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for Transport

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4 April 2022

Transport Director
West of England Combined Authority
North Somerset

[by email]

Dear Transport Directors,

BSIP: Indicative funding allocation for West of England Combined Authority and North Somerset

Thank you for your recent engagement with us on your Bus Service Improvement Plan (BSIP). We appreciate the time and effort you and your local bus operators have put into development of your plans.

We are pleased to offer you an indicative funding allocation of up to **£105,488,970 (of which £47,983,473 capital for delivery in North Somerset, and £57,505,498 revenue)** to commence delivery of your BSIP. This is total funding from 2022/23 to 2024/25.

This letter does not constitute a formal or binding grant offer. Funding confirmation will be conditional on your submission and implementation of a transformational Enhanced Partnership (EP) which includes firmer and more detailed commitments, from the Local Transport Authority (and any other relevant local authorities) and local bus operators, to deliver a package of prioritised and ambitious improvements to bus services, in line with:

- i. your BSIP;
- ii. the Department's previous feedback on it and commitments made in and after clarification emails; and
- iii. the guidance provided with this email, such as the prioritisation of bus priority schemes (where relevant) and high profile and impactful interventions that reduce and simplify fares.

Whilst we appreciate that it has taken some time to provide this indicative funding allocation, Ministers remain keen to progress quickly with implementing BSIPs. They wish to ensure that, if at all possible, that funding is confirmed and EPs are in place in sufficient time to inform final decisions on service levels once recovery funding ends from October. Our planned next steps are:

- a) By **Monday 2 May** please can you complete the summary table at Annex 4, setting out how you intend to use this funding allocation - showing your prioritised interventions, delivery timelines and costs in a standard format and with as much detail as possible of how it will be reflected in your EP. Ultimately, we will expect final summary tables to be published alongside your EP. We recognise that it may be challenging for some authorities to secure formal agreement to this update give timescales and forthcoming elections. Its purpose is to provide us with an early sense check of how your EP is developing and allow us to support you in meeting our criteria to receive finalised funding allocations. We will need to receive an update from all LTAs, which we will aim to discuss with you during May and provide further feedback. Please indicate if your update does not have formal or political approval, which we will recognise in our engagement with you. This update supersedes our earlier request for a draft Enhanced Partnership (or variation) by the end of April.
- b) As soon as possible, and **by the end of June**, please provide:
- an updated summary table, incorporating the feedback we are aiming to provide in May;
 - a draft EP (or variation to an existing EP) which shows how relevant aspects of the BSIP will be implemented. This does not need to have completed the statutory process for operator objections but should be accompanied by letters of support from sufficient operators to demonstrate that it is likely to be supported at that stage;
 - a separate document which sets out how any commitments which would not be implemented through or included in detail in an EP (such as the tendering of additional services or new DRT schemes) have been selected and will be delivered - with clear outcomes, outputs, milestones and costs; and
 - confirmation from your section 151 officer that they consider that the funding represents value for money (vfm) and that they will continue to monitor this and comply with our vfm reporting and approval requirements.
- c) We will review your draft EP and either provide further feedback, to be incorporated before we can provide funding, on it or agree that it meets our expectations and the criteria set out above, and confirm your funding allocations. If further feedback is provided you will have an opportunity to strengthen your EP before any amendment or withdrawal of your funding allocation.
- d) If and when funding has been confirmed, you should proceed to make your EP (or variation).

The following annexes set out more detail about the next steps and our requirements:

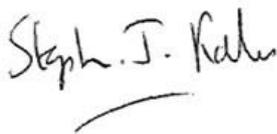
- **Annex 1** sets out detail of what the Department expects of Enhanced Partnerships, and by when, in order to confirm and release funding.
- **Annex 2** provides guidance on the Department's investment priorities and exclusions. We recognise that you may face difficult choices on how to prioritise funding within the indicative allocation. In particular, this annex sets out that we expect the vast majority of your allocation to be spent on bus priority, ambitious and eye-catching initiatives to reduce and simplify fares, and increased service frequencies and new or expanded routes.
- **Annex 3** summarises the basis on which grant funding will be provided, including our expectations on our value for money, branding, and the Public Sector Equality Duty.
- **Annex 4** contains the summary table to be completed.

