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# **Executive Decision**

## **2025/26 Bus Funding Programme**

Decision to be taken by: City Mayor

Decision to be taken on: 3 October 2025

Lead director/officer: Andrew L Smith, Director of  
Planning, Development and Transportation

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### **Useful information**

- Ward(s) affected: All
- Report author: Andy Gibbons
- Author contact details: andy.gibbons@leicester.gov.uk
- Report version number: 1

## **1. Summary**

Leicester City Council has been awarded £9.453m of grant funding from the Department for Transport to progress its published Bus Services Improvement Plan over the 2025/26 financial year.

In addition, government approval has been given for £1.4m of existing DfT grants to be carried over to 2025/26 to continue funding cost pressures in existing supported bus services, including park and ride.

A spend prioritisation process has taken place which focuses on the proposed interventions set out in the Plan, areas of matched investment by local bus operators and those projects which can be delivered, in line with funding and procurement restrictions.

A proposed bus improvement delivery programme has been drawn up and reviewed by the Department for Transport.

The proposed programme includes up to £19.55m of matched funding from commercial bus operators towards the purchase of 60 new electric buses, contingent on matched Bus Grant funding of £8.49m.

## **2. Recommended actions/decision**

It is recommended that the City Mayor:

- a. Approves the proposed Bus Grant programme set out in the report for delivery during 2025/6;
- b. Approves the addition of £8.49m, as an immediate start, to the 2025/26 General Fund Capital Programme, financed by BSIP Grant;
- c. Delegates powers to the Director of Planning, Development and Transportation, in consultation with the lead member, to amend the programme as required to meet grant conditions within the framework of the approved Bus Service Improvement Plan.

## **2. Scrutiny / stakeholder engagement**

This programme has been fully developed with the assistance of Leicester Enhanced Bus Partnership Board and Leicester Enhanced Bus Partnership Forum.

This programme was reported to the EDTCE Scrutiny Commission session on the 25 June 2025. Members of the commission were supportive of the proposals and noted the constraints on delivery due to the funding deadline.

#### **4. Background and options with supporting evidence**

##### **Introduction**

Leicester has been awarded a one-off bus grant for 2025/26 of £9.453m from DfT, split as follows:

- Bus Service Improvement Grant (BSIP) £9,259,305: £5,166,372 capital and £4,092,933 revenue
- Capacity and capability revenue grant of £94,000
- Local Authority Bus Service Operators Grant (LA-BSOG) revenue grant £100,287

The Capacity and LA-BSOG grants are annual continuation grants and as such are already built into the base budget. However, the Capacity grant has been increased from £57,000 pa. The BSIP grant is a new allocation for 2025/26.

It should be noted that up to £1.4m of the existing BSIP revenue grant allocated for 2024/5 has approval to be carried forward to 2025/26 to fund all current tendered service spend above base budget.

It should also be noted that until a long-term funding settlement is confirmed, there is a shortage of revenue funding of c £1.5m pa from 2026/27 onwards to continue the current subsidised bus network.

The BSIP 2025/26 grant allocation must be spent on those items noted within the approved and published Bus Services Improvement Plan (BSIP), with a draft spending and delivery plan approved by DfT, together with key milestones for each scheme and an initial assessment of the likely outcomes and contributions to the local BSIP. This was published on the Leicester Buses and Council websites in March 2025.

The funding can be used to assist the purchase of electric buses but if these are commercially operated a local grant scheme should mirror the funding contributions of previous DfT 'Zebra' national funding rounds. It is understood the national 'Zebra' scheme will no longer be available.

All funds should be spent by March 2026, with any slippage to 26/27 subject to DfT notification and approval.

DfT approval has been given to use up to £3.32m of BSIP revenue grant on capital-based projects in order to capture significant matched operator investment.

Confirmation is still awaited on a long-term funding settlement and until this is received any commitment to longer term initiatives will be delayed.

