

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**
DATE: **TUESDAY, 19 FEBRUARY 2013**
REPORT BY: **DIRECTOR OF ENVIRONMENT**
SUBJECT: **BUS FUNDING**

1.00 PURPOSE OF REPORT

1.01 To advise Members of proposed changes to the delivery of bus subsidy funding from 1st April 2013; to highlight the implications of a budget cut in the available funding for bus subsidies and to seek approval to revised management arrangements linked to the delivery of a new bus funding scheme via the Regional Transport Consortia. The paper also seeks approval to change the Constitution of TAITH to allow the delivery of the new scheme in North Wales.

2.00 BACKGROUND

2.01 There are two grant schemes currently provided in support of bus services by the Welsh Government. These are Bus Services Operators Grant (BSOG) and Local Transport Services Grant (LTSG). BSOG is provided directly to bus operators by the WG and takes the form of a subsidy for fuel usage. LTSG is provided to Local Authorities to support local bus networks and these are tendered by Local Authorities and procured from bus companies on a route by route basis. The total combined value of these grants in the 2011-12 financial year was £33 million. In January 2012 the Minister for Local Government and Communities announced a proposed budget reduction of between 25 and 27% in the two funding schemes

2.02 Subsequent to the announcement, a transitional funding period whilst the grant was maintained was agreed by the Minister, subject to a review of the future funding of bus services across Wales. It was finally confirmed for the remainder of the 2012-13 financial year that a cut of approximately 9.5% would apply, from 1st October 2012, which equates to a 19% cut in bus funding for the second half of the financial year.

2.03 The Review was led by a Steering Group comprising the Welsh Government and the Regional Transport Consortia (RTCs), with significant input from the Confederation of Passenger Transport (CPT).

2.04 Driven by the Welsh Government's Case for Change, difficult decisions were embraced by the Steering Group and a report was sent to the Minister by the agreed date. The report has subsequently been approved by the Minister and a new scheme called Regional Transport Services Grant will be in place from 1st April 2013. The key principles of the new arrangements are to be:

- Regional Transport Consortia will be responsible for administering the new Regional Transport Services Grant (RTSG) scheme, which will take over from BSOG and LTSG, from 1st April 2013;
- Consortia will develop a Regional Bus and Community Transport Network Strategy in 2013/14, setting out outcomes consistent with national and regional transport priorities;
- Consortia will monitor performance against outcomes, and publish results in their Annual Progress Report;
- Consortia will be responsible for administering the reimbursement paid to operators under the concessionary bus travel scheme in their area from 1st April 2013.
- The new scheme will have a total budget of £25m for the 2013-14 financial year.

2.05 Substantial work needs to be undertaken to ensure that the Regional Transport Consortia, local authorities and operators are ready to operate the new system by 1st April. Plans for managing and resourcing these new responsibilities are being developed by a Task and Finish Group of the North Wales Local Authority Transport Managers. Arrangements to second a small number of staff into TAITH to develop the implementation work, using additional funding allocated by the WG are also in place.

3.00 CONSIDERATIONS

3.01 There remain issues to be addressed about the timing, resources and joint working arrangements. As the redirection and reduced level of funding is likely to have a major impact on the commercial network and local authority supported services, the apportionment will need to be determined and understood in advance of 1st April 2013. Substantial work needs to be undertaken to understand the current levels of BSOG support for commercial and supported services, to determine the actual levels of funding for the commercial mileage element of the new Grant and funding levels available to local authorities for supported services. The degree of joint working with the Welsh Government needs to increase substantially to undertake this work in the time available.