We will finalise funding profiles with you before funding is confirmed. As far as possible, please shape your plans around the broad national funding shown in the table at Annex 4.

Do not hesitate to contact us with any queries by emailing BSIP@dft.gov.uk.

We look forward to working with you.

Yours sincerely,

A handwritten signature in black ink that reads "Steph. J. Fidler". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Stephen Fidler

Annex 1 - Requirements for those delivering BSIP outcomes via an enhanced partnership

Required content for the draft EP to be submitted to DfT by the end of May 2022.

It is important that the draft EP that you submit to us captures as much detail on how you will deliver BSIP outcomes as possible. There are two elements of this:

EP Plan content

The EP plan is a high-level strategic document that sets the bus network in the EP area into context. Further information on the role of the EP Plan is at paragraphs 3.3-3.4 of the EP Guidance to be found at:

[The bus services act 2017: enhanced partnerships \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/92122/2017-08-16-Enhanced-Partnerships-Guidance.pdf)

And

[National Bus Strategy. Creating an Enhanced Partnership: example format and structure \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/92122/2017-08-16-Enhanced-Partnerships-Guidance.pdf)

As explained in the published BSIP guidance and EP template, the EP Plan should draw heavily on the published BSIP – updated to reflect the latest circumstances, anticipated future network requirements reflecting post-pandemic demand and the development of your proposals following feedback from the Department and funding allocation. In addition to the statutory requirements on content for all EP plans (as set out paragraph 3.4 of the EP Guidance), we expect all EP plans to include content covered in the following sections of the published BSIP template at Annex B of the published BSIP guidance:

Section 1 – Overview

This will not include (referring back to paragraph 3.4 of the EP guidance) the information at bullets 3 and 4, but should include the information referred to at bullets 1 and 2 – i.e. Name of LTA(s) that the BSIP covers (also setting out whether the BSIP covers a single LTA or more than one and the justification for that decision) and a map showing geographical area(s).

Section 2 – Current Bus Offer to Passengers

Section 3 – Headline targets

EP Scheme content

The EP mechanism allows local transport authorities (LTAs) to include specific commitments on how BSIP outcomes will be delivered ‘on the ground’ using:

(a) the funding allocation outlined in this letter; and

(b) other funding that individual LTAs will invest in buses. This should include commitments on funding levels for tendered services and any DRT (which may

support overall patronage), concessionary fares budgets and staff resources devoted to bus issues within the authority or which support the Enhanced Partnership more widely. Other relevant funding (e.g. through block grant funding or funding from s.106 agreement) should also be included.

Commitments without significant costs – such as to parking charges or other policies should also be included.

These commitments are recorded in the EP Scheme (not the EP Plan) and the published EP template sets out what the statutory content must cover. We expect all draft EP schemes submitted to DfT to include content as set out in the following sections of the EP template:

Section 3 – Obligations on the local authorities

This is a very important section of the draft EP scheme that we will scrutinise closely because it contains details on how you will support buses in your area. It should include all existing activity to support bus services (including bus lanes, Key Route Networks, funding etc) and set out clearly what improvements will be delivered and by when. It will need to reflect any prioritisation choices made as a result of the funding available and relevant commitments made in the BSIP, clarification meetings with the Department, the Department's feedback on your BSIP and your response to it. It should cover all enhancements whatever the funding source (including for example planned investment through the City Region Sustainable Transport Settlements or Levelling Up Fund where relevant). All commitments should be specific and have clear timescales for delivery.

