

Report to: Lead Member for Transport and Environment

Date of meeting: 16 February 2026

By: Director of Communities, Economy, and Transport

Title: Proposed Allocation of Bus Grant Revenue Apportionment

Purpose: To seek approval of the allocation of Bus Grant Revenue Funding Apportionment 2026/27 to 2028/29

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) approve the proposed indicative allocation of Bus Grant revenue funding 2026/27 to 2028/29 set out in Table 5 of this report;**
 - (2) delegate authority to the Director of Communities, Economy and Transport to implement and make future changes to the Bus Grant Allocations, including amending bus service provision as necessary in accordance with the available funds in the revenue budget and future ticketing opportunities noting that delegated fare revisions will have regard to the key decision process; and**
 - (3) note that a separate proposal for remaining capital Bus Grant allocations will be presented to the Lead Member for approval at a decision-making meeting in March 2026 to meet the latest Department for Transport (DfT) requirements for consolidated local transport funding.**
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1 Background Information

Strategy and Implementation

1.1 East Sussex County Council's (ESCC) bus strategy is set out in the East Sussex Bus Service Improvement Plans ([BSIP1](#) and [BSIP 2](#)) and the delivery is set out in the [East Sussex County Council Bus Service Improvement Delivery plan 2025](#).

1.2 On 5 December 2025, ESCC was awarded a total of £16,561,590, which included Bus Service Operator Grant (BSOG) over the 3 years (£5,520,530 per annum) from Department for Transport (DfT), for [future bus grant funding](#). This report seeks to allocate funds based on the strengths of the BSIP1 and BSIP2 delivery, which will focus on continuing to deliver key successes as outlined below in this report, to continue to deliver ESCC's strategy and ambitions for bus services in the county.

1.3 East Sussex County Council (ESCC) received a BSIP1 grant allocation of £41.4m in 2022, with revenue funding of £19.1m and capital funding of £22.3m. The latest revenue allocation is 5% lower when comparing against funding provided in 2025/26 (£5,811,084), and a 13% reduction from the BSIP1 funding (£6.36m per annum). This report therefore provides a proposed allocation in line with the available funds. The establishment of the Sussex and Brighton Combined County Authority may have implications for transport, and our understanding of the impacts will evolve over the coming months.

1.4 ESCC allocated previous revenue funding with a primary focus on bus service provision (£14m, 73% of revenue) and fare reductions (£4.5m, 24% of revenue), with a combined allocation of £18.5m which is a total of 97% of the revenue funding (illustrated in Figure 1 and table 1). The

proposed allocation is weighted to more bus services, to aim to mitigate the impact of the reduction in funding received.

2 Supporting Information

BSIP2 Grant and Allocation

2.1 ESCC received a further £5.368m of revenue funding in 2025/26. As BSIP bus service provision (bus service enhancements) were covered in 2025/26 with the BSIP1 funding, £3m (56%) of the funding was allocated to fare reductions and supported bus services. This new funding allowed the continuation of [existing BSIP fare reductions](#) and also allowed for additional fare reductions to be introduced.

