



**Department
for Transport**

BUS SERVICE OPERATORS GRANT SECTION
DEPARTMENT FOR TRANSPORT
D06 ASHDOWN HOUSE
SEDLSCOMBE ROAD NORTH
ST LEONARDS-ON-SEA
TN37 7GA

DIRECT LINE: XXXXXXXXXX
FAX : XXXXXXXXXX
EMAIL : XXXXXXXXXX

AN Other Bus Operator

MY REF : BT2/BD/1/0021

5 JULY 2013

Dear XXXXXXXXXX

REFORM OF BUS SERVICE OPERATORS GRANT (BSOG)

The Government has announced a series of changes to how BSOG works and who is eligible to claim it. You can find details of the announcement at:
<https://www.gov.uk/government/organisations/department-for-transport/series/bus-subsidy-reform>

Please also see Annex A enclosed which gives more details on the changes and which explains how these may affect you.

You are encouraged to read these notes carefully now, as some of these changes to the scheme will come into effect on 1 October 2013.

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

BSOG Administration
Department for Transport
Room D/06, Ashdown House
Sedlescombe Road North
St Leonards on Sea
East Sussex
TN37 7GA

Tel: 020 7944 8588
Fax: 020 7944 8524
or email bsog@dft.gsi.gov.uk

Yours Sincerely,

Bus Service Operators Grant Section

ANNEX A

1. BACKGROUND

- 1.1 A number of important changes are being introduced to the BSOG scheme. Changes to each type of service, together with guidance on how operators should treat the changes are explained below. To assist you further and in addition to this letter the Department has published a toolkit which we hope you will find useful. This can be found at:
<https://www.gov.uk/government/organisations/department-for-transport/series/bus-subsidy-reform>
- 1.2 **Operators are advised to read these notes carefully now, as they will need to have systems in place by 1 October 2013 to be able to differentiate between each type of service and accurately supply figures in support of their future BSOG claims.**

2. DEVOLUTION OF BSOG

Transport for London Services

- 2.1 On 1 October 2013 BSOG funding for services contracted to Transport for London will be devolved to TfL. BSOG will cease to be paid by the Department direct to operators from this date.
- 2.2 Operators solely claiming for TfL services, i.e. not also for example claiming commercial services outside London, will be sent a PSV311E certification form on 30 September. Once this has been returned and payments have been reconciled their BSOG accounts will be closed.
- 2.3 Operators of TfL services are advised to speak to Transport for London now about the impact of the devolution of BSOG funding, and explore with them how this change will be managed.

Tendered Services

- 2.4 On 1 January 2014 BSOG funding for tendered services outside London will be devolved to local authorities. BSOG will cease to be paid direct to operators from this date. Operators will still be able to claim smartcard, automatic vehicle location (avl) and / or low carbon emission bus (lceb) incentives, if eligible, for these services.
- 2.5 The original plan was to devolve BSOG funding relating to tendered services on 1 October 2013. Consequently, we have previously only asked operators to supply details of tendered services on estimate to 30 September 2013. The BSOG team will therefore be undertaking an exercise to re-instate claims for tendered services for quarterly payments due between October and December 2013. Those operators affected will be separately notified of their revised quarterly payments.
- 2.6 Operators of tendered services **not** claiming the smartcard, avl and / or lceb incentives should only submit figures up to 31 December 2013. Those operators solely claiming BSOG for tendered services, i.e. not also claiming for example commercial services, will be sent a PSV311E certification form on 31 December 2013. Once this has been returned and payments have been reconciled their BSOG accounts will be closed.
- 2.7 Operators of tendered services who claim smartcard and / or avl incentives will need to continue to submit details of local and dead kilometres, but will be required to split them pre and post 1 January 2014. This will enable the Department to correctly pay BSOG **and** incentives prior to the change, but only pay the incentives from 1 January 2014 onwards.

- 2.8 Operators of tendered services are advised to speak to their local authorities now about the impact of the devolution of BSOG funding, and explore with them how this change will be managed.

