

Title: Bus Service Improvement Plan (BSIP) – Bus Service Support and Enhancements
Report of: Head of Enhanced Partnerships
Portfolio: Transport

Report Summary

The purpose of this report is to provide detail of Grant Funding Agreements with a total value of £36.57m for interventions funded by the Bus Service Improvement Plan (BSIP). This funding is to support the bus network by enabling our delivery partners Durham County Council, Nexus and Northumberland County Council to enter into contracts with bus operators to maintain and enhance the existing bus network.

The Joint Transport Committee previously signed off £12.2m of this funding at the June 2023 meeting and therefore funds are already committed and being spent by our delivery partners. The BSIP sets out a wide range of significant proposed improvements to every aspect of bus services, which we are delivering through the North East Enhanced Partnership, a formal partnership of the North East Combined Authority, bus operators, local authorities and Nexus.

A total of £163.5 million was allocated to the North East region by the Department for Transport (DfT) in April 2022. The total was allocated based on the provision of the detail for each intervention, one of which is 'Bus Service Support and Enhancements'. The report was considered by Technical Officers Group and Finance and Investment Board on 3 February 2025 and 17 February 2025 respectively; and was recommended for approval.

Recommendations

The Chief Executive, in agreement with the Monitoring Officer and the Director of Finance and Investment and in consultation with the Mayor and the relevant Cabinet Member, is recommended to approve the entry into Grant Funding Agreements with a total value of £36.57m for interventions funded by the Bus Service Improvement Plan (BSIP).

A. Summary of Investment Proposals

Key Project Information	
Funding Source	Bus Service Improvement Plan
Proposal Name	Bus Service Support and Enhancements
Lead Organisation	North East Combined Authority
Delivery Areas	Regional
Timescales	2023/24 to 2025/26
Project Value	£36,579,338
Grant / Loan amount requested	£36,579,338
Budget Implications:	Total budget remaining for bus services costs: £0

1. Background

- 1.1 The level of ambition for buses in the North East was recognised by the Department for Transport (DfT) in our allocation of £163.5 million in April 2022 to improve our bus services. In making our BSIP,

we responded to the Government's National Bus Strategy and our North East Transport Plan, both of which require that improvements to bus services are planned and delivered in order to achieve national and local objectives. These objectives include the reduction of carbon emissions, improvements in air quality, the growth of our economy and the advancement of the health and wellbeing of local people through the increased use of sustainable forms of transport.

- 1.2 The delivery of these schemes has been broken down into four key themes; customer experience, fares and ticketing, network, and highways and infrastructure.
- 1.3 The funding allocations for each project were subsequently approved by the North East Joint Transport Committee, which was responsible for the delivery of the BSIP prior to the introduction of the regional mayor.
- 1.4 Following approval of the allocations for each project, proposals were then developed for the most appropriate delivery method to support achievement of the Key Performance Indicators (KPIs) outlined in the BSIP. The additional staffing project will provide resources to support delivery of the BSIP across the four key themes.

2. The Investment Proposal

- 2.1 This funding is to support the bus network by enabling our delivery partners Durham County Council, Nexus and Northumberland County Council to enter into contracts with bus operators to maintain and enhance the existing bus network.
- 2.2 The breakdown of funding for each delivery partner is stated below, this has been arrived at through discussions and agreement with technical officers within each delivery body.

Durham County Council -	£12,104,000
Nexus -	£16,312,872
Northumberland -	£8,162,466

2.3 Outputs and Outcomes

Outputs	
Maintain existing service provision	74 routes
Enhance existing service provision	41 routes
Provide new service provision	27 routes
Outcomes	
Contribution to Growth of bus patronage	A proportion of: 10% in 23/24 10% in 24/25
Contribution to Growth of bus modal share	A proportion of: 1 percentage point in 23/24 1 percentage point in 24/25
Contribution to Growth of bus passenger satisfaction	A proportion of: 1 percentage point in 23/24 1 percentage point in 24/25

2.4 Milestones

Project milestone	Delivery date
Commencement of BSIP funding being used to maintain and enhanced bus services	01/04/2023
Implementation of variety of new services using BSIP funding	31/12/2023
Year 2 BSIP funding allocations from local authorities	01/04/2024
Confirmation of extension to funding window to include 2026/2027	30/10/2024
Year 3 BSIP funding allocations from local authorities	01/04/2025

B. Potential Impact on North East Combined Authority Objectives

These bus services will support us in delivering our BSIP and will impact the following objectives of the North East Combined Authority:

Connecting communities – providing services to ensure continuity of service across the network and additional/enhanced services that would not run in the absence of BSIP funding, encouraging the move from private to public transport and enhancing the connection between communities.

