

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT COMMITTEE		
DATE:	16 th JULY 2014	AGENDA ITEM:	14
TITLE:	BUS SERVICE OPERATORS GRANT (BSOG) DEVOLUTION OF FUNDING		
LEAD COUNCILLOR:	COUNCILLOR TONY PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	TRANSPORTATION & STREECARE	WARDS:	BOROUGH WIDE
LEAD OFFICER:	RUTH LEUILLETTE/ STEPHEN WISE	TEL:	0118 937 2069 0118 937 3735
JOB TITLE:	DEPUTY HEAD OF HIGHWAYS & TRANSPORT / SENIOR TRANSPORT PLANNER	E-MAIL:	ruth.leuillette@reading.gov.uk Stephen.wise@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 To update the Strategic Environment, Planning & Transport Committee on the transfer of responsibility for payment of Bus Service Operators Grant (BSOG) for contracted bus services to Reading Borough Council, from the Department for Transport.

2. RECOMMENDED ACTION

- 2.1 That the Strategic Environment, Planning & Transport Committee note the report.
- 2.2 That the Committee agree to officers continuing implementing the reimbursement arrangements as set out in paragraph 5.4.

3. POLICY CONTEXT

- 3.1 The proposals are in line with the Reading Borough Council's adopted third Local Transport Plan.
- 3.2 The proposals are in line with Reading Borough Council's Public Transport Strategy.

4. BACKGROUND

- 4.1 The Department for Transport (DfT) informed Reading Borough Council on 30th September 2013 of its intention to devolve payment of Bus Service Operators Grant (BSOG) for contracted bus services to local councils as part of its BSOG reforms. The concept behind BSOG reform were previously consulted on and despite RBC's and others responses that we did not feel this was an effective reform, and in effect only moving the same funding around via a different method, the DfT made the changes.
- 4.2 The effect of the decision is to make Reading Borough Council responsible for receiving money from DfT and then making payments of this BSOG to operators of contract services.
- 4.3 The September 2013 letter contained the methodology that was to be used by DfT in calculating the money to be paid to each local authority. RBC challenged the methodology as it results in a final figure being decided by DfT, based on a snapshot in time, with no change being permitted in the future.
- 4.4 Despite the above reservations a check of the proposed level of devolved BSOG grant to RBC (and thence to operators) with the level of funding that had previously been directly claimed by operators of RBC contract services showed that there would be sufficient to make the same level of payments, although these would not be able to rise with inflation or be able to reflect any increase in contracted bus operation over time.
- 4.5 The first payment of £18,548 was paid to RBC in January 2014 and this covered a quarterly period claim from Reading Transport Ltd of £15,175 submitted in March 2014 for the period up to 31st March 2014. Reading Transport Ltd is the only bus operator with a current contract with Reading Borough Council, hence the payment only being made to one contract bus operator.
- 4.6 The second payment was made in April 2014 to RBC consisting of £74,192 which is to cover an annual claim for the period April 2014 to March 2015. The intention is to pay the quarterly claims from Reading Transport Ltd from this amount. As noted above this amount is fixed and will not be adjusted in future years to reflect either changes in service patterns or changes to inflation.

5. PROPOSED ACTION

- 5.1 The Department for Transport (DfT) has made it clear that although Local Authorities may use the money to pay for local transport generally, the intention is that this money is paid to bus companies operating contracted bus services, as it is money that was previously paid directly by DfT for this purpose.

- 5.2 Reading Borough Council tendered bus contracts for greenwave and Nighttrack bus services, and these were won through an OJEU procurement process by Reading Transport Ltd who offered the most economically advantageous tenders. The contracts started in November 2012 and all tenders assumed the then current arrangements for BSOG claims would continue.
- 5.3 The above arrangements could be varied to not pay the BSOG element, but this would likely result in the cost of the contracts being revised upwards to take account of the lack of BSOG received by the bus operator.
- 5.4 In view of the above it is proposed to continue to accept claims for reimbursement of BSOG from RBC, from the bus operator concerned, based on the DfT BSOG criteria of mileage operated, up to the level of grant received from the DfT and for these claims to be paid quarterly in arrears.

6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 The continued development of high quality bus services is an integral part of the Council's transport strategy to help develop Reading as a Green city with a sustainable environment and economy at the heart of the Thames Valley

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 There is no community engagement foreseen for this administrative procedure.

8. LEGAL IMPLICATIONS

- 8.1 There are no legal implications arising from this report.

9. FINANCIAL IMPLICATIONS

- 9.1 The Council will have to pay the costs of its bus contracts either with due regard to the expected reimbursement of the BSOG grant via RBC, or if it did not want to pay this grant on, would have to pay increased contract costs to reflect its loss to the bus operator.
- 9.2 In the first payment made there was a small surplus retained by RBC of £3,373. If this level continued for the full year of 2014-15 the surplus would be £13,491. However as the claim will be based on the DfT BSOG criteria of mileage operated, and the mileage operated on the greenwave contract will have increased due to higher frequency of services being operated, it is anticipated that the full BSOG grant will be allocated.

10. BACKGROUND PAPERS

- 10.1 None.