Commercial Services

- 2.9 Operators of commercial services will continue to be able to claim BSOG after 1 January 2014. You should however be aware of changes to both eligibility (set out in section 3), and the way in which fuel consumption will be calculated (section 5).

Better Bus Areas

- 2.10 On 26 February 2013 the Department launched a competition to identify new Better Bus Areas (BBA's). For further information on BBA's please visit our website at: <https://www.gov.uk/government/publications/bus-service-operators-grant-reform-and-better-bus-areas> .
- 2.11 Winners of the BBA competition will be announced on 1 October 2013 and operators will be notified individually in due course. Any operators running commercial services within these areas will move to a common BSOG claim year of 1 April to 31 March starting on 1 April 2014. Within these areas BSOG for commercial services will be gradually reduced from April 2014 and the money will be used by the local transport authority, together with a top-up, to improve the local bus network.
- 2.12 BBA operators will be sent a PSV311E certification form on 31 March 2014 to reconcile their figures up to this date before moving to the common claim year.

3. ELIGIBILITY

- 3.1 On 1 October 2013 the following services will become ineligible for BSOG:
- I. Services which are intended to operate for less than six consecutive weeks, including services which are intended primarily for visitors to sporting or recreational events, such as flower shows or football specials. This does not apply to services put on in emergency circumstances, e.g. where a bridge has become impassable and a temporary bus service has been laid on to transport passengers around the obstruction;
 - II. Services operated primarily for the purposes of tourism or because of the historical interest of the vehicle. This exclusion would not apply to registered local services run on a commercial basis which also happen to attract tourist traffic;
 - III. Services substituting a bus for a rail service which has been temporarily discontinued, reduced or modified. This does not apply to services that have permanently replaced a rail service which has been discontinued;
 - IV. Services for which the fare includes a special amenity element, i.e. it is significantly high in relation to the general level of fares for comparable journeys, including services whose primary function is to transport travellers between airports, rail stations, sea terminals and their dedicated car parks.
- 3.2 Operators running any of the above services should not include them on their claims after 30 September 2013. If these are the only services you are claiming for you will be sent a PSV311E on 30 September 2013. Once this has been returned and payments reconciled your BSOG account will be closed.

- 3.3 School services run on a tendered basis to a local authority will become ineligible on 1 January 2014. The grant for these services will be devolved to local authorities as part of the wider tendered service BSOG funding devolution changes.
- 3.4 School services run on a commercial basis will be eligible as long as they are also open to the general public and not restricted to students.
- 3.5 The Department would like to clarify that free bus services are not eligible to receive the grant.

4. SECTION 19 COMMUNITY TRANSPORT

- 4.1 On 1 October 2013 BSOG funding for Section 19 Community Transport services **run in-house by local authorities** will be devolved to those local authorities. No further BSOG may be claimed by those local authorities after this date.
- 4.2 These local authorities will be sent a PSV452E certified claim form on 30 September 2013 to reconcile their figures up to this date. Once their claim form has been returned and payments made their BSOG accounts will be closed.
- 4.3 Other section 19 services run by charities and voluntary organisations, including those that operate under tender to a local authority or with a grant from a local authority are unaffected by these changes and will continue to be able to claim as they do now. The same arrangements will apply regardless of whether a service is being operated within London, within a Better Bus Area, or outside of both London and BBA's.

5. FUEL CONSUMPTION CALCULATION

- 5.1 Calculation of BSOG will continue to be based on fuel consumption. The existing rules allow operators to either base their figures using the kilometres per litre of all the vehicles which do at least 50% of their kms on BSOG eligible local services, or if the operator's records are insufficiently detailed to determine the figures required then operators may calculate the kilometres per litre achieved by the entire fleet of public service vehicles.
- 5.2 From 1 January 2014 this will change. Operators will either be able to base their figures using the kilometres per litre of all vehicles which do at least 50% of their kms on BSOG **commercial** eligible services, or as now, if the operator's records are insufficiently detailed to determine the figures required then operators may continue to calculate the kilometres per litre achieved by the entire fleet of public service vehicles.
- 5.3 Those operators with claims spanning 1 January 2014 will need to put systems in place by this date, so that they are able to provide two separate fuel consumption figures reflecting the rule changes on 1 January 2014.

