



Department
for Transport

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West Midlands Combined Authority

Transport Director

[by email]

Dear Transport Director

Network North: Phase 3 BSIP funding allocation for West Midlands Combined Authority

1. Thank you for your ongoing work to improve bus services, as part of the vision set in your Bus Service Improvement Plans (BSIPs).
2. On 23 October 2023, the Government announced the indicative allocation of £150 million of 2024-25 funding for Local Transport Authorities (LTAs) to improve bus services, as set out in their BSIPs and as part of Network North. This is part of the third phase of BSIP funding, which follows the first phase announcement in 2022 of £1,085m for 34 LTAs, and the second phase announcement in 2023 of a further £160m for BSIP+.
3. I am pleased to inform you that your Phase 3 indicative allocation is up to £16,604,000 of revenue funding to support delivery of your BSIP in 2024/25. This funding is additional to your existing Phase 1 BSIP funding allocation of £87,857,760.
4. You have an existing Memorandum of Understanding (MOU) in place for your BSIP funding. The terms of the existing MOU will apply to this additional funding. This letter amends the total funding given within the MOU, as set out in paragraph 3.
5. You may use the funding on interventions that you – and local operators through your Enhanced Partnership (where relevant) – expect will deliver the best overall outcomes in growing long term patronage and revenues (thus maintaining service levels), whilst maintaining essential social and economic connectivity for local communities. In some places that may involve ensuring existing connections are maintained, either by conventional services or Demand Responsive Transport. Elsewhere it might be achieved through increasing the frequency on key

corridors, increasing the operating hours of some services whilst reducing others, reducing fares, or introducing new local concessions to open new markets and revenue.

6. The Department for Transport (DfT) expects you to use the funding to maintain existing service levels or on measures that are consistent with official guidance on [Bus Service Improvement Plans \(BSIPs\)](#), bearing in mind that changes have been made to the BSIP rules, enabling BSIP allocations to be used for supporting existing services, as set out in the 17 May 2023 announcement. Funding decisions should be based on local circumstances and need.
7. Guidance on best practice for tendering bus contracts and use of *de minimis* limits is available on the Bus Centre of Excellence here:
 - a) [How to tender for road passenger transport contracts \(DfT\)](#)
 - b) [Value for Money of Tendered Bus Services \(DfT\)](#)
 - c) [Guidance on New De Minimis Rules for Bus Subsidy Contracts](#)
8. The next steps for this funding to be released are:
 - a. You must submit a Project Adjustment Request (PAR), which sets out how you intend to spend this additional funding, by 29 February 2024. Submissions should be made using the template in Annex A. We expect the funding to be spent on revenue schemes in line with your BSIP as set out in paragraph 5. Please speak to your Relationship Manager if you have questions about this or if the deadline is a challenge for you.
 - b. Once your PAR(s) have been approved, the additional funding for 2024/25 will be confirmed. You will receive it alongside the rest of your BSIP funding for that year.
9. Funding will be subject to LTAs submitting monitoring data to DfT on a quarterly basis, in a specified format. The Department may request information across the following areas:
 - a. Delivery Progress (including both spend and milestones)
 - b. Delivery Confidence
 - c. Risks and Issues
 - d. Changes to the Programme
 - e. Communications
 - f. Impacts and outcomes
10. As a condition of funding, LTAs will also be expected to comply with the Bus Connectivity Assessments coordinated by DfT, at regular intervals; and with revised BSIP Guidance when it is published. We expect submission of the Bus Connectivity Assessments to DfT, and an updated Bus Service Improvement Plan, to be required at dates to be specified.

11. As part of this process, Operators and LTAs will be expected to report on a range of issues, including but not limited to:
 - a. Connectivity;
 - b. Patronage;
 - c. Types of Service;
 - d. Innovation;
 - e. Funding.

12. Bus Connectivity Assessments will require comprehensive responses, and DfT reserve the right to ask for further evidence if deemed necessary and appropriate. DfT reserve the right to change the regularity of Bus Connectivity Assessments at any point.

13. Do not hesitate to contact us with any queries by emailing your relationship manager, copying in BSIP@dft.gov.uk.

14. Thank you for your collaboration so far. We look forward to continuing to support and work with you to deliver your BSIPs.

Yours sincerely,



Sharon Maddix
Deputy Director, Local Transport