## **Proposed prioritisation process**

It is recommended that decisions on the allocation of the 25/26 funding should prioritise:

1. Schemes, programmes, and initiatives found within the Bus Service Improvement Plan 2024 - 36
2. Areas where there is the opportunity to secure private sector (whether operator or third party) investment or in-kind revenue commitment
3. Early deliverability against a March 2026 spend deadline.
4. Opportunities to deploy capital investment to lasting benefit, particularly in revenue-saving or passenger growth areas
5. Those areas where it is likely that continuation funding will be made available, or where the withdrawal of funding will not be overly disruptive or damaging to the network
6. Those areas that are likely to improve the integration measures noted within the BSIP as part of our approach to offer a franchise-like arrangement; namely network development, a common fare structure, common information platforms, and a common fleet and brand.
7. Affordability related to rising bus fares
8. Where national research has shown targeted subsidy and investment has led to long term or permanent passenger growth.

A series of bilateral discussions has been held with each operator and key stakeholders such as the NHS Trust. Full consultation with all Enhanced Bus Partnership Board and Forum members has also taken place.

The key point to emerge from this process is that two operators – Arriva and Centrebus - are willing to invest £19.55m in 60 new electric buses over the next year as long as this is supported by additional matched Bus Grant of £8.49m.

If this investment opportunity was captured, this would substantively complete the conversion of the whole main Leicester Buses network to electric, fully branded as a single green network.

## **Proposed programme 2025/26**

Given the above aspects, the following delivery programme is proposed for **2025/26**.

<b>Proposed Bus Improvement Delivery Programme 2025/26</b> <i>All items to be committed by 31 March 2026</i>												
Name of scheme/measure	Budget/estimated cost (£000k)			(of which) 2025-26 Bus Grant (£000k)			(of which) previous years' DfT BSIP funding (£000k)			(of which) Other funding (£000k)		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
Electric buses and charging infrastructure - upto 48 single and double deckers. Other funding investment funding provided by bus operators.	28,037	0	28,037	8,485	0	8,485	0	0	0	19,552	0	19,552
Real time Information system - ongoing cost increases from recent infrastructure and estate expansion	0	364	364	0	364	364	0	0	0	0	0	0
Commercial service frequency improvements to Orbital 40, 13, 21 and 74	0	200	200	0	200	200	0	0	0	0	0	0
Continuation funding for existing supported services including park and rides, hospital hopper and inner/outer orbital services.	0	1,510	1,510	0	110	110	0	1,400	1,400	0	0	0
Printed integrated bus stop information at all bus stops outside the City Centre	0	75	75	0	75	75	0	0	0	0	0	0
Leicester Buses branding and targetted promotional work determined by partnership marketing plan.	0	75	75	0	75	75	0	0	0	0	0	0
Programme delivery support	0	50	50	0	50	50	0	0	0	0	0	0
Funding of existing bus programme delivery staff	0	94	94	0	94	94	0	0	0	0	0	0
<b>Total</b>	<b>28,037</b>	<b>2,368</b>	<b>30,405</b>	<b>8,485</b>	<b>968</b>	<b>9,453</b>	<b>0</b>	<b>1,400</b>	<b>1,400</b>	<b>19,552</b>	<b>0</b>	<b>19,552</b>

Further details are included in Appendix A.

This focuses on building on the existing commercial mainlines network through a package of network-wide service, promotion, information and fleet improvements. These can all be delivered swiftly and with limited procurement obstacles.

Discussions have been held with Leicestershire County Council to see whether their own BSIP grants could also be used to assist the conversion to electric on interurban routes in 2025/26 and fully capture the matched investment currently put forward by operators. There has been no commitment to date, and to achieve delivery by March 2026 we must now begin arranging the local scheme without their contribution.

Given the delivery constraints associated with this funding, it is proposed that projects with a long development or lead-in time – such as the further development of the subsidised network, targeted fare discount scheme, together with more bus priority schemes are delayed for later consideration until 2026/27 pending confirmation of longer term grant allocation.

Accordingly, DfT approval has been sought to use up to £3.32m of revenue grant for capital grants in order to maximise the proposed matched investment by operators in electric buses.

Future projects will depend on the level of funding awarded, but will once again be sourced from the remaining actions within the Bus Service Improvement Plan 2024 – 2036 as shown below.