Each commitment included in the draft EP scheme needs to be either:

Facilities – These are new physical assets or changes to them that are provided at specific locations within the scheme area. This is particularly relevant to bus priority measures – where we expect to see all existing and proposed new bus priority included in the EP scheme however it is funded – but will also cover other physical enhancements such as improvements to bus stops or information displays. We expect to see all significant facilities that the LTA provides to support bus services re-committed to in the scheme.

Measures – an LTA can also include in an EP anything that is within its powers – either statutory or otherwise – to deliver the BSIP. There is deliberately no definition of what a 'measure' is, so there is total flexibility for LTAs and operators to agree what LTA commitments to include as 'measures' to deliver BSIP outcomes and meet the requirements of the Strategy. The only requirement is that 'measures' must be for the purpose of:

- increasing the use of local services serving the routes to which the measures relate or ending or reducing a decline in their use; or
- improving the quality of local services.

Examples of measures include:

- Better information provision (eg a centralised website or app)

- Funding for discounted fares (and how it will operate on a fair and equitable basis – either directly or via reference to a supporting document)
- Reviews of parking policies or cost of council parking,
- Enforcement action on bus lanes
- Management of a Key Route Network (whether new or existing) are all examples of measures that could be included in an EP.
- Commitment to promote eligibility for the concessionary bus pass and/or contact those who are eligible to receive it.

This section should also include any steps the authority needs to take to implement the Passenger Charter in the BSIP.

We would expect all EPs to contain as a measure:

- Significant bus priority (unless there is demonstrably no need for it) which includes bus lanes wherever there is a congestion problem and physical space to install them
- Funding for impactful reductions and/or simplification of multi-operator fares
- Commitments to work with operators to promote concessionary bus travel and to proactively inform local residents when the authority becomes aware that they are eligible for such a concession.
- Commitments to overall funding that the authority will provide for buses, from all sources, in each financial year of this funding. This should demonstrate that the indicative funding provided is additional to previously planned 2022/23 bus funding levels and that base funding for buses is not reduced.

Further information on how these mechanisms work is at paragraphs 3.29-3.33 of the EP Guidance document.

Section 4 – Obligations on bus operators

This section should set out clearly the reciprocal actions that operators will take under the EP and BSIP. It should include commitments that are both made voluntarily or through savings generated or as a result of funding committed to in the measures section of the scheme (for example on fares).

Examples of potential obligations include:

- Impactful changes to fares levels and structures – such as discounted, capped or zonal multi-operator fares (including to no or limited premium to the price of multi-operator tickets).
- Commitments to promote and offer multi-operator tickets
- Commitments to publish information about other operators' services or to not publish operator-specific timetable or other information
- Branding of buses, websites etc
- Provision of CCTV
- Provision of Audio-Visual Information
- Driver training (including on disability awareness)
- Commitment to the Passenger Charter and actions within it

- Frequency of timetable changes
- Provision of information to the LTA
- Advertising and marketing commitments

We expect that wherever the Department is funding bus priority measures (through this funding or other sources), any operating expenditure savings resulting from that new bus priority should be reinvested by the bus operators that benefit from them in other BSIP commitments. This should be written into the EP scheme as part of the obligations on bus operators.

We also expect to see commitments in EPs that either bus operators will include all services within their operating area (regardless of who provides them) on their timetables and websites, or that there will be a single set of multi-operator information available across all operators. This is so that passengers do not need to consult multiple sources to find out about all the bus services they may wish to use or mistakenly believe there are fewer services than actually operate.

The obligations in the EP will apply to all registered local bus services in the area. So the authority should take care to include exemptions for any services they do not intend to include – such as sightseeing tours, long distance coaches registered as local buses or charity events with historic vehicles (that operate for hire or reward and also fall within the definition of a ‘local service’).

Level of detail in the EP scheme

The ultimate goal is that the EP scheme is very specific with full details of all measures and obligations. For example, it would specify exactly what bus priority will be provided by in what form and where as a measure and the operators would make explicit commits on the obligations that would fund.

