



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE - PLACES

WEDNESDAY, 21 SEPTEMBER 2022

Report of the Executive Director - Place

Bus Service Improvement Plan and Enhanced Partnership

1. Purpose

- 1.1 To report to the Committee on the work undertaken on the Bus Service Improvement Plan and associated Enhanced Partnership.

2. Information and Analysis

2.1 Background

On 15 March 2021, Government published the first National Bus Strategy for England. The main objective of the Strategy was to reverse the long-term decline in bus use nationally, which has been exacerbated by the impact of the Covid-19 pandemic. It aimed to achieve this by making bus services more frequent, reliable, better coordinated and cheaper. To enable this to happen, Government wanted to see major improvements in a variety of areas including bus priority measures, vehicle emission standards, the provision of service information, simplified ticketing arrangements and the joint marketing of services. The Government had committed to provide £3bn of new transformation funding nationally to help drive forward these improvements.

- 2.2 Under the deregulated model of bus provision, which had been in place since the 1986, most services are provided on a commercial basis. This means it is the bus companies themselves who decide the route of the service, the timetable, fares, types of vehicles used, etc, based on what

they think makes the best commercial proposition. It is only when bus companies decide that a route is not commercially viable that Local Transport Authorities (LTAs) can become involved by specifying and funding additional services to fill gaps in commercial provision. Prior to the pandemic, approximately 80% of bus passenger journeys in Derbyshire were made on commercially operated services, with the remaining 20% of journeys taken on routes directly funded by the Council.

- 2.3 To access the funding in the National Strategy, all LTAs in England, such as Derbyshire County Council, had to produce a Bus Service Improvement Plan (BSIP) and submit to Government as their formal response by the end of October 2021. They also needed to agree to play a larger role than they had previously done in the way bus services operated in their area by entering into either an Enhanced Partnership (EP) with their operators, or to introduce bus franchising loosely based on the London model (that is, Transport for London (TfL) oversee all fares, routes and timetables and competitive contracts are awarded to operators to run services under the TfL brand).
- 2.4 Derbyshire, like all the other LTAs in England, apart from Greater Manchester, agreed to enter into an EP. The purpose of the EP is to create a formal, collaborative agreement between LTAs and bus operators to deliver bus improvement objectives. As part of an EP, the LTA and operators can jointly agree to introduce a variety of changes, such as setting minimum service standards including the frequency of buses along specific routes, the type of vehicle to be used and the availability of ticket products and payment methods.
- 2.5 A considerable amount of work was undertaken to develop Derbyshire's BSIP during the summer and autumn of 2021, which involved consultation with a variety of stakeholders including members of the public, bus user groups, local businesses, borough and district councils, the Peak District National Park Authority, as well as the bus operators themselves. To oversee this work, an Enhanced Partnership Board was established. This included representatives from the Council, including the Cabinet Member - Highway Assets and Transport and the Executive Director - Place, as well as senior management from six different bus companies, which run services in Derbyshire who were nominated by their fellow operators following a meeting of all the companies who provide services in the county.
- 2.6 The Board was led by an independent Chair, Professor Margaret Bell, who is a prominent academic on transport matters and former resident of Derbyshire. From this process, a set of six overarching objectives for

bus provision in Derbyshire were developed. These are that bus travel should be:

- The first-choice mode for existing and new customers for most journeys across Derbyshire.
- Available for more journeys and which grows to meet customer needs.
- Affordable to use.
- Environmentally sustainable.
- Welcoming and friendly for existing and new passengers.
- A connected network that helps reduce social isolation.

2.7 The BSIP, submitted to the Department for Transport (DfT) at the end of October 2021, set out a series of 38 ambitious measures to achieve the above objectives and improve bus travel across Derbyshire. These included a mix of capital infrastructure improvements, such as traffic signal and road changes to improve bus reliability, and a network of mobility hubs to improve connectivity between different bus services and to other forms of transport. Other measures involved enhancements to bus services, such as new routes and more Demand Responsive Transport (DRT), as well as better value ticketing options.