Figure 1: BSIP1 Grant (Total: Revenue and Capital) Allocation

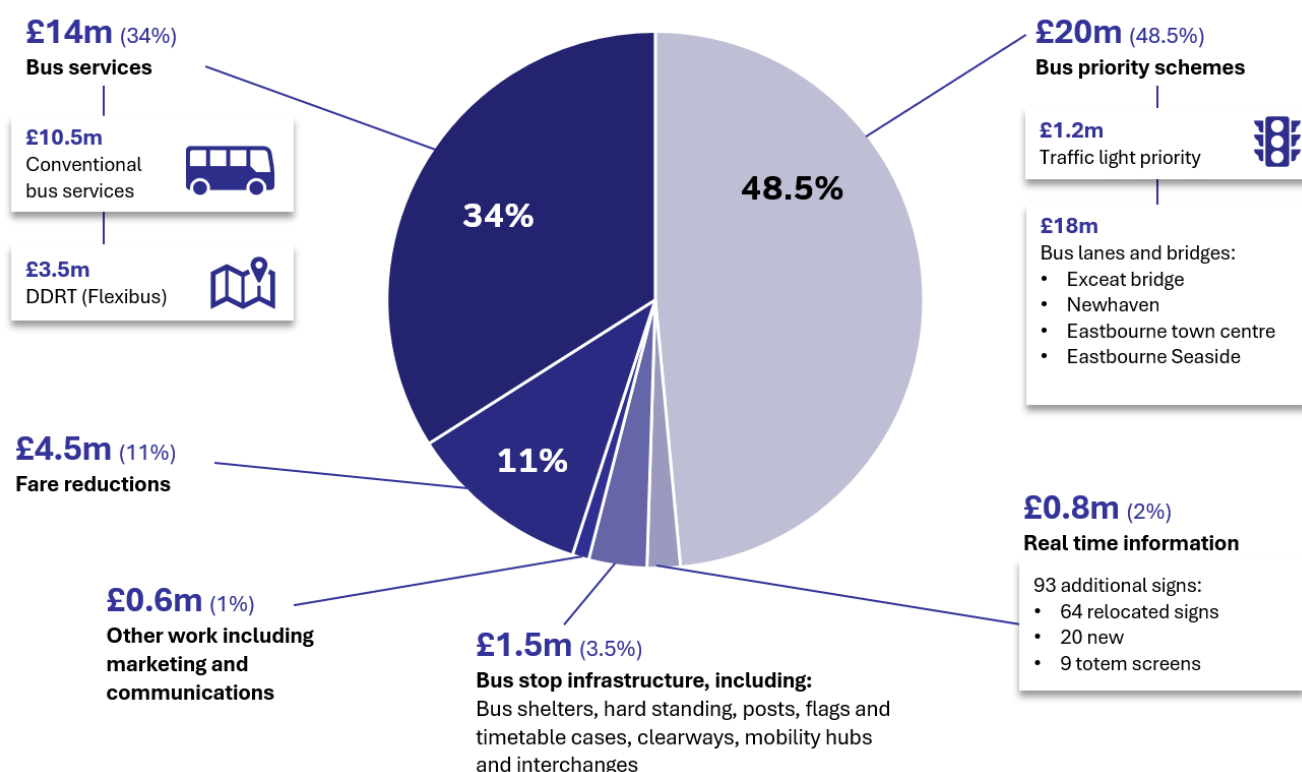


Table 1: BSIP1 Revenue Funding Allocation

	£m	%
Bus Services	14.0	73%
Fares	4.5	24%
Other	0.6	3%
Total	19.1	

BSIP Key Outcomes

2.2 A significant amount has been achieved with the BSIP funding received. This investment has seen a total of £37m of social and economic benefits delivered across the period with a value for money of 3.87 (illustrated in Figure 2).

Figure 2: Economic and Social Benefits of BSIP Bus Services

Economic benefit:

£26.4m

Increased spending in the local economy
Additional employment generated
Investment in the supply chain
Increased revenue

Social benefit:

£9.6m

Improved connectivity to employment,
education, and social ties
Reduced bus waiting times
Reduced road accidents
Value of having new travel options