However, the funding offered in this letter is only indicative at this stage, some elements of the scheme (such as detail of bus priority) may need detailed work to finalise and we recognise that there may be continued uncertainty on future passenger demand and commercial service levels as patronage continues to go. There may therefore be limits on how specific some aspects of the EP scheme may realistically be when it is first made or amended to reflect this funding.

For a bus priority scheme, for example, further detailed design and consultation may be required before precise details can be included. In that case we would expect the draft EP to contain as a minimum commitments as part of the measures to:

- The corridor that the priority will serve, with clear start and end locations.
- Targets for journey time savings and reductions in peak vehicle requirements (overall or for particular services) agreed with operators that the detailed scheme design will seek to achieve.
- The next steps and delivery timescales for the scheme including a target operational date.

- Commitments to consultation on the scheme, including measures to understand the full breadth of support – such as surveys of bus users on the corridor and representative polling¹.
- Details of how operators will be engaged in scheme design and consultation.

In the same way if the operating savings arising from a planned bus priority scheme are not clear, or patronage is sufficiently uncertain that firm funding commitments cannot be given we expect to see detailed in the obligations sections of the draft EP:

- the operating cost information that operators should share on a transparent (and if necessary confidential) basis for each bus priority scheme and to what timescales;
- how and when that will be used to calculate the funding to be reinvested by the operators in improvements for passengers;
- what those improvements will be, who they will be set by and how the money will flow (including whether it will be reinvested directly by the operator concerned with the agreement of the LTA or will involved funding being contributed to support measures across the EP as a whole).

Similar principles apply to any fares or other arrangements which require further work – the delivery timescales, outputs (e.g. types or cost of ticket), process and benefits (e.g. patronage growth sought) should all be clearly specified and transparent in the draft EP (or variation) in terms of both measures and obligations.

This scale of commitment will be needed to give the Department sufficient confidence to move from an indicative funding allocation to confirmed funding. Funding will be confirmed once a draft EP or variation has been reviewed by the Department, we have confirmed (following any agreed changes or clarifications) it is sufficiently detailed and meets our expectations for funding and it has then been formally made or varied.

We would then expect you to move to progress at pace to implement the commitments made in the EP. The further detail, once worked up, should then be included in the EP scheme using the scheme's variation mechanism. For example, a table describing precisely where new bus lanes or junction improvements will be made, what they will be, who is responsible for delivery and when those interventions will be made – see the EP Template for an example. It may be appropriate to vary the EP scheme at regular intervals to achieve this.

As EPs are varied LTAs and operators should ensure that the outcome objectives set for each intervention will still be achieved. If a specific intervention funded through this grant is not taken forward, is expected to have noticeably lower benefits, is not expected to offer value for money or is intended to be stopped or removed the

¹ When planning bus schemes you are reminded to have regard to the Department's additional Network Management Duty statutory guidance issued in May 2020 and updated in July 2021. Consultations, especially on schemes where there is public controversy, should ideally use objective methods such as professional polling to British Polling Council standards, to establish a truly representative picture of local views and to ensure that minority views do not dominate the discourse. Polling results should be one part of the suite of robust, empirical evidence on which decisions are made.

Department's agreement to alternative interventions will be required, otherwise funding may be reduced or withheld. This will be reflected in the grant funding letter.

All other schemes to support or enhance bus services of infrastructure which are funded directly or indirectly by central government should also be incorporated into the EP scheme once funding is secured – on a similar basis to the approach set out above.

Annex 2 – BSIP funding priorities and exclusions

The indicative funding allocation we have offered will require you to carry out some prioritisation or refocussing of the ambitions set out in your BSIP.

Annex 1 set out our ask of your draft Enhanced Partnership (EP) or draft EP variation; this annex sets out further guidance on:

- (a) the types of investment we wish to see prioritised
- (b) the types of investment that we do not expect to fund.

