

**13 February 2014**

**Agenda Item:5**

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

**DEVOLVED BUS SERVICE OPERATORS GRANT**

**Purpose of the Report**

1. To update Committee on the changes to the Bus Service Operators Grant (BSOG) being introduced by the Department for Transport (DfT).
2. To seek Committee approval to accept and ring-fence the devolved funding from the DfT for services operated under contract to the Council.

**Information and Advice**

3. The BSOG is a grant paid by central Government to operators of eligible local bus services and to community transport organisations to help them recover some of their fuel costs. The amount each company receives is based on their annual fuel consumption and eligible operating mileage.
4. The aim of BSOG is primarily to benefit passengers. It does this by helping operators keep their fares down, enabling them to run services that might not otherwise be profitable and might therefore be cancelled.
5. BSOG is currently claimed directly from the DfT by bus operators in respect of both commercial and tendered services (services operated under contract to the county council). Claims are submitted based on mileage and fuel consumption estimates which are subsequently adjusted using actual figures at each year end.
6. On 5 July 2013 the Government announced a reform of BSOG which introduces a significant change to the payment of BSOG on tendered services.
7. With effect from 1 January 2014 services operated under contract to local authorities will no longer be eligible for BSOG. Instead the local authority responsible for the tendered service (including community transport services operated by the local authority under a section 19 permit) will receive a grant from the DfT equivalent to the BSOG previously paid to operators for those services. The DfT have calculated this using the most recent full year data available to them.

8. In September 2013 the DfT informed local authorities of their estimated grant allocation. The figure supplied for Nottinghamshire has been reviewed using recent data and is calculated as being sufficient to cover reimbursement costs for the current tendered services. A response to this effect was sent to the DfT in November 2013.
9. DfT have confirmed that the total annual grant for Nottinghamshire is £1,002,539 which comprises £944,752 for tendered bus services and £57,787 for in-house fleet services. The first payment of £265,082 from the DfT has been received to cover services running up to 31 March 2014.
10. From April 2014 a single annual grant payment of £1,002,539 will be received. This amount is fixed and will not be adjusted in future years to reflect changes in inflation or service patterns.
11. The grant is ring-fenced until 2017 and must be used to support bus services or infrastructure supporting such services and will be subject to annual audit. The funding must be ring-fenced for the purposes detailed in the grant determination. Failure to comply could lead to suspension, reduction or repayment of the grant.

## **Reimbursement Arrangements**

12. Operators of existing tendered services will be reimbursed by the County Council for the loss of BSOG on those services. Work is on-going with these operators to agree the final details of this reimbursement. Payments will only be made following receipt and audit of actual mileage and fuel consumption data from each operator.
13. Future tendering processes will clearly detail that BSOG will not be paid on these services. Tender prices will inevitably increase as a result and the DfT grant will be used to offset any increased costs.

## **Other Options Considered**

14. No other options are available for consideration.

## **Reasons for Recommendations**

15. The recommendations ensure that the County Council has sufficient budget available to compensate operators of tendered services for the loss of BSOG.

## **Statutory and Policy Implications**

16. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Equal opportunities Implications**

17. The provision of this funding for tendered services ensures that many local bus services can be maintained allowing Nottinghamshire residents to access key services thus improving their quality of life and enhancing social inclusion.

## **Financial Implications**

18. Acceptance of this funding will ensure the Council has sufficient funding to compensate operators and the internal fleet for the loss of BSOG revenue on tendered services and section 19 permit services until March 2017.

## **RECOMMENDATION**

- 1) Committee note the changes to BSOG for tendered and section 19 services.
- 2) Committee approve the acceptance and ring-fencing of the devolved DfT funding for services operated under contract to the Council.

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

**For any enquiries about this report please contact: Mark Hudson – Group Manager, Transport & Travel Services or Dave Bennett, Commissioning and Concessionary Travel Manager**

## **Constitutional Comments (SHB 21.01.14)**

19. Committee have power to decide the Recommendation.

## **Financial Comments (TMR 23.01.14)**

20. The financial implications are set out in paragraph 18 of the report.

## **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.

- Letter from the DfT – Local Authority Bus Subsidy Grant – Specific Grant Determination dated 16th January 2014.

## **Electoral Division(s) and Member(s) Affected**

All