Leicester Bus Services Improvement Plan 2024-36							
Proposed Programme							
Number	Area	Plan Period	Revenue cost £m pa	Capital Cost £m low	Capital Cost £m high	Spend Type	Strategic Rationale
41	Electric buses - expansion Greenlines (P&R and Orbital) x12-24	2025-29	0.00	6.0	12.0	Capital	Air Quality/Financially sustainable
38	Electric buses - x15 Centrebus/Vectare	2025-29	0.00	6.5	6.5	Capital	Air Quality/Financially sustainable
37	Electric buses - x38 Arriva 'urban' routes	2025-29	0.00	22.0	25.0	Capital	Air Quality/Financially sustainable
8	Greenlines - Hospital Hopper frequency increase	2025-29	0.85	0.0	0.0	Revenue	Access to work, Congestion relief, LRI hospital expansion
9	Greenlines - Hop timetable Sunday extension	2025-29	0.20	0.0	0.0	Revenue	Access to facilities, LRI Hospital expansion
4	Greenlines - Orbital 40 frequency enhancement	2025-29	0.75	0.0	0.0	Revenue	Access to work, Congestion relief, Ring Road based employment expansion
6	Greenlines - P&R 103,203,303 route extension	2025-29	0.20	0.0	0.0	Revenue	Access to work, Congestion relief, LRI hospital expansion
7	Greenlines - P&R 103,203,303 timetable evening extension	2025-29	0.28	0.0	0.0	Revenue	Access to work, Congestion relief, LRI hospital expansion
3	Mainlines - Arriva 31 route enhancement	2025-29	0.05	0.0	0.0	Revenue	Eastern expansion- Racecourse P&R Congestion relief
2	Mainlines - First 13, First 74 frequency enhancement	2025-29	0.15	0.0	0.0	Revenue	North Western conurbation expansion, Access to key facilities
1	Mainlines - First 21 route and frequency enhancement	2025-29	0.15	0.0	0.0	Revenue	Eastern conurbation expansion - Barkby Thorpe, Access to Work, Congestion relief
17	Evington Rd/Evington Dr	2025-29	0.00	0.5	1.0	Capital	Eastern expansion of conurbation, Congestion relief
19	Glenfield Hospital Area/Groby Rd	2025-29	0.00	1.5	2.5	Capital	UHL Hospital expansion, congestion relief
14	Humberstone Rd/Uppingham Rd - sustainable corridor	2025-29	0.00	2.0	3.0	Capital	Eastern expansion of conurbation, Congestion relief
16	North East Leicester sustainable transport corridor	2025-29	0.00	1.0	1.5	Capital	Eastern conurbation expansion - Barkby Thorpe, Congestion relief
12	Orbital Pinchpoints - phase 1 South/East	2025-29	0.00	4.0	5.0	Capital	Ring Road based employment expansion, Congestion relief
21	Smart signalisation - network phase 1	2025-29	0.00	1.0	2.0	Capital	Financially Sustainable
18	Sparkenhoe Rd/Saviours Rd	2025-29	0.00	0.5	1.0	Capital	Eastern expansion of conurbation, Congestion relief
31	Co-ordinated printed stop timetables	2025-29	0.10	0.0	0.0	Capital	Inclusivity, Access to key facilities
36	Leicester Buses branding/promotions	2025-29	0.05	0.1	0.2	Capital	Inclusivity, Access to key facilities
29	Passenger information systems - network fleetwide	2025-29	0.00	0.8	1.0	Capital	To meet new accessibility standards
34	Racecourse P&R site	2025-29	0.20	4.0	6.0	Capital	Eastern expansion of conurbation, Congestion relief
28	Real time dynamic information - stop based App	2025-29	0.00	0.2	0.2	Capital	Inclusivity, Access to key facilities
27	Real time stop information - complete/battery replace	2025-29	0.00	2.0	3.0	Capital	Inclusivity, Access to key facilities
32	Safety and security programme	2025-29	0.10	2.5	3.0	Capital	Inclusivity, Access to key facilities
33	Shelters - complete network	2025-29	0.00	0.5	1.0	Capital	Inclusivity, Access to key facilities
24	Contactless ticketing systems expansion and development	2025-29	0.00	0.2	0.5	Capital	Cost of living and access to facilities
25	Discounted Fares Scheme - Non central businesses	2025-29	1.10	0.0	0.0	Revenue	Cost of living and access to facilities
26	Discounted Fares Scheme - Young Persons	2025-29	1.10	0.0	0.0	Revenue	Cost of living and access to facilities