Environmental

benefit: £1m

Reduced emissions and congestion
from fewer car trips



**For every £1 spent on
better bus services,**

£ 3.87

**was generated in social and
economic benefits for communities
across East Sussex**

**New bus routes, better frequencies, increased evening & Sunday
services and new on-demand services**

Improved access to jobs, education and communities

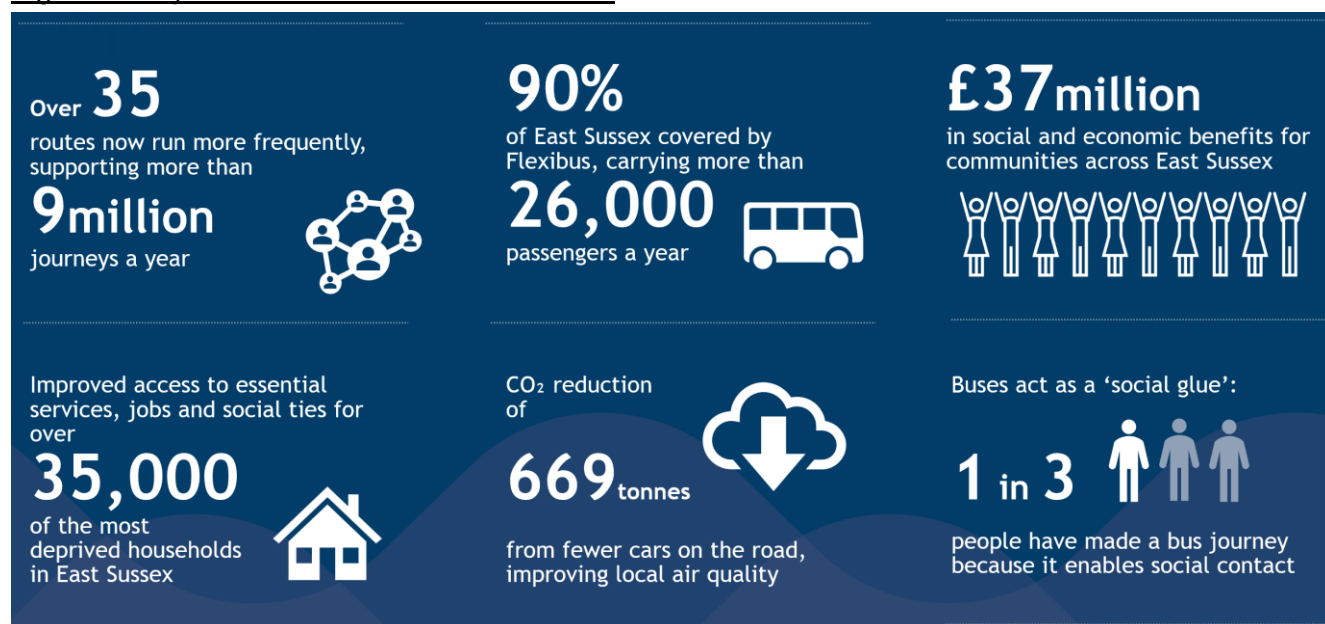
Reduced emissions and congestion



2.3 The funding and delivery of schemes (primarily bus service improvements and fare reductions) has resulted in impressive outcomes (illustrated in Figure 3) with:

- bus services running more frequently.
- Over 90% of East Sussex having a DDRT (Digital Demand Responsive Transport) service; and
- A reduction of an estimated 669 tonnes of CO₂ emissions.

Figure 3: Key Outcomes of BSIP Bus Services



Passenger Growth

2.4 The BSIP schemes which have been delivered have played a leading role in the strong passenger growth in East Sussex. In 2023/24 ESCC were seventh out of 84 local authorities (DfT collated bus passenger data) in terms of passenger number and Covid recovery and the top shire / rural authority (the top 6 were all city or unitary authorities). In 2024/25 (data released November 2025) ESCC are eighth out of 84 local authorities (see Table 2) and the best performing when compared to neighbouring authorities (see Table 3).

Table 2: DfT's Annual Bus Passenger– 2024/25 Passengers Compared to 2018/19 - Top 10

Rank	LA or Region	2024/25 to 2018/19
1	Central Bedfordshire	113%
2	Cornwall including Isles of Scilly	109%
3	Thurrock	109%
4	Blackburn with Darwen	109%
5	Windsor and Maidenhead	109%
6	Slough	108%
7	Portsmouth	108%
8	East Sussex	107%
9	Southampton	105%
10	South Gloucestershire	101%

Table 3: DfT's Annual Bus Passenger Data– 2024/25 Passengers Compared to 2018/19 - Neighbouring Authorities

Rank	LA or Region	2024/25 to 2018/19
8	East Sussex	107%
11	Surrey	101%
32	West Sussex	91%
46	Brighton and Hove	88%
55	Hampshire	85%
58	Kent	84%

3 Bus Grant Revenue Funding 2026/27 to 2028/29 Proposed Allocations

3.1 Proposed Bus Grant allocations are shown in Table 4 below. The Lead Member is recommended to note that a separate allocation for Capital Bus Grant will be presented to the Lead Member at a future decision-making meeting to meet the latest DfT requirements for consolidated local transport funding.

Table 4: East Sussex County Council Bus Grant

	Total	2026-27	2027-28	2028-29	2029-30
Revenue	£16,561,590	£5,520,530	£5,520,530	£5,520,530	-
Capital	£17,305,288	£4,284,114	£4,368,530	£4,199,698	£4,452,946

3.2 A key element of the proposed new allocation for continued BSIP delivery is to provide bus service provision to maintain the bus network and improvements as much as possible including extended weekend timetables and DDRT services.

3.3 When asked, 'What improvements (if any) to bus travel would you MOST like to see introduced in East Sussex?' (with over 2,000 responses) 'More frequent services, including evening and weekend and more direct services' was the highest requested provision.

Bus Services

3.4 The latest funding allocation is 5% lower (revenue funding) when comparing against funding provided in 2025/26 (£5,811,084), and a 13% reduction from the BSIP1 funding (£6.36m per annum).

3.5 Due to the reduction in funding from BSIP1 and from 2025/26 funding, it is proposed to remove allocations to subsidised fares to allow ESCC to maintain as much of the bus network as possible. The proposed allocation of ESCC's Bus Grant revenue funding is shown in Table 5.

