

25 JANUARY 2013

BUS SUBSIDY REFORMS – IMPORTANT CHANGES

The Department wrote to operators on the 8 January 2013 to update you on progress regarding planned reforms to the Bus Service Operators Grant (BSOG), and also clarify some issues that had arisen. The purpose of this letter is to inform you of two important changes that we will be making as part of those reforms.

Smartcard and Automatic Vehicle Location (AVL) Uplift Payments

In April 2010 the Department introduced smartcard and AVL incentive payments to all operators outside London who had installed eligible equipment on their vehicles. The amount of uplift due for the previous twelve months is based on the number of eligible smartcard or AVL units installed and declared on the PSV311E certified claim form at the end of the operators claim period. Quarterly estimate payments for the following year are also uplifted based on the PSV311E smartcard / avl figures, adjusted to take account of estimated kilometres over the coming year.

In the recent consultation document the Department proposed allowing operators to continue to claim incentives, but to consider this again as part of the wider review of incentives in 2014. Notwithstanding the outcome of the consultation the way in which bus subsidy is distributed will fundamentally change on 1 October 2013, most notably with the creation of Better Bus Areas, devolution of BSOG for tendered services to local authorities and a number of other eligibility changes.

In view of the above changes the Department will no longer pay smartcard or avl uplifts on quarterly estimate payments from 1 October 2013. Instead, both smartcard and avl uplifts will be brought into line with low carbon emission incentives and paid in arrears on completion of an operators certified claim. Those operators who have already received letters advising them of estimate payments due after 1 October 2013 should be especially aware of these changes.

Cross border services

The Welsh Government has recently advised the Department that the BSOG scheme in Wales will cease to exist after 31 March 2013. It is being replaced by the Regional Transport Services Grant, that will be administered by the four Regional Transport Consortia in Wales. Administration of Scottish bus subsidy moved to the Scottish Executive in April 2011.

In view of these changes the Department would like to take this opportunity to clarify the position regarding cross border services running from England into either Scotland or Wales or vice versa.

From 1 April 2013 claims for BSOG should be made to the administration in which the service actually runs. For example, where a service runs across the border from England into either Scotland or Wales, the English BSOG administration team will only pay the part of the route running in England. Operators should submit separate claims to either the Scottish or Welsh administrations for kilometres run in their respective areas.

Similarly, English operators running services solely in Wales or Scotland should submit claims to the respective Welsh or Scottish administration team. Claims submitted to the English BSOG Administration team should only include kilometres for Welsh or Scottish services up to 31 March 2013. Those operators who have already submitted estimate claims that include Welsh or Scottish services running after 1 April 2013 should contact their BSOG case officer immediately at the above address with revised kilometres to avoid possible overpayments.

If you have any questions, please contact the BSOG team at:

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Yours sincerely

Bus Service Operators Grant Section