As with BSIPs themselves, we do not expect all plans to look the same and fund exactly the same outputs; you will understand the make-up of interventions needed in your local areas. But we are looking for your plans to reflect national priorities where possible.

The guidance in this annex should help you to prioritise between types of intervention. If, given the size of your indicative allocation, you also need to prioritise within these interventions, we would expect to see investment focussed in a smaller number of areas where there is the most potential to grow bus usage – rather than to be spread more thinly across the geographical area.

If your BSIP contains the types of measures described under (a), but you believe it is essential to fund other measures instead or as the vast majority of your indicative funding, please contact us as soon as possible to discuss this.

Your updated plan will only receive funding if the Government is satisfied that the proposed spend is consistent with this guidance, or there is a compelling local case for different spend.

These are guidelines specifically for use of BSIP funding from the Department, not guidance on the wider content of plans and investment from other sources of funding.

a) Investment priorities which we expect to use the vast majority of your indicative funding allocation

- Our top priority for capital investment is **bus priority** given the significant benefits it can deliver and the operating cost savings it can realise for reinvestment in other aspects of the BSIPs. For funding to be confirmed you will need to demonstrate that you intend to deliver significant bus priority (or that it is demonstrably not required) and that, as set out in the National Bus Strategy, your plans will include bus lane on any roads where there is a frequent bus service, congestion, and physical space to install one. This will involve providing bus lanes in areas where they are most needed, not just where they are easiest to deliver. All bus priority should be based on data from operators, the Analyse Bus Open Data service or other sources which evidence where it is needed most. Bus operators should be fully involved in the development and finalisation of these plans.

- For revenue allocations, our top priorities are:
 - **ambitious and eye-catching initiatives that reduce and/or simplify fares, at pace.** For funding to be confirmed we will be looking for plans that will capture the imagination of potential bus users and make the experience for non-users and existing passengers demonstrably better – not simply reducing the price of an existing complex ticketing product which is not well understood. We are keen to see pilot reductions start as soon as possible during 2022/23 (to seek to attract passengers back after the pandemic and reflecting the end of recovery funding from October) and on a temporary basis where new services, bus priority or other enhancements are introduced. We expect LTA investment in fares reductions to reduce over time as patronage grows and operators are able to reinvest the operating cost savings from bus priority measures being implemented (where relevant)².
 - **increased service frequencies and new/expanded routes** – including better evening and weekend services, new routes that serve identified priorities such as employment sites and services and new Demand Responsive Transport. We recognise that the starting point for service enhancements may now be lower than originally envisaged in your BSIP or potentially than services currently provided, given the end of recovery funding in October. If so, this should be explained clearly in the document to be provided to accompany your draft EP including why you believe the baseline will be lower and why the improvements selected have been chosen. You should not simply use funding to support existing service levels and patterns.

b) Investment types we do not expect to be funded from your indicative allocation

- Any schemes where it is not clear that the primary benefits accrue to buses – e.g. road schemes which increase network capacity with only a tangential or subsidiary benefit to bus services.
- Generic marketing or advertising costs that are not directly related to specific improvements (such as a fares change, or new services). We would expect operators to fund routine marketing and for expectations on its co-ordination and funding levels to be set in the EP. Where there are specific local issues identified with post-COVID recovery, Bus Recovery Funding can be used by operators and the LTA for local travel demand management measures to attract people back to bus. We are also continuing to consider the best timing for a national “Back to Bus Campaign” as promised in the National Bus Strategy.

² We are continuing to work with potential partners of a technical solution to facilitate Pay-As-You-Go multi-operator revenue allocation, and will update you in due course.

- Provision of on-bus hardware such as CCTV or audio-visual equipment. Where required, we expect these to be operator-led contributions and commitments to deliver them to be included in the EP – if necessary as measures to be funded through operating cost savings generated by bus priority measures.
- Investment in existing infrastructure unless there is an evidenced case that it directly tackles barriers to bus use (notably safety) and drives patronage growth. We do not expect to fund, for example, wholesale replacement of functioning, non-life expired infrastructure which meets accessibility and safety requirements but is not consistent in its branding or look and feel.