3.6 The proposed allocation aims to maintain as many bus services as possible, when considering the reduction in funding received, alongside a significant increase in operational bus service costs. The impact of these factors means that some previous service enhancements will cease in April 2026 and there will be a reduction in the DDRT Flexibus service provision including the removal of the service on Saturdays. There may also be the need to amend provision in future years depending on future bus service costs.

3.7 Table 5 shows the proposed allocation of revenue Bus Grant funding over the next 3 years. It shows that there is a major focus on bus service provision (including DDRT services) with over 90% of the funds being allocated the bus services to support continued provision where possible.

Table 5: Proposed Indicative Allocation

	Allocation	%
Bus Services	£15,086,590	91%
ESCC Bus Back Better Team	£950,000	6%
Software and Support	£525,000	3%
Total	£16,561,590	

Note: these are **indicative** allocations and are based on tenders and forecasts (including the operational cost of the bus services, which can be impacted by ticket revenue). Percentages are rounded to the nearest whole number.

3.8 To balance proposed service provision, with the reduction in funds as highlighted in paragraph 3.4, proposed allocations will include the amendment of 7 current bus service enhancements (see Appendix 1, table A1 for details) as a result of low passenger usage. In these areas, passengers will be able to use other bus services including the Flexibus (DDRT) service for continued public transport. In addition, there are 16 other supported bus routes (see Appendix 1, tables A2 to A4) that are recommended to cease to enable an effective balance between conventional and DDRT bus services. There are two new proposed services (Appendix 1, table A5) that are recommended to be funded as set out in the objectives in [BSIP2](#) (pages 75, 101, 102, 106 and 107)

3.9 In addition to the proposed changes, should costs be higher than forecast or should an operator cease to operate a service commercially, ESCC may be required to provide some or all of this service. There may be the need to amend future provision of bus services to balance the budget in the future to support these services.

3.10 Conventional Bus Services: tables A1 to A5 in Appendix 1 summarise the changes (from those currently operating, with funding until March 2026) to bus services that will be funded by East Sussex County Council from April 2026:

- Table A1: Bus Service reductions due to poor value for money
- Table A2: Removal of frequency enhancements introduced in July 2023 using BSIP funding
- Table A3: Removal of Monday to Saturday evening services introduced in July 2023 using BSIP funding
- Table A4: Removal of Sunday services introduced in July 2023 using BSIP funding
- Table A5: New Services in line with BSIP priorities.

3.11 The Lead Member is therefore recommended to delegate authority to the Director of Communities, Economy, and Transport to implement and make future changes to the Bus Grant Allocations, including amending bus service provision as necessary in accordance with the available funds in the revenue budget.

Digital Demand Responsive Transport (DDRT) – Flexibus

3.12 The Flexibus DDRT service is a key part of the East Sussex Bus Service Improvement Plans (BSIP1 and BSIP2). The current BSIP2 document states the importance of this service alongside conventional bus services to provide coherent coverage across the public transport network across East Sussex. Extract from BSIP2:

We will consider replacing fixed-route services with the Flexibus service, where it is more economically advantageous to do so and while also maintaining or improving access for passengers to key destinations.

We see Flexibus as a fundamental part of the public transport network for at least the next 5-10 years, providing access for rural residents to employment, education, services, and leisure opportunities – as well as supporting the visitor economy.

3.13 The proposal as identified in paragraph 3.6 requires ESCC to focus the Flexibus service provision, making best use of the service as possible, within the budget available to continue to deliver the aspirations as set out in the BSIP2, to ensure that rural locations, which are not serviced by fixed routes, can continue to benefit from DDRT connectivity.

3.14 To balance the continuation of conventional and DDRT services, the recommendation is to cease operating DDRT service on Saturdays alongside a slight reduction in the Monday to Friday service provision, amending the maximum distance to 9 miles.

Fares

3.15 East Sussex will continue to work with operators with the Enhanced Partnership to aim to deliver future ticketing opportunities as they arise to deliver value for money fares for East Sussex residents and visitors.

4 Conclusion and Reasons for Recommendations

4.1 The BSIP funding has delivered strong passenger growth putting ESCC as an authority in the top 10 in the last 2 years for passenger numbers (when comparing to pre-Covid passenger numbers).

4.2 ESCC has been awarded £16,561,590 revenue funding over 3 years by the DfT. The proposed allocations as set out in this report build upon the strengths of the BSIP1 and BSIP2 delivery, which continue to deliver ESCC's strategy and ambitions for bus services, with over 90% funding proposed to be allocated to bus service provision, in line with the funding available.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

Equalities Impact Assessment