6. INCENTIVES

- 6.1 Operators will still be able to claim the low carbon emission (Iceb), smartcard and automatic vehicle location (avl) incentives after 1 October 2013, with the following exceptions:

- I. TfL operators will be unable to claim Iceb incentives from 1 October 2013 as this funding will be transferred to TfL. They remain unable to claim smartcard or avl incentives;
- II. Operators outside London will still be able to claim all three incentives on commercial and tendered services, but **not** on those services deemed ineligible due to the eligibility changes listed in section 3 above.

6.2 Please note, however, that from 1 October 2013 both smartcard and avl incentives will be brought into line with Iceb uplifts and paid in arrears on production of a PSV311E certified claim.

6.3 Whilst BSOG for tendered services will in itself cease on 31 December 2013, those operators wishing to claim smartcard and/or avl incentives for these services will be required to continue to submit details of live and dead kilometres so that the Department can calculate uplifts due.

7. CROSS BORDER SERVICES

7.1 From 1 April 2013 the Department for Transport has only funded those services running in England. This means that from this date Welsh or Scottish operators running services in England have to apply to join the English scheme by contacting the BSOG team in St Leonards on Sea. English operators running services in Wales or Scotland need to apply to join either the Welsh or Scottish schemes.

8. RECORD KEEPING / FRAUD PREVENTION

8.1 The Department remains focussed on reducing fraud so that limited funds are properly directed at genuine operators. Where necessary the Department will employ credit reference agencies, debt recovery companies, as well as VOSA Traffic Examiners and the Department's own officials should we suspect irregularities.

8.2 Payment of grant is conditional upon accurate records being kept in support of a claim. Operators should be aware that **the grant will not be paid in future** unless adequate records are maintained. The Department will also seek to recover any monies paid on estimate should operators fail to produce satisfactory records on request.

8.3 In order to assist operators and clarify what is required the new certified claim form will include a checklist of **minimum** requirements demanded by the Department.

8.4 Operators will be required to:

- I. hold a detailed fleet list of the vehicles used for claiming BSOG during the claim period;
- II. hold detailed records of all fuel supplied to each vehicle during the claim period;
- III. check that the fuel consumption of each vehicle listed is within tolerance for the make and type of vehicle. Where this is not the case investigate and record the cause;
- IV. accurately measure the local service kms and dead kms for each route entered on the claim;

- V. hold detailed records of how route lengths have been used to compile annual data for each route, taking into account weekday, Saturday, Sunday and bank holiday service variations;
- VI. hold detailed records of new, cancelled or variations to services;
- VII. hold detailed records of lost service kilometres (e.g. due to breakdowns, bad weather, road closures etc). Nil returns will be required.

9. COMMUNICATION

- 9.1 Finally, the Department would like to take this opportunity of moving to a new IT system to communicate with you by email in future. I should therefore be grateful if you would complete Annex B enclosed, and return it to your BSOG case officer at the address shown by 26 July 2013 in order that we can update our records.

ANNEX B

BSOG Administration
Department for Transport
Room D06
Ashdown House
Sedlescombe Road North
St Leonards on Sea
East Sussex
TN37 7GA

Operator Name:..... PSV Number:..... BSOG File Ref:.....

BSOG COMMUNICATIONS BY EMAIL

I agree to receiving BSOG communications by email in future and should be grateful if you would use the following email address. I am aware that this email address will be used by the Department for Transport to send information relating to my company and the Bus Service Operators Grant.

EMAIL ADDRESS.....

Signed:.....

Name (block capitals):.....

Company Position:.....

Tel:.....