

IMPORTANT CHANGES TO THE BUS SERVICE OPERATORS GRANT

I am writing to you to tell you about proposed changes to the BSOG system which are due to come in next year.

On 26 March 2012 the Department published '*A Green Light for Better Buses*' which sets out a series of reforms to improve local bus subsidy and regulation in England. Details can be found at <http://assets.dft.gov.uk/publications/green-light-for-buses/green-light-for-buses.pdf>. Pages 34 to 41 of this document outline a balanced package of changes to the BSOG system which the Government proposes to introduce during 2013. The package comprises the following:

- in future, rather than paying all BSOG subsidy directly to bus companies, we intend to pass down to local councils outside London the funding that relates to services they support – i.e. tendered services – to allow decisions to be taken locally on how it should be spent;
- in a small number of areas outside London, using some of the BSOG budget to set up a new local government fund – Better Bus Areas (BBAs) – to encourage local transport authorities and bus companies to work closely together to improve services and boost passenger numbers. In those areas which are chosen to be BBAs, BSOG for both tendered and commercial services will in future be paid direct to the local authorities, rather than operators, although the authorities will have to work closely with operators on the areas to be covered and on how the redirected BSOG would be spent;
- in a few cases tightening the existing rules defining which bus services can claim BSOG, for instance to make rail replacement services ineligible for BSOG, so that the funding available is put to the best possible use.

The Government is still considering the exact arrangements which will apply to that BSOG which is currently paid to bus operators for running services in London under franchise to Transport for London. We will make another announcement about this in the near future.

The changes mentioned above will not affect BSOG for commercial (rather than tendered) services in those areas outside London which are not chosen to be Better Bus Areas. For them, we will continue to pay BSOG direct to bus operators.

The Government aims to bring in each of the changes listed above during 2013, and will launch a public consultation this summer, and publish more details on how and when the changes will take effect.

No final decisions have yet been taken on the exact implementation dates in 2013. However, for the time being all future estimate payment letters will only confirm BSOG entitlement covering the claim period up to 31 March 2013. We will let you know as soon as possible the position for the period after April 2013.

Annex A provides a series of examples to show how operators with different claim years will be affected by the changes.

Finally, the Department, together with representatives of the bus industry are currently looking at how we implement the fine detail of the changes. **In the meantime we need to begin to capture separate information in respect of supported (tendered) and commercial operations. Operators will consequently need to split their claims into those for tendered services and commercial ones in future. You should therefore put arrangements in place to record information in this format.** Accordingly Section 3 of the PSV311E certified claim will shortly be amended to split kilometres between tendered and commercial services. The change will come into effect for operators with claim periods ending 30 June 2012 onwards.

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

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Yours sincerely

Bus Service Operators Grant Section

Annex A – How changes to BSOG will affect estimate payment schedules from 1 April 2013.

1. Operator claim year runs from April 12 to March 13.

- Quarterly estimated payments for the claim year April 2012 to March 2013 will be processed and paid in May 12, Aug 12, Nov 12 and Feb 13.
- Quarterly estimate payment schedules will show four quarterly payments outlined above.

2. Operator claim year runs from May 12 to April 13.

- Quarterly estimated payments for the claim year May 2012 to April 2013 will be processed and paid in Jun 12, Sep 12 and Dec 12. **The payment due in March 13 (covering Feb to April 13) is subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the March 13 payment.

3. Operator claim year runs from June 12 to May 13.

- Quarterly estimated payments for the claim year June 2012 to May 2013 will be processed and paid in Jul 12, Oct 12 and Jan 13. **The payment due in April 13 (covering Mar to May 13) is subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the April 13 payment.

4. Operator claim year runs from July 12 to June 13.

- Quarterly estimated payments for the claim year July 2012 to June 2013 will be processed and paid in Aug 12, Nov 12 and Feb 13. **The payment due in May 13 (covering Apr to Jun 13) is subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the May 13 payment.

5. Operator claim year runs from August 12 to July 13.

- Quarterly estimated payments for the claim year August 2012 to July 2013 will be processed and paid in Sep 12 and Dec 12. **The payments due in March 13 and Jun 13 (covering Feb to Jul 13) are subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the March 13 and June 13 payments.

6. Operator claim year runs from September 12 to August 13.

- Quarterly estimated payments for the claim year Sept 2012 to August 2013 will be processed and paid in Oct 12 and Jan 13. **The payments due in April 13 and July 13 (covering Mar to Aug 13) are subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the April 13 and July 13 payments.

7. Operator claim year runs from October 12 to September 13.

- Quarterly estimated payments for the claim year Oct 2012 to Sept 2013 will be processed and paid in Nov 12 and Feb 13. **The payments due in May 13 and Aug 13 (covering Apr to Sept 13) are subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the May 13 and Aug 13 payments.

8. Operator claim year runs from November 12 to October 13.

- Quarterly estimated payments for the claim year Nov 2012 to Oct 2013 will be processed and paid in Dec 12. **The payments due in Mar 13, Jun 13 and Sep 13 (covering Feb to Oct 13) are subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the Mar 13, Jun 13 and Sep 13 payments.

9. Operator claim year runs from December 12 to November 13.

- Quarterly estimated payments for the claim year Dec 2012 to Nov 2013 will be processed and paid in Jan 13. **The payments due in Apr 13, Jul 13 and Oct 13 (covering Mar to Nov 13) are subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the Apr 13, Jul 13 and Oct 13 payments.

10. Operator claim year runs from January 13 to December 13.

- Quarterly estimated payments for the claim year Jan 2013 to Dec 2013 will be processed and paid in Feb 13. **The payments due in May 13, Aug 13 and Nov 13 (covering Apr to Dec 13) are subject to change and will therefore not be displayed on your payment schedule.**
- We will let you know as soon as possible the position regarding the May 13, Aug 13 and Nov 13 payments.

11. We will write to you again regarding operators with claim years starting on or after 1 February 2013.