and 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 centre. In addition, officers would seek to extend the current Park and Ride contract to enable a full procurement exercise.
26. While only short-term, this additional funding provides the Council with the opportunity to consider the potential to tender contracts for the services that are not provided commercially on a longer-term basis than has been possible over recent years with the limited funding the Council has had at its disposal.
27. The benefits of this approach are expected to be:
- a) The alignment with the NBS.
  - b) The increased stability and sustainability of the local commercial network.
  - c) The enhanced viability of supported passenger transport network with greater commercial potential.
  - d) The greater access to public transport in Leicestershire as well as improved journey choice.
  - e) The better value for money for the investment in passenger transport services.
  - f) The ability to provide operators with greater confidence to invest in new vehicle stock (bringing environmental benefits).
28. However, it should be noted that while this short-term funding enables the ability to enhance the network and realise the above benefits, if the further indicated funding settlements, as highlighted in paragraph 15, do not materialise, then there would be a need to scale the supported network back by enacting notice clauses on some contracts to ensure provision is managed within the budget envelope available.

### Ambitions and Proposals 2025 to 2035

29. As part of the updated BSIP guidance, the DfT has requested that LTAs provide an indicative programme of proposals that a BSIP could deliver from 2025 to 2029. The LBSIP 24 does provide an indicative costed programme from 2025/26 to 2028/29 of £100,000,000 to support the ongoing delivery of the plan. This would have to complement the existing expenditure by both the County Council and local operators. It should be stressed that beyond 2025 any delivery of the LBSIP 24 will be completely dependent on additional funding from the Government.
30. Subject to funding coming forward, the types of schemes that could be delivered are:
- a) The expansion of DDRT services.
  - b) The further investment in County bus network branding.
  - c) The development of the youth travel offer.
  - d) The enhancement of sustainable travel opportunities, such as utilising the Choose How You Move programme to encourage behaviour change.
  - e) The publicity/promotion and education improvements, such as investing in information provision to promote the bus network.
  - f) The investment in bus stop provision and infrastructure.
  - g) The improvement of fare and ticketing, through working with partners to increase the range of ticketing offers.

### Targets and Monitoring

31. The LBSIP 24 has set out challenging but realistic targets covering the key performance metrics of passenger growth, customer satisfaction, journey times and reliability. Due to the current sporadic nature of funding opportunities to support the passenger transport network, these targets will be kept under review to assess if they are the most appropriate mechanisms for monitoring what is a relatively volatile service area.

### Consultation

32. Engagement with the EP, and collaboration with the DfT, has continued to take place on the development of the LBSIP 24.
33. As set out in paragraph 49, the Council has worked in collaboration with the DfT to submit a working draft of the LBSIP 24 by the June 2024 deadline. This has enabled further opportunity for EP members to develop proposals with the LBSIP 24.
34. The Committee's comments on the draft LBSIP 24 will be reported to the Cabinet on 13 September 2024.

### Resource Implications

35. 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 refreshed BSIP are a part.

36. 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.
37. 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.
38. As outlined in paragraph 14, the BSIP+ funding is subject to a number of terms and conditions, with the 'Network North' public transport funding following the same restrictions. One of these conditions stipulated that recipients must retain existing funding levels for the duration of the funding, such as 2023-2025, therefore, it has been necessary to defer the 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.
39. It must be noted, however, that funding post-2024/25 is still uncertain. If sufficient funding from the Government 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 December 2023.
40. The Director of Corporate Resources has been consulted on the content of this report.

### **Legal Implications**

41. A refreshed LBSIP 24 would support the Council's responsibilities as the LTA. The County Council has a statutory duty to secure the provision of local transport solutions which the private sector is unable or unwilling to provide. 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.
42. 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.
43. Furthermore, as a 'best value authority', the Council is under a statutory duty 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.
44. On 17 July 2024, an announcement was made in the King's Speech that a 'Better Buses Bill' will be introduced. It is acknowledged that this could change the Council's approach to passenger transport significantly in coming years. Prior to any further



clarity on what the Bill entails, and timescales for its progress through Parliament, or any interim guidance from the DfT, it is advised that the Council continues with the ambitions in the proposed BSIP.