## 5. Financial, legal, equalities, climate emergency and other implications

### 5.1 Financial implications

This report seeks addition of £8.49m to the 2025/26 General Fund capital programme, to be financed entirely by the 25/26 BSIP Grant. This represents match funding for the provision of electric buses and will leverage in £19.55m of investment from bus companies.

The report highlights the revenue funding shortfall of £1.5m from 2026/27 onwards. Revenue grant funding of £1.5m will be used to maintain the current provision of bus services, including tendered services and programme delivery in 2025/26.

Signed: Stuart McAvoy – Head of Finance

Dated: 2<sup>nd</sup> September 2025

### 5.2 Legal implications

Conditions of the DfT's BSIP funding will need to be complied with, including as the report mentions to the DfT's approval to use existing DfT funds for the financial year 25/26. It is usually a condition of the DfT's BSIP funding for the Council to hold an updated Bus Service Improvement Plan. Where relevant procurement exercises will need to be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Procurement Act 2023 and supported by relevant officers. Likewise, any distribution of funds (including the need to match fund) to bus operators will be subject to an agreed Grant Funding Agreement in each case and prior assessment of Subsidy Control will need to be addressed during the process ensuring the necessary arrangements are in place to ensure all projects are compliant with appropriate regulations for subsidy control ensuring robust due diligence has been undertaken.

Signed: Mannah Begum, Principal Lawyer, Commercial Legal

Dated: 15 September 2025

### 5.3 Equalities implications

Under the Equality Act 2010, public authorities have a continuing Public Sector Equality Duty (PSED) which means that, in making decisions and carrying out their activities they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The report requests that the proposed programme is approved and taken forward for delivery during 2025/6 and cites the grant funding that has been awarded. There are no direct equality implications arising from the report. The BSIP demonstrates a commitment to addressing equality by focusing on universal accessibility, affordability, expanded and reliable service coverage, improved user experience. Accessible and inclusive design relating to transport schemes in and around the City will support the general aims of the PSED and will be beneficial particularly in removing barriers to participation in public life.

Signed: Equalities Officer, Surinder Singh Ext 37 4148

Dated: 15 September 2025

### 5.4 Climate Emergency implications

Continued progress of the bus services improvement plan is a key part of the city council's work to reduce carbon emissions from transport. Introducing another 48 electric buses to the network in the current financial year whilst unlocking potential funding for a further 72 electric buses over the next 2 years to complete the transition to a single green network would be a positive step towards net zero by 2030. Reducing the embodied carbon of the assets is also important when paired with reducing operational emissions. Consideration should be given to ensuring that the electric buses purchased are robust, have proven longevity with regards to condition and reliability, and are from a reputable supplier with an acceptable and verified environmental impact. If it is not the case already, the operators should prioritise sale and/or reuse of the fleet being replaced. The positive approach to

promotion and engagement should increase service uptake and is an important part of the programme.

Signed: Phil Ball

Dated: 12 September 2025

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

## **6. Background information and other papers:**

Details of the current Bus Services Improvement plan is found in [www.leicesterbuses.co.uk/2024](http://www.leicesterbuses.co.uk/2024).

Details of work carried out to date on this plan are also shown in [www.leicesterbuses.co.uk](http://www.leicesterbuses.co.uk)

## **7. Summary of appendices:**

Appendix A – Indicative Project List

## **8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

## **9. Is this a “key decision”? If so, why?**

Yes capital expenditure in excess of £1m is to be committed on a scheme which is not currently included in the capital programme.