



12 November 2015

Agenda Item: 4

**REPORT OF THE SERVICE DIRECTOR, TRANSPORT, PROPERTY &
ENVIRONMENT**

DEPARTMENT FOR TRANSPORT: BUS SERVICE OPERATORS GRANT

Purpose of the Report

1. To advise Committee on the Bus Service Operators Grant (BSOG) funding received from the DfT and how it has been used to fund public transport improvements.
2. To agree the future spending plan – **Appendix 1**.

Information and Advice

3. Bus Service Operators Grant (BSOG) is a refund of the fuel duty paid by transport operators and applies to both commercial and supported bus services. This is funded and administered by the DfT.
4. In January 2014 BSOG paid to bus operators for supported bus services was devolved to County Councils for allocation and was fixed for 3 years. BSOG for commercial services continues to be paid direct to the bus operators.
5. The BSOG grant is ring fenced and can be used to fund the provision of supported bus services or other related transport provision with the main criteria remaining that as a result of the change the transport operators should be “no better and no worse off”.
6. The grant is paid out to operators for current services which existed prior to January 2014. New supported services, operated by the same or a different transport operator, should include BSOG re-imbursment within the bid price.
7. The terms of the grant state that it should be used to support contracted services and the infrastructure associated with those services. It has been clarified with DfT that both revenue and capital expenditure is permitted if there is a surplus following appropriate payments being made to bus operators for supported bus services.
8. BSOG reimbursement is calculated for each operator using a formula which requires mileage and fuel consumption inputs. The annual allocation for Nottinghamshire was calculated to be £1m per annum using the 2012/13 data.
9. Supported bus service funding has reduced by 54% since 2009 which has generated a surplus each year as outlined in the Appendix 1. The grant is due to be paid in 2016/17 but

the settlement could change following the Comprehensive Spending Review due in December 2015.

BSOG Funding Proposals

10. Planned and future expenditure of BSOG monies is outlined in **Appendix 1** and can be summarised as follows:

- Current contracted bus services which still attract the BSOG grant; along with support for local bus networks on a 'use it or lose it' basis;
- To help with projected budget pressures for the supported network due to annual increases in contract prices;
- Promotion of bus services via targeted publicity to increase patronage; and various ticketing initiatives to encourage travellers to use the bus. The impact of such initiatives may reduce contract costs under revenue sharing agreements within the bus operators.
- Infrastructure improvements including real time passenger information to improve the image of bus travel and encourage passenger use. A recent study found that for every pound spent on local bus infrastructure it generates up to £7 of benefits for local businesses, communities and the environment.
- The provision of electronic ticketing machines (ETM's) on fleet vehicles. Some of the grant has also been used to purchase two vehicles in both the 14/15 and 15/16 financial years which will increase capacity of the internal fleet and help reduce contract prices.
- Integrated ticketing across the County as approved by Transport and Highways Committee on the 11 September 2014.
- Independent Travel training: to help vulnerable children and adults access public transport and promote independence, which also saves the County Council providing high cost individual transport. This has resulted in over 40 student's no longer needing specialist transport.
- The unallocated expenditure c£165k can be used to fund any urgent unforeseen local bus service needs or pump priming to help new community transport or volunteer car schemes with their set up costs.

Audit

11. The grant and its conditions are monitored by DfT through a yearly survey which requests the County Council to disclose information on what the devolved funds have been used for and the impact this has had on the provision of services to the local community.

12. Internal audit have confirmed that the expenditure meets the requirements and have included this grant in the internal audit plan for 2016/17.

Other Options Considered

13. The expenditure of BSOG is used in accordance with DfT guidance.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, 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.

Sustainability and Environment

15. Public transport is key to congestion management; a reduction in car use improves air quality and reduces CO2 emissions.

Financial Implications

16. The financial implications are outlined in Appendix 1.

Implications for Service Users

17. Public transport helps tackle congestion and improve accessibility to employment, training, health and other key facilities. Improvements in service delivery, such as integrated ticketing will improve the public transport offer for users.

RECOMMENDATION

- 1) To note the expenditure of BSOG and approve the spending plan (Appendix 1).

Mark Hudson
Group Manager
Transport & Travel Services

For any enquiries about this report please contact:
Pete Mathieson, Team Manager, Commissioning & Policy

Constitutional Comments (SLB 19/10/2015)

18. Transport and Highways Committee is the appropriate body to consider the content of this report.

Financial Comments (DJK 19/10/2015)

19. The financial comments are set out in the body of the report and on-going control will be applied to ensure that the funding meets the required criteria.

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.

- Integrated Ticketing Plan - Transport & Highway Committee 11 September 2014
- Local Authority Bus Subsidy Grant – DfT Determination Letter – January 2015
- Devolved BSOG Grant – Annual Survey 2015 – DfT 6 July 2015

Electoral Divisions and Members Affected

All