45. Potential changes arising from the proposed 'Better Buses Bill' would likely require separate legal consideration, once known.
46. The Director of Law and Governance has been consulted on the content of this report.

### **Conclusions**

47. 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 able to adapt its support to services according to the prevailing budget situation.
48. The refreshed LBSIP 24 supports 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.

### **Timetable for Decisions**

49. The DfT published the updated BSIP guidance in January 2024, which requested that all LTAs publish a refreshed BSIP by 12 June 2024. Working in collaboration with the DfT, a working draft of the LBSIP 24 was submitted by this date. This was to enable further opportunity for stakeholders (bus operators, district councils and Leicester City Council) to develop proposals with the LBSIP 24 and to seek formal approval through the County Council's democratic process. The DfT has supported this approach and confirmed it will have no direct impact on programme funding.
50. The refreshed LBSIP 24 will be considered by the Cabinet on 13 September 2024. The Committee's comments will be reported to the Cabinet.
51. Subject to the Cabinet's approval, the LBSIP 24 will be published after 13 September 2024.

### **Background Papers**

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

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5178&Ver=4>

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

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

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

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

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

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

Report to the Cabinet on 19 December 2023 'Improving Passenger Transport Through Bus Service Improvement Plan Plus and Network North Funding':

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7081&Ver=4>

Current Passenger Transport Policy and Strategy (PTPS) (2023):

- Policy:  
<https://www.leicestershire.gov.uk/sites/default/files/2024-01/passenger-transport-policy.pdf>
- Strategy:  
<https://www.leicestershire.gov.uk/sites/default/files/2024-01/passenger-transport-strategy.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, Passenger Transport Update:

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1293&MId=7176&Ver=4>

### **Circulation under the Local Issues Alert Procedure**

52. This report will be circulated to all members.

### **Equality Implications**

53. An Equality Impact Assessment (EIA) on the proposed refreshed LBSIP 24 has been undertaken. It found that, whilst the BSIP will result in some changes to passenger transport provision, these changes should have a positive impact. 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.

54. A full EIA is attached at Appendix B.

### **Human Rights Implications**

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

### **Environmental Implications**

56. 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.
57. The environmental implications of this proposal are outlined in paragraph 19 of this report.

### **Health Implications**

58. Providing and promoting a sustainable public transport network and improving access to key services and opportunities, including healthcare and social interaction, should have a positive impact on health inequality, and help to prevent isolation and social exclusion.
59. The health implications of this proposal are outlined in paragraph 21 of this report.

### **Partnership Working and Associated Issues**

60. The delivery of the LBSIP 24 (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 LBSIP 24 should best be implemented.
61. The Council is working closely with and receives guidance and funding from the DfT in implementing passenger transport initiatives. Relationships are also maintained with neighbouring authorities, such as Leicester City Council, to address cross-border matters.
62. More detail regarding partnership working can be found in paragraph 23 of this report.

### **Risk Assessment**

63. Although there is funding for the financial years 2023/24 and 2024/25, funding is not guaranteed beyond 2024/25. If funding is not forthcoming, the Council's ability to continue supporting passenger transport 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.
64. 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.

**Appendices**

Appendix A – Leicestershire Bus Service Improvement Plan 2024

Appendix B – Equality Impact Assessment

**Officers to Contact**

Ann Carruthers

Director, Environment and Transport

Tel: (0116) 305 7000

Email: [Ann.Carruthers@leics.gov.uk](mailto:Ann.Carruthers@leics.gov.uk)

Janna Walker

Assistant Director, Development and Growth

Tel: (0116) 305 0785

Email: [Janna.Walker@leics.gov.uk](mailto:Janna.Walker@leics.gov.uk)