

22 December 2011

## Better Bus Area (BBA) Fund Q&A

### **Why are you providing Funding via a competition?**

This Government wants taxpayers' money to be spent where it offers the greatest value, and for functional economic areas to agree what are the top priorities for generating private sector economic growth. BBA funding by competition is therefore the most appropriate way to allocate the £50million pot which is available to help create growth and cut carbon through partnership with bus operators.

### **What financial period does the BBA fund cover?**

The BBA fund is specifically designed to realise benefits in the short term. Strong bids should demonstrate early implementation of scheme elements in 2012/13. In addition, the BBA application form allows bidders to provide details of costs and outputs expected in 2013/14 in recognition of the difficulty that some authorities may have in delivering all of their proposals in 2012/13.

Any discussion in bids concerning 2014/15 onwards should be primarily in the context of the long term sustainability of the package and how the benefits realised in 2012/13 and 2013/14 will be sustained without the need for ongoing financial support from central government.

Successful bidders will receive award letters before the end of March 2012.

### **Can authorities who have already received funding from the LSTF also apply for BBA Fund?**

Yes. Already being in receipt of LSTF funding does not preclude you from submitting a bid to the BBA Fund.

### **The timescales of our tender processes will mean that our bus operator partner will not have been decided before 24 February 2012?**

You should note this in your bid. The bid should also demonstrate that there is a clear appetite for your tender specification and you should provide evidence of all potential bidders that exist at the time that you submit your bid.

### **How does the BBA define an urban area?**

Preference will be given to applications from English conurbations and large urban areas as defined by the Department's appraisal guidance:

<http://www.dft.gov.uk/webtag/documents/expert/pdf/unit3.13.2.pdf>

Authorities who are responsible for transport in the medium urban areas listed in this guidance are also welcome to submit a bid (and we recognise that recent population changes in some places listed as medium urban areas may now mean that in any case they meet the definition of a large urban area). However, they should note that the proposed benefits of their schemes will need to be competitive alongside bids from large urban areas.

We would encourage authorities of any size to be a partner in any appropriate bids.

### **How many bids can each authority submit?**

Bids are limited to one per ITA, County or Unitary Authority as a lead authority. This means it is up to the ITA, County or Unitary to decide what scheme proposals in their area have the best chance of success in the BBA bid assessment process.

Although the guidance indicates that metropolitan district councils can bid, we expect this to be done only as part of an ITA bid. So they will need to approach their relevant ITA if they want particular elements to be contained in the ITA's bid.

In practice, we expect the same approach to be taken by all other lower-tier authorities. Though they cannot bid directly, if scheme proposals realise benefits in particular lower-tier areas then we would expect the relevant upper-tier authority to decide whether to include it in their bid as part of their overall package.

We would encourage authorities of any tier to be a partner in any appropriate bids.

### **What about joint bids?**

For the purpose of the BBA fund a joint bid is defined as “a bid with one lead upper-tier authority plus one or more authority partners”. All joint bids must nominate a lead upper-tier authority and each upper-tier authority can only lead on one bid. Being an upper-tier authority partner in a bid does not preclude that authority from being a lead in a separate bid.

Any authority can be a partner in any number of bids.

### **Can authorities submit bids to kick start new bus routes which may not be currently commercially viable?**

Yes, but the authority would have to make a good case that such a service would create growth and cut carbon. Authorities should note that bids will also be assessed on sustainability beyond the fund period.

### **Can some of the BBA funding be used to meet concessionary travel funding shortfalls?**

Bids scheme elements which seek funding directly related to reimbursement to bus operators for statutory concessionary travel for older and disabled people (free off-peak

travel on local bus services) are unlikely to be scored highly in the assessment process. However, we appreciate that a holistic view of your bid may contain outputs which relate to patronage for statutory concessionary travel in your area.

Since April 2010, all central Government funding for concessionary travel is provided through DCLG's Formula Grant system. The overall level of Formula Grant funding was decided in the Spending Review.

Formula Grant is an unhypothecated block grant which gives local authorities freedom and flexibility in their use of funding. As it is a block grant, it is not possible to separately identify amounts within the grant provided for any particular service, including concessionary travel. It follows that any funding shortfalls that local authorities claim to be experiencing in concessionary travel cannot be identified absolutely either. Whilst there is no doubt that the settlement has been tough, the overall level of funding was set to be sufficient to enable local authorities to deliver effective local services, whilst ensuring that authorities do not set excessive council tax increases.

On 19 December DCLG published the consultation response on the proposed broad terms of the new Business Rates Retention system which is designed to ensure that all authorities will have the opportunity to benefit from an increase in business rates collected in their area. The consultation response DCLG committed to updating all existing datasets and to consider limited technical adjustments to the relative need formulae for the cost of rural services and concessionary travel and the resource equalisation component in establishing baseline funding levels. The full consultation response can be found here:

<http://www.communities.gov.uk/publications/localgovernment/resourcereviewgovtresponse>

In the new system, it might be possible to improve the Concessionary Travel Relative Needs Formula based on new data (which has a better relationship with bus service density and patronage) that has recently become available. We will be in touch with local authorities with further information about this in the New Year.

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