Improving wellbeing – this will encourage, through a variety of additional and/or enhanced services, modal shift from private to public transport. The impact of this will be a reduction in air pollution, thereby improving wellbeing across the region.

These activities will also enable more people to access education, training and skills by providing cheaper forms of transport, contributing to a successful, vibrant North East.

C. Key risks

The main risk of this work is that we do not deliver what is expected and required. This would have an impact on the aims and expected benefits of the BSIP.

To mitigate this risk, the GFAs will require all three organisations, Nexus, Durham County Council and Northumberland County Council, to submit written reports with their quarterly claims, detailing the activity undertaken by each service provided. If we have concerns that any of the funding is not being used for the purpose outlined in the GFAs, we will withhold funding and work with the partner organisation to rectify the issue.

A further risk is the increased costs for bus operators may result in more of the network becoming commercially unviable and being subject to cuts. This will mean the funding allocated is not sufficient to maintain the bus network and without any alternative funding solutions, some services would be at risk of being cut.

Due to the nature of the funding terms, local authorities are limited as to the length of contracts they can enter to 2 years which results in increased operator costs. In general, longer contracts present better value for money however the funding terms prevent this.

D. Financial and other resources implications

Based on anticipated spend, the current estimated financial profile for the Bus Service Support and Enhancements is included below:

FUNDING				
	23/24	24/25	25/26	Total
Bus Service Improvement Plan	£3,564,445	£15,479,129	£16,142,004	£35,185,578
Total	£3,564,445	£15,479,129	£16,142,004	£35,185,578*

*This funding profile is less than the total allocation as it is based on estimated spend. Grant funding agreements will be for the total amount to allow flexibility and to account for any increased contract costs in the future years.

Funding availability:

The funding which has been identified in this report is fully allocated to the schemes seeking approval.

Recommended Funding Conditions

No.	Condition
1	Reporting on the performance of the supported services including passenger uptake.
2	Claims to be made on a quarterly basis by the submission of the pro-forma

E. Legal implications

GFAs will be developed, prepared, and will be approved by Newcastle City Council Legal for onwards agreement. The comments of the Monitoring Officer have been included in this report.

The legal implications have been considered by retained specialists in bus legislation, DLA Piper. DLA Piper confirm that the use of BSIP funds for the purposes stated above is not a subsidy as it involves funds from one public body going to another public body.

1. The services provided by Nexus are to support delivery of their functions as a Passenger Transport Executive (PTE) and therefore there is no subsidy.
2. The services provided by Durham County Council are to support delivery of their functions as a Local Transport Authority and therefore there is no subsidy.
3. The services provided by Northumberland County Council are to support delivery of their functions as a Local Transport Authority and therefore there is no subsidy.

F. Equalities implications

The North East CA follows the [Public Sector Equality duty](#) and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader.

G. Consultation and engagement

No specific consultation was undertaken however they are aligned with requirements for delivering the BSIP which were reaffirmed by members of the Enhanced Partnership during the BSIP refresh in June 2024.

Funding allocations have been agreed in co-operation with officers from Durham, Northumberland and Nexus.

H. Appendices

None.

I. Background papers**J. Contact officers**

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K. Glossary

BSIP – Bus Service Improvement Plan
GFA – Grant funding agreement
JTC – Joint Transport Committee
North East CA – North East Combined Authority

L. Consultee

Cabinet Member: Yes	Director/Head of Service: Yes	Director of Finance and Investment: Yes	Monitoring Officer: Yes
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