



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDERS FOR BUILT ENVIRONMENT AND NEIGHBOURHOODS & ENVIRONMENT

TOPIC – WINCHESTER PARK AND RIDE: CHANGES TO BUS CONTRACT FUNDING

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Chief Operating Officer, the Chief Executive and the Chief Finance Officer are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on Thursday 6 March 2014.

Contact Officers:

Case Officer: Dan Massey, Tel: 01962 848 534241, Email: dmassey@winchester.gov.uk

Democratic Services Officer: Nancy Graham, Tel: 01962 848 235, Email: ngraham@winchester.gov.uk

SUMMARY

The Department for Transport (DfT) has recently announced changes to the way it supports local bus services through the Bus Services Operators Grant (BSOG). The aim of BSOG is to benefit passengers. It does this by helping operators keep their fares down and enabling operators to run services that might not otherwise be profitable and might be cancelled.

Until 31 December 2013 this grant was paid to operators of eligible local bus services and community transport organisations to help them recover some of their fuel costs. The amount each bus company receives is based on their annual fuel consumption.

This change affects Winchester City Council (WCC) as the Winchester Park and Ride (P&R) bus service, which is run under contract by Stagecoach South, does benefit from the receipt of BSOG funding.

DfT have already contacted WCC to establish that from 1 January 2014, all BSOG payments will be made directly to WCC rather than Stagecoach (or whichever bus company operates the P&R bus service). The purpose of this decision notice is to establish the mechanisms for continuing the grant payments as a way of supporting the P&R operation.

Since 1 January 2014, the BSOG is no longer paid directly to the operators running services, but payment is being made directly to the local authority responsible for tendering the service. The figure being paid to WCC is based on the sums paid out to Stagecoach over the 12 month period up to 31 March 2013; the figure given by DfT for the 12 month period from 1 April 2014 is £45,356 and a pro-rata payment for the period from 1 January to 31 March 2014 will be £11,339.

From April 2014 the payment from DfT to WCC will be made in a single annual payment. This amount is fixed and will not be adjusted in future years to reflect changes in service patterns or inflation.

PROPOSED DECISION

1. That the principle of passing on, in full, to the service operator the BSOG grant received by the City Council for the Winchester Park and Ride bus service be approved, until such time as the contract for the P&R operation be subject to re-tendering..
2. That the General Fund Park and Ride bus service revenue expenditure budget be increased in line with the BSOG grant.
3. That the Parking Services Team set up appropriate procedures for the payment of any BSOG grant received from DfT.
4. That the Head of Legal and Democratic Services be permitted to make appropriate amendments to the existing P&R contract to reflect this change if required.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

It is anticipated that DfT will establish monitoring systems to ensure that the BSOG passed to tendering authorities is used for appropriate bus services that meet their criteria. As Winchester City Council only procures one bus contract (P&R) there is no alternative which needs to be considered.

It does not appear that Winchester City Council has much discretion in how it chooses to use the grant and whilst it could opt to not pass on the BSOG funds received to Stagecoach, this option is not recommended as it is clear that the BSOG payment is ringfenced to support local bus services. Therefore, DfT would most likely cease payment of the grant if this option was pursued. Furthermore, in tendering for the P&R contract in 2009, Stagecoach South were asked to make due consideration of the BSOG grant payable to them. At this point there was no indication that this funding mechanism was likely to change. Given that Stagecoach South factored in the BSOG funding, it is considered that it would be unreasonable now for the Council not to pass on the BSOG grant it receives to the operator and expect them to absorb the shortfall in funding the service. If WCC was to withhold this grant, such action may well be legally challenged.

RESOURCE IMPLICATIONS:

In the short term there is no net cost to the Council. In 2013/14 and 2014/15 the P&R expenditure will increase by £11,339 and £45,356 respectively but the BSOG received from DfT will cover that increased expenditure.

In the longer term there are other considerations; DfT have made it clear that the payment is fixed and will not increase in future years to reflect changes in bus service operations or inflation. Whilst DfT have indicated that the funds which they will devolve will be ringfenced until the end of 2016/17, there is no commitment for ongoing funding after that time.

As it is likely that WCC will need to re-tender the P&R contract some time in the next few years, there are implications in that any operator tendering for the contract will reflect the increased costs of operation. Such resource implications cannot be foreseen at this stage and will need to be factored into future Budget considerations.

As the DfT assessment included all BSOG payments in support of the P&R buses, the grant also covers the operation of the additional buses running under the HCC contract. This payment is already included in the settlement indicated by DfT.

Any costs associated with amendments to the P&R contract would be small and met by existing staff resources.

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

Portfolio Holder for Built Environment and Hampshire County Council (Passenger Transport Section).

FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE

n/a

DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED

None.

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

None.

Approved by: (signature)

Date of Decision

Councillor Weston – Portfolio Holder for Built Environment

Councillor Warwick – Portfolio Holder for Neighbourhoods and Environment