



Department
for Transport

Lord Bradshaw
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From the Parliamentary
Under Secretary of State
The Lord (Tariq) Ahmad of Wimbledon

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Dear Lord Bradshaw

- 4 JUL 2016

I am writing to you to address the concerns that you raised during the debate on the first day of the Bus Services Bill's committee stage.

You raised the matter of the devolution of the Bus Service Operators Grant (BSOG). Those authorities that choose to implement franchising will have BSOG devolved to them to spend on their franchised network of bus services. BSOG for all services within the franchising area would then be paid to the local authority, rather than operators. Operators whose services crossed the boundary of the franchising area would be entitled to claim commercial BSOG from the franchising authority under the national scheme rules.

We are not proposing that this money be ring-fenced. It will be for franchising authorities to decide where the funding must be spent when developing their franchised network. Alongside BSOG, there are currently substantial subsidies going into the deregulated market. Pooling these together to buy a single outcome will deliver a more efficient use of funding and better services for passengers.

BSOG will continue to be paid directly to bus operators in areas where franchising is not implemented.

I would also like to provide some further clarification of the Advanced Quality Partnership Scheme (AQPS) proposals. As you already know, the AQPS allows for a local authority to provide 'facilities' or 'measures' as part of the scheme. 'Facilities' might include the provision of new bus stops or waiting facilities. 'Measures' might include the LTA agreeing to revise car parking provision or charges to make bus services more attractive.

The Bill also sets out detailed provisions for the LTA to include the requirements as to the frequency, timings and maximum fares on bus services and ways in which passengers may pay for journeys.

The standards of services which may be specified in a scheme can include vehicle requirements which must be met. However, the local authority cannot prevent bus operators that are not part of the scheme from running services unless the AQPS covers a whole geographical area.

And finally, you raised the matter of concessionary fare schemes. I would like to clarify that the Post Implementation Review (PIR) published on 26th April was a review of the statutory reimbursement arrangements for concessionary travel. The report presents the results of the Mandatory Travel Concession (England) Regulations 2011, consistent with its requirements for post legislative scrutiny. The review concluded that: the objectives and rationale for intervention were correct, that the Regulations had achieved the objectives they set out to; positive wider benefits had been generated; and there had been no significant unintended consequences. The command paper is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/518497/mtc-england-regulations-2011-post-implementation-review-print-version.pdf

Local authorities must reimburse bus operators for their participation in statutory concessionary schemes.

The Government knows how important affordable, accessible transport is, particularly for older and disabled people. The concession provides much needed help for them to access facilities in their local area and helps them to keep in touch with family and friends.

Government spends almost £1 billion on concessionary bus passes every year, enabling people to get around. Rural operators are compensated in the same way as bus operators in urban areas. I understand that rural bus operator's expenses may be higher and we fully recognise the pressures that local authorities face to provide services in more isolated areas. The Minister for Local Government intends to increase support for the most sparsely populated rural areas by more than quadrupling the Rural Services Delivery Grant from £15.5 million to £65 million by 2019 to 2020. It is for individual local authorities to decide funding priorities for their areas.

I hope this has clarified the specific issues that you raised during the debate.

I have placed a copy of this letter in the Libraries of both Houses

Yours Sincerely
Tariq Ahmad of Wimbledon

LORD (TARIQ) AHMAD OF WIMBLEDON