2.8 In line with DfT guidance, the BSIP programme was designed to be delivered over five years starting in April 2022, with funding of £104.9m being sought from Government in addition to local contributions from the Council and other stakeholders. A copy of the full BSIP can be seen on the Council's public transport website at [Derbyshire BSIP – Final 29-10-21.pdf \(derbysbus.info\)](#)

2.9 Following the submission of the BSIP to Government, work to formally agree the terms of the EP began. Consultation on this was undertaken with bus operators and other stakeholders in January 2022, in line with DfT guidance. Taking account of comments received in this process, a revised version of the EP Plan and EP Scheme (both legally required documents), were produced and subsequently approved by Cabinet at its meeting on 10 March 2022 (Minute No. 66/22 refers). This formally "Made" the EP between the Council and bus operators, which began from 31 March 2022. Copies of the EP Plan and EP Scheme can be seen on the Council's public transport website at [Derbyshire EPP 29.03.22 - final.pdf \(derbysbus.info\)](#) and [Derbyshire EPS 29.03.22 - final.pdf \(derbysbus.info\)](#)

2.10 There was initially very little feedback from the DfT on the contents of the Council's submitted BSIP, however, in February 2022, Derbyshire was mentioned in the Government's "Levelling Up" White Paper as an area

which would receive funding to improve bus services. Following this, a series of detailed discussions took place with the DfT and other Government officials on which elements of the BSIP were likely to be funded. During this process, it became clear that the DfT was scaling back the funding being made available nationally for BSIPs. This was due to the DfT having to allocate some of the proposed funding in the Bus Strategy to continue to provide emergency financial support to bus companies over a longer period of time than originally envisaged.

- 2.11 In April 2022, DfT made an announcement setting out the funding that would be available nationally to LTAs for BSIPs for the next three financial years, up until March 2025 (this was a shortening of the original timescales from five years). Of the 70 LTAs who submitted BSIPs, only 31 received indicative allocations with neighbouring authorities' areas, such as Cheshire, Leicestershire, Staffordshire and South Yorkshire, receiving nothing. Derbyshire was given an initial allocation of £47m which was the second largest amount awarded to a non-urban LTA.
- 2.12 Further discussions continued with the DfT in response to a number of specific questions it raised about the proposals. As a result of this, in August 2022, the DfT provided a detailed breakdown of the measures it would fund which are shown in the table 1 below and confirmed the funding settlement as £47,003,438. It is anticipated the first annual tranche of this money will be released to the Council in the near future.
- 2.13 At its meeting of 28 July 2022, Cabinet approved to delegate decisions to alter and vary the EP Plan and the EP Scheme (known as "Bespoke Variation Arrangements") to align with the BSIP funding in anticipation of final settlement. In addition, Cabinet approved delegated authority to the Executive Director – Place, in consultation with the Cabinet Member – Highways Assets and Transport, to accept the final funding settlement from the DfT.

Table 1 Allocated BSIP funding until 2024-25

Measures	Capital funding	Revenue Funding
Bus priority measures including traffic signal changes, improvements to the highway to remove pinch points and roadworks management.	£19.27m	£0.79m
Better value ticketing including promotional ticketing offers and reduced values for key groups.	0	£7.05m

Better bus services including transport hubs, improved timetables on existing services and new services to key locations, more DRT services. Also includes improvements to information and marketing.	£3.65m	£16.24m
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3. Consultation

3.1 Detailed consultation took place during the development of the BSIP and EP Plan and EP Scheme. The EP Board continues to meet on a two weekly basis to agree the implementation process for the BSIP and other issues. A wider BSIP Stakeholder Group has also been established which includes passenger users' groups, other transport operators, the borough and district councils and business organisations. This group is chaired by Scott Knowles, the Chief Executive of the East Midlands Chamber of Commerce.

4. Alternative Options Considered

4.1 **Not to produce a BSIP and form an EP.** The Government made it clear in the National Bus Strategy that only those LTAs that took part in the process would receive funding for bus related activities. Failure to produce a BSIP and EP would also impact the Council's ability to get funding from the DfT for other non-bus transport project. This option was therefore not considered appropriate.

4.2 **To introduce bus franchising rather than an EP.** Franchising would bring with it considerable financial risks for the Council as it would be responsible for meeting the overall cost of providing all the bus services in Derbyshire not covered by passenger fares and other income. Currently, estimating this cost would be very difficult due to a number of factors including the impact of the pandemic on bus passenger numbers and fares revenue over the last 2 ½ years and the large increase in operating costs caused by the rise in fuel prices and staff salaries. In addition, the Council does not have the automatic right to introduce franchising as, under the existing legislation, only Mayoral Combined Authorities have these powers. To gain this authority from the Secretary of State for Transport, and start the process by the end of March 2022, was not considered a feasible option. Nationally, only Greater Manchester, which had already started the process to introduce franchising prior to the publication of the National Bus Strategy, has chosen to take this approach.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

- 6.1 Copies of the BSIP and EP plan and scheme can be seen on the Councils website [Derbyshire BSIP – Final 29-10-21.pdf \(derbysbus.info\)](#) [Derbyshire EPP 29.03.22 - final.pdf \(derbysbus.info\)](#) and [Derbyshire EPS 29.03.22 - final.pdf \(derbysbus.info\)](#)

7. Appendices

- 7.1 Appendix 1 – Implications.