Annex 3 – Anticipated funding conditions

We envisage funding being provided as a grant under s.31 of the Local Government Act 2003. A draft grant letter will be provided following our review of your draft Enhanced Partnership and any accompanying delivery commitments. We will reserve the right to reduce funding (from this or other DfT funding to the authority) if EP or other funded BSIP commitments made by the LTA are not delivered, or the ambition of the EP is reduced significantly.

Transparency, Accountability and Monitoring

You will be expected to publish, once funding is confirmed, your final summary table setting out your delivery commitments and timescales, the funding which the LTA is committing from this and other sources and what improvements are funded by operators.

You will also be expected to agree a clear plan for ongoing monitoring and evaluation of progress against your delivery commitments and report at least 6-monthly against your BSIP targets and potentially other specified metrics – giving Government and local electorates the opportunity to judge your performance. The Department may publish information about the delivery commitments and BSIP targets of each LTA receiving this funding, and progress against them, on a single, easily accessible website.

We will reserve the right to reduce funding (from this or other DfT funding to the authority) if EP or other funded BSIP commitments made by the LTA are not delivered, modified, delayed significantly or removed or if the ambition of the EP is reduced significantly.

Public Sector Equality Duty

You should consider how best to design your interventions to make sure that the impacts on and benefits for all transport users are taken into account. As such, West of England Combined Authority and North Somerset Council should have due regard to the public sector equality duty under section 149(1) of the Equality Act 2010 in exercising their functions, and in particular when developing schemes.

Value for Money

The value for money of all individual investments under £50m (WECA) and £20m (North Somerset) should be considered through the local authority's governance frameworks in the usual way – with confirmation sent to the department by the s151 officer that this funding continues to represent value for money at least annually. We will also provide a form to be signed by your s.151 officer and returned with your draft EP plan and scheme.

Any individual intervention over £50m (WECA) and £20m (North Somerset) in total value may require a business case to be developed and approved by the Department.

Concessionary Travel

All LTAs receiving funding for their BSIP are expected to promote bus use wherever possible. This includes promoting the availability of the England National Travel Concessionary Scheme (ENCTS) and ensuring that it is easy to apply for. They should also encourage operators to promote ENCTS (and not prevent them from doing so through funding agreements). Unless there are exceptional circumstances we would expect any existing “no marketing” clauses in concessionary travel funding agreements to be removed by 1 April 2023.

Demand Responsive Transport

Demand responsive transport (DRT) services provided under this funding should offer free travel to ENCTS passholders, between 09:30 to 23:00 on weekdays and at all times on Saturdays, Sundays and bank holidays. We would not normally expect DfT to replace existing standard bus services significantly, but where such services are replaced, the concessions offered should not be reduced.

Where DRT is planned, we expect to see clear arrangements in place to ensure a high standard of integration with other services and a clear timeline for delivery, with particular regard to elements such as continuity of service, accessibility, safety and fare levels. Where the intention is to use DRT or community transport to provide services which fall outside the EP, we would encourage the use of a separate contractual agreement, a memorandum of understanding or, for section 22 operators, a voluntary partnership agreement to set out the arrangements in place to support the delivery of BSIP outcomes.

Branding and publicity

Whilst there are important benefits of local brands for transport services - including promoting local identity, loyalty and accountability - to emphasise the role played by government funding, you must also prominently co-brand any vehicles, signage, websites and all public-facing printed material. Media announcements and releases about improvements funded or part-funded by this money must also be co-branded, must prominently acknowledge the role played by HMG funding and offer HMG the opportunity in good time to include a comment.

Annex 4 – Summary table



BSIP summary
template April 22.xlsx