

24 May 2012

Item 5

Transport Update

Purpose of report

For noting.

Summary

This report provides key updates on transport for members' information.

Recommendation

Members are asked to note the report.

Action

Officers to take forward any actions as directed by members.

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Transport Update

Buses - Reform of Bus Subsidy Operators Grant (BSOG)

1. The Government has agreed to devolve a significant proportion (around 60 per cent) of the Bus Service Operators Grant (BSOG) to local authorities. This responds to long-term lobbying by the LGA.
2. All the funding that relates to services which councils support – i.e. tendered services – will be passed to councils to allow decisions to be taken locally on how it should be spent.
3. Some of the remaining subsidy will be used to set up 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.
4. The BSOG payment in London will be devolved entirely to TfL.
5. The residual BSOG will continue to be paid to bus operators. There will be a move in the medium term to a more environmentally sustainable basis for paying "residual" BSOG, rather than the current one based on fuel usage. There will also be changes to the incentive payments which bus companies may qualify for and a tightening of the existing rules defining which bus services can claim BSOG, so that the funding is put to the best possible use.
6. The changes were announced on 26 March when the government published *Green Light for Better Bus Areas*. This included the government's response to the Competition Commission's recommendations on bus competition. The DfT has stated that the aim of the proposals is to attract more people onto buses, to ensure better value for the taxpayer and to give local transport authorities more influence over their local bus networks.
7. The Government intends to consult on the detail of the proposed changes in the summer and to bring forward any regulatory changes in Spring 2013.
8. LGA officers and other sector representatives are currently working with the DfT on the development of the details of implementation.

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Better Bus Areas (BBA)

9. Under the BBA fund (created out of current BSOG funding), Local Transport Authorities can bid to be designated as a BBA, where they can show that they have a clear plan for improving bus services in their area that is being developed locally in partnership with bus companies. A BBA could cover either part or all of an authority's area, or two or more authorities could join together to create a BBA across part or all of their joint areas.
10. Where a BBA is established, the Government will calculate how much BSOG is paid each year to all the bus companies operating services within the area covered by the BBA. For as long as the BBA continues, that amount will be paid to that authority – or authorities – in order to allow them to introduce a wide range of measures to improve bus services within the BBA.
11. Each year, every BBA will also receive a share of a new 'top-up' fund which is being set up to support BBAs. The expectation is that this top-up fund will be around 100 per cent of the BBA fund.

Rail ORR and Investment

12. We have secured the Office of Rail Regulation's agreement to much closer working in future with the Economy and Transport Board.
13. Lead members met the Office of Rail Regulation (ORR) earlier this month. ORR has agreed to consider clearer guidance to National Rail on how it works with councils and coordinates its investment with local economic development plans. We are providing ORR with examples of what local involvement could look like and what involvement councils would like once ORR has received Network Rail's strategic business plan. Network Rail is currently working on its Strategic Business Plan and the immediate aim of working with ORR is to ensure National Rail is linking its investment proposals to local and sub-regional plans.
14. ORR has just published its advice to Ministers which will influence the High level Output Specification: (HLOS), which the Secretary of State for Transport is obliged to send to ORR with a statement of funds available (SoFA), to ensure the railway industry has clear and timely information about the strategic outputs that Governments want the railway to deliver for the public funds they are prepared to make available.
15. This is part of the Periodic Review of National Rail by ORR, which will result in ORR determining, by October 2013, the outputs that Network Rail must deliver to achieve the HLOS, the cost of delivering them in the most efficient way, and the implications for the charges payable by train operators to Network Rail for using

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the railway network. We have already influenced this process, in particular to ensure the maximum flexibility for councils that get involved in rail franchising.

Rail Devolution

16. There are two consultations currently open. *Rail decentralisation: devolving decision-making on passenger rail services in England* and *Rail fares and ticketing review*. Both close at the end of June; draft responses will be circulated in late May.
17. The first seeks views on whether improved outcomes for transport users might be achieved in some cases if more decisions relating to local rail services were made closer to the communities they serve. It also invites PTEs and local authorities – to indicate their interest and come forward with outline proposals for taking on decision-making responsibility for passenger rail services in their area. Our key points will be to maintain a flexible approach to the extent and nature of devolution and argue that the financial risk to authorities needs to be minimised and quantified. The second consultation is designed to gather evidence to inform the Government's Rail Fares and Ticketing Review.
18. We submitted written evidence to the Transport Select Committee's rail enquiry in April.

Traffic Management Act Part 6

19. We successfully encouraged those councils who wish to use these powers to lobby the DfT using our template letter (which at least one bus operator also adapted and sent). DfT officials are reviewing the evidence from London and will be making a submission to the Minister, which they had not done at 15 May. Although the Minister previously hoped to make an announcement in May it may now not happen until June. The official dealing with this issue at DfT has been changed, so we are expecting a slight hiatus.

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