- 3.02 To mitigate or at least reduce those risks, it has been agreed that the introduction of the new system can take place on a phased basis. For example, the regionalisation of the LTSG can proceed as scheduled on 1st April 2013, whilst the changes to BSOG could be introduced over a 12 months period. This makes sense. It would allow sufficient time to fully understand and implement the administrative procedures necessary to undertake the proposed changes, allow the development and agreement of the quality outcomes of the new scheme, and more importantly, ensure that the effects of the reduced funding levels, and the impact, specifically of BSOG on the commercial network, would be fully understood and taken into account when producing the Regional Bus and Community Transport Network Strategies.
- 3.03 During the first year, it is proposed to allocate the Regional Grant in direct proportion to the allocations to North Wales authorities during the 2011-12 financial year.
- 3.04 There is a risk that the new proposals will have impacts on existing bus networks during the transition period. There will inevitably be a reduction in the number of commercial services operated across the region, which will place pressure on the supported network. The level of unhypothecated funding allocated by Local Authorities will also come under pressure as the impact of the changes and the reduced budget impact on networks. There will need to be a close working relationship between TAITH and the Local Authorities to manage the potential changes and minimise the impact as far as is possible.
- 3.05 The Consortia are not currently structured to manage the delivery of bus funding and neither is this role contained in the current remit for TAITH as defined by its Constitution. Local Authorities currently manage the delivery of LTSG but are not resourced to manage the delivery of BSOG which is currently managed by the Department for Transport.
- 3.06 The TAITH Constitution is attached at Appendix. Clause 1 – ‘Definitions’ reads :-

“Area - means the Local Government Area of each Authority as defined in Part 1 of Schedule IV to the Local Government Act 1972 (as amended) but excluding the Meirionnydd area of Gwynedd Council”

As it is proposed that TAITH will deliver bus funding over the whole of Gwynedd, the following addition to the clause is required :-

“Gwynedd and TAITH may agree for operational purposes that the whole of Gwynedd should be included in the defined area, for the delivery of specific objectives”.

The Constitution also limits the role of TAITH to that set out by the aims and objectives contained in paragraphs 3.1 and 3.2 of the Constitution. It is proposed to amend the Constitution further by the insertion of the additional objective below into paragraph 3.2.5 of the document :-

“to administer, commission, manage and deliver bus funding grants and bus network strategies for the region”.

- 3.07 No further changes are currently proposed and the intention of the change is only to enable the delivery of the new scheme approved by the Minister to take place. Any additional changes to the role of TAITH would require the further approval of the partner Authorities.
- 3.08 The work to prepare for the implementation of the new scheme is currently being managed by two seconded Officers from the North Wales local authorities working with the TAITH core team, using additional budget provided by the WG. As implementation of the new scheme progresses, alternative arrangements will need to be developed in partnership with Authorities across North Wales to manage the future delivery of the new scheme.

4.00 RECOMMENDATIONS

That Members :-

- 4.01 Note the new arrangements for the delivery of bus funding that will be in place from the 1st April 2013 following the approval of the bus funding report by the Minister for Local Government and Communities.
- 4.02 Approve the proposed additional wording set out in paragraph 3.06 to be inserted into the TAITH Constitution to allow the delivery of the new scheme by the Consortium.
- 4.03 Note that further work will be progressed to identify new management arrangements for the delivery of the new scheme during the initial implementation and transitional period for Regional Transport Services Grant.

5.00 FINANCIAL IMPLICATIONS

- 5.01 There are significant financial consequences from the report, and there will be further work carried out to develop a full analysis of the issues.
- 5.02 Payment of future bus revenue grants to TAITH will have implications for TAITH and for the workload of Flintshire County Council, as the host authority. This will be quantified and a revised management charge will be applied to cover management costs.

6.00 ANTI POVERTY IMPACT

Better transport, which is accessible to all, will improve peoples' ability to access employment and key services such as healthcare, leisure, education and retail.

7.00 ENVIRONMENTAL IMPACT

Improving transport will provide greater choice for the travelling public and is likely to result in modal shift away from the car onto buses, thereby helping to reduce congestion and carbon emissions.

8.00 EQUALITIES IMPACT

Better transport, which is accessible to all, will improve peoples' ability to access employment and key services such as healthcare, leisure, education and retail.

9.00 PERSONNEL IMPLICATIONS

9.01 Payment of future bus revenue grants to Consortia may have staffing implications.

10.00 CONSULTATION REQUIRED

Consultation will be required with the following :-

Local Authorities
Regional Transport Consortium
Bus Operators
Bus Users Groups
Community Transport
Traveline

11.00 CONSULTATION UNDERTAKEN

Consultation has been undertaken through representatives attending Steering Group meetings and reporting back to their respective sectors as outlined in 10.00 above.

12.00 APPENDICES

12.01 Agreement and Constitution of TAITH

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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