8. Recommendations

That the Committee:

- a) Notes the work undertaken on the Bus Service Improvement Plan and Enhanced Partnership Plan and Enhanced Partnership Scheme.
- b) Notes the funding which been allocated to the Council as part of the Bus Service Improvement Plan process.

9. Reasons for Recommendation(s)

- 9.1 A considerable amount of work was required to produce the Bus Service Improvement Plan and Enhanced Partnership Plan and Enhanced Partnership Scheme within the challenging timetable set out by the Department for Transport.
- 9.2 Derbyshire has received the second highest level of funding allocated across England for a non-urban Local Transport Authority as part of the Bus Service Improvement Plan process. This shows the measures proposed in the Bus Service Improvement Plan have been well received by the Department for Transport.

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Implications

Financial

- 1.1 Derbyshire has been awarded £47m over 3 years through the BSIP process. Of this £22.92m is capital funding to be spent on physical infrastructure and £24.08m is revenue funding for measures such as better value ticketing and improved bus services.
- 1.2 The Council has a total of around £35m committed revenue expenditure per annum across all transport services, such as statutory Home to School (HTS), Special Educational Needs or Disabilities (SEND), and Adult Social Care Transport. This also includes around £10m of concessionary fare payments which is a statutory duty and £4m for local supported bus services. As part of the Enhanced Partnership (EP) Scheme, the Council has committed to continue to provide this funding. In 2022-23, the Council is also committing £2.2m from its capital programme on public transport infrastructure schemes.
- 1.3 The Government has recently announced that extra Covid bus service recovery grant funding for commercial services will be made available when the current funding arrangement ends in September 2022. This will cover the period from October 2022 to March 2023, however, at the moment it is unclear what level of funding will be made available to the different operators. Regular ongoing discussions are taking place between the Council and the operators about the sustainability of the various commercial routes and work is in hand to limit the impacts of any detrimental service changes.

Legal

- 2.1 Section 63(1) of the Transport Act 1985 places a duty on Derbyshire Council to secure the provision of '*such passenger transport services as the Council considers appropriate to meet any public transport requirement within Derbyshire which would not, in its view, be met, apart from any action taken by them for that purpose*'.
- 2.2 As part of the Strategy, the Government is proposing to issue further guidance to expand the definition of this duty to include services which are "socially or economically necessary".

Human Resources

- 3.1 To support the development of the Bus Service Improvement Plan (BSIP) and EP extra staffing resources from external consultancies have been employed using funding providing by the DfT. The implementation of the various measures in the BSIP will be overseen by a Programme Manager with various Project Managers taking the lead on the many work streams. Work is also under way to recruit permanent staff to fill some vacancies within the Public Transport Team and provide the extra capacity required to implement the BSIP as part of a wider restructure of the team.

Information Technology

- 4.1 There are no direct information technology implications to this report.

Equalities Impact

- 5.1 Bus services are particularly important to a variety of disadvantaged groups, such as young people, older people, women, and those from economically deprived communities, all of which make a higher proportion of journeys by bus than the population as a whole. The introduction of an EP and the measures associated with the BSIP will not only enhance the quality of bus services available but will support the Council's wider 'levelling up' agenda across all communities and ambitions for driving 'good growth'. It will particularly improve the opportunity for these people to access a variety of key opportunities such as education, employment and health care provision.

Corporate objectives and priorities for change

- 6.1 This proposal is helping deliver the following Council Plan priorities: Resilient, Healthy and Safe Communities; High Performing, Value for Money and Resident-Focused Services; A Prosperous and Green Derbyshire. Specifically, creation of an EP and the associated BSIP will also enable the delivery of Place Directorate priorities around sustainable transport and travel.

Other (for example, Health and Safety, Environmental, Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 The following issues have also been considered: environmental sustainability and property.