

13th September 2012

Agenda Item:4

## **REPORT OF THE SERVICE DIRECTOR TRANSPORT, PROPERTY AND ENVIRONMENT**

### **GREEN LIGHT FOR BETTER BUSES – BUS SERVICE OPERATORS GRANT (BSOG) REFORM**

#### **Purpose of the Report**

1. To advise the Committee of the Government proposals to allocate Bus Service Operators Grant (BSOG) for supported bus services to local authorities, rather than bus operators.
2. To seek Committee approval for the County Council's response to the consultation on BSOG reform, through delegated authority to the Corporate Director (or his nominee), Environment and Resources in consultation with the Chairman and Vice Chairman of the Committee.
3. To seek Committee approval to discuss joint bids with the City Council and South Yorkshire Passenger Transport Executive (SYPTe) to become Better Bus Areas (BBA) once more details are published.

#### **Information and Advice**

4. In March 2012, the Department for Transport (DfT) issued a document setting out plans for increasing the use of buses. The proposals only apply in England and include the following package of measures:
  - changing the way Bus Service Operators Grant (BSOG) is paid to operators
  - creation of Better Bus Areas for partnership working between local transport authorities and operators
  - tightening of eligibility criteria for BSOG so funding is used effectively.

#### **Proposals for Reform**

#### **Details of the Proposed Reforms**

5. Bus Service Operators Grant are payments to operators based on the fuel used with payment made at a flat rate. From April 2012 the amount paid per litre of fuel used has been reduced by 20% in England and is currently £0.3457 per litre. The grant was introduced in 1964; in 2011/12 around £450m was paid to bus operators in England through BSOG.
6. BSOG is currently claimed by bus operators for all services operated. Under these proposals BSOG for tendered services would be paid direct to Councils for which the funding would be used to improve accessibility by purchasing socially necessary services. This funding would not be ring-fenced, although it is proposed it should be ring-fenced for a transitional period. Funding for commercial services would continue to be paid directly to bus operators. In the longer term the DfT propose to reform BSOG so it is allocated on a more environmental basis rather than based on fuel usage. The methodology for determining the future allocation of BSOG is being considered by a DfT working group and further information is awaited.
7. Local transport authorities can bid to be designated as a Better Bus Area (BBA) where they can demonstrate a plan for improving bus services developed in partnership with bus operators. Where such an area is established the government will calculate the BSOG paid to all bus operators (commercial and tendered) in the area covered and that funding will be paid to the local authority to introduce a wide range of measures to improve bus services. Each year these areas will receive a share of a new top-up fund so that significantly more funding is received than the area would have received under the existing BSOG system. It is proposed to set up a small number of BBAs (up to 12) during 2013 for a period of around 4 years that could be extended if the initiative proves successful in improving bus services. BBA will only be available to large urban transport authority areas. It is expected that the City Council and SYPTE will submit a bid.
8. Tightening of the BSOG eligibility criteria is also being proposed so that it cannot be claimed for rail replacement services, tourist services and airports and seaports car parks shuttle services.
9. The DfT is proposing that transitional arrangements be put in place to facilitate the changes for BSOG as outlined above, and by early Autumn information on how the new arrangements will operate will be published and a public consultation will be held later this year.

## **Proposals**

10. Once the consultation is received it is proposed that a draft response is prepared and circulated to all Committee members for comment. The final response once agreed by the Chairman and Vice Chairman of the Committee will be sent, under delegated authority, by the Corporate Director (or his

nominee), Environment and Resources. Discussions with the bus operators will be undertaken during the preparation of the draft response.

11. It is proposed that exploratory negotiations are held at the earliest opportunity with the City and SYPTTE once guidance for the BBA is released. This is necessary in order to ensure that opportunities for improving cross-boundary bus services are brought to fruition.

## **Outcomes**

12. The provision of additional BSOG monies as part of any Better Bus Area, will enable the County Council to improve bus service provision to facilitate access to work and employment opportunities, increase bus patronage and tackle congestion.
13. In principle the County Council welcomes the changes providing they do not effect current funding levels in the County. The response to the consultation will need to be robust to ensure that in the future the County Council receives the appropriate amount of redirected BSOG which will prevent any detrimental impacts on the bus revenue budget.

## **Other Options Considered**

### **Do Nothing**

14. Failure to prepare a consultation response will result in the County Council's views not being considered by the DfT.
15. If exploratory negotiations with the City Council and SYPTTE on the Better Bus Area bids do not start then it could have a detrimental impact on cross boundary bus services for County Council residents.

## **Reasons for Recommendations**

16. To ensure that the County Council can respond to this important consultation.
17. To meet the County Council's Local Transport Plan objectives to promote public transport and help tackle congestion and reduce CO 2 emissions.

## **Statutory and Policy Implications**

18. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Financial Implications**

19. The implications for Notts County Council are likely to be a commensurate increase in tender prices for supported services but this will be dependant on other factors which will influence the operators bid submissions, such as fuel, insurance, maintenance and staff costs
20. The methodology for the calculation of BSOG monies that will be devolved to Local Authorities is currently being discussed by the DfT bus subsidy reform working group and further information is awaited.

## **RECOMMENDATIONS**

It is recommended that Committee:

- 1) Note the Green Light for Better Buses proposals.
- 2) Agree that a draft response be prepared and distributed to all Committee members for comment.
- 3) Approve that the final response to the consultation be agreed and submitted under delegated authority by the Corporate Director (or his nominee), Environment and Resources in consultation with the Chairman and Vice Chairman of the Committee.
- 4) Approve that exploratory negotiations with the City Council and SYPTE about Better Bus Area bids commence.

**Mark Hudson,  
Group Manager, Transport and Travel Services**

**For any enquiries about this report please contact:  
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### **Constitutional Comments [LM 02/07/12]**

21. The Transport and Highways Committee has delegated authority within the Constitution to approve the recommendations in the report.

### **Financial Comments [DJK 02/07/12]**

22. The contents of this report are duly noted; the draft response to the consultation will be commented on when available.

### **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

DfT – Green Light for Better Buses – 26<sup>th</sup> March 2012 ([www.dft.gov.uk](http://www.dft.gov.uk))

### **Electoral Divisions and Members Affected**

All