



WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To inform members of the current consultation being undertaken by the Department for Transport on bus subsidy reform.

2. **RECOMMENDATION**

That Scrutiny Commission endorses the report and consultation response to DfT.

3. **BACKGROUND TO THE REPORT**

3.1 In March 2012, the Government published *Green Light for Better Buses* which set out a series of reforms to improve local bus subsidy arrangements and regulations in England outside London. The proposals were formulated to attract more people onto buses, to ensure better value for the taxpayer and to give local transport authorities (e.g. Leicestershire County Council) more influence over their bus networks.

3.2 A new consultation paper *Consultation on Bus Subsidy Reform* has been released which seeks views on how the subsidy proposals set out in *Green Light for Better Buses* are to be implemented.

2.3 The Government has stated that there are several overarching aims for transport, including supporting economic growth and creating a greener transport system by reducing the environmental impacts of travel.

2.5 Bus Service Operators Grant (BSOG) is the main form of bus subsidy funded by the Department for Transport (DfT). The rationale for supporting buses is that it results in lower congestion and the social benefit of increased accessibility and reduced social exclusion.

The Government's Objectives

2.6 DfT has been considering a wide range of potential options for reforming the support available to the bus industry. The proposed approach to the reform of BSOG set out in *Green Light for Better Buses* includes specific changes in the short term. In addition, DfT announced its intention to look again at certain aspects of the regime in the medium term, whilst setting out its intention to break, in due course, from the current system of paying subsidy based on fuel usage.

2.8 DfT state that the main policy objectives of the proposed changes to bus subsidy are:

- i. to improve bus services for passengers;
- ii. to improve the overall value for money of bus subsidy;
- iii. to encourage bus patronage growth in order to reduce congestion and pollution levels;
- iv. to minimise regulatory burdens and administrative costs; and

v. to incentivise bus operators to deliver improvements in their fuel efficiency and to invest in more fuel efficient – and quieter and cleaner - buses.

2.9 The reforms set out in *Green Light for Better Buses* include:

i. devolution of BSOG to local authorities where the funding relates to services they support – i.e. tendered services – to allow decisions to be taken locally on how it should be spent;

ii. creation of a new local government fund – Better Bus Areas – to encourage local transport authorities and bus companies to work closely together to improve services and boost passenger numbers;

iii. devolution to Transport for London (TfL) or the Greater London Authority of BSOG paid to London bus operators who operate services on contract to TfL; and

iv. tightening the existing rules defining which bus services can claim BSOG, so that the funding is put to the best possible use.

2.10 The Government is now consulting on how these reforms should be implemented in this paper *Consultation on Bus Subsidy Reform*. A number of questions are asked as part of the consultation, these are answered and included as Appendix 1.

4. FINANCIAL IMPLICATIONS [PE]

There are no financial implications contained within the body of the report.

5. LEGAL IMPLICATIONS [EP]

None.

6. CORPORATE PLAN IMPLICATIONS

[Please state to which of the Corporate Aims your report relates and why. To be approved by your Service Manager before submission]

7. CONSULTATION

Consultation responses must be returned by the Department for Transport by 12 November 2012.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None	n/a	n/a

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Changes to bus subsidies could have an effect on residents in rural areas.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Department for Transport – Consultation on Bus Subsidy Reform

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