



Department
for Transport

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To bus operators who receive commercial BSOG
via email

COVID-19 – Supporting the Bus Sector

The Department has been engaging with bus trade organisations and operators to monitor the impact of COVID-19 on the bus industry. Of particular concern, is the ability of bus operators to continue to run services due to the availability of drivers and other staff, as well as passengers' willingness to use the bus following the Government's advice for the public to avoid any non-essential travel and to work from home where possible.

You should already have seen a copy of the letter that the Secretary of State for Transport sent to the CPT and ALBUM. This outlined a number of initial measures that the Government has taken to support the continuation of bus services, including the ongoing payment of Bus Service Operators Grant (BSOG) at pre-COVID levels.

In addition, as part of our continued support to the sector at this difficult time, subject to any necessary State Aid clearance, Ministers have agreed for a temporary grant to be introduced; the COVID-19 Bus Services Support Grant (CBSSG). The grant will be effective in relation to costs arising from 17 March 2020, and it will run for a period of up to three months, subject to regular reviews. The CBSSG is capped at £166.8 million over a three month (12 week) period, which includes CBSSG payments to operators and to local transport authorities.

The CBSSG is an England-wide, outside of London, funding mechanism to ensure that sufficient bus services continue to operate in the right places, and at the right times of day, during the COVID-19 outbreak to meet expected demand whilst maintaining appropriate patronage levels. Local transport authorities and bus operators will both receive CBSSG payments.

The CBSSG is designed to provide additional funding on top of continued payments from the public sector to bus operators (such as BSOG, concessionary travel reimbursement, home to school transport and tendered service contract payments) at pre-pandemic levels, as requested by Ministers.

All bus operators who receive the grant will be expected to make available sufficient capacity to run up to 50% of scheduled commercial mileage and to

engage with the relevant local transport authorities to determine what bus services should be operated, when and on which routes. The CBSSG is designed to meet the costs of making this capacity available. The funding paid by the Department will, over time, be adjusted to reflect the actual level of service each operator is asked to provide.

We would expect that, where they wish to do so, local transport authorities (and combined authorities in particular) will have significant influence in agreeing service patterns that meet the needs of people for whom journeys remain essential and ensure that (where relevant) services align across modes. Operators will be expected to be able to demonstrate that they have engaged effectively with local transport authorities and met their reasonable requests. I also ask the sector continues to ensure that changes to bus timetables are communicated to passengers clearly both on websites and at bus stops.

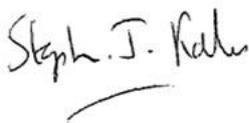
Operators who have operated bus services for the majority of the period between 17 March 2020 and the date of this letter can apply for CBSSG. CBSSG payments will be made on a monthly basis and will initially be calculated on the basis of commercial data collated from 2017-18 claims submitted for commercial BSOG as this is the most robust recent dataset that the Department holds for BSOG. Operators who did not claim commercial BSOG in 2017-18, but did so subsequently up to the time of the crisis, are still eligible for CBSSG payments.

If you wish to claim CBSSG please complete the declaration at https://www.smartsurvey.co.uk/s/CBSSG_declaration/ by 13 April 2020. The Department will aim to make the initial payment within 5-8 working days of receipt of the declaration, subject to any necessary State Aid clearance processes.

We will continue to pay BSOG incentives to operators running tendered services for services which are funded through local authority devolved BSOG at pre-COVID levels. Operators should work with their local transport authorities regarding contract costs as covered in the letter from the Secretary of State and the general advice from the Cabinet Office at <https://www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19>.

We are happy to answer your questions about CBSSG claims. Please email the team at CBSSG@dft.gov.uk. For any wider enquiries, I suggest you contact your trade group as appropriate. For CPT members the contact number is 020 7240 3131; Community Transport Association (CTA) can be contacted on 0161 351 1475 and ALBUM on 0115 976 6701.

Yours faithfully,



Stephen Fidler
Director, Local Transport Directorate, Department for Transport

CBSSG Terms & Conditions

The COVID-19 Bus Service Support Grant (CBSSG) is a discretionary grant which may be paid under section 154(1) of the Transport Act 2000 by the Department for Transport on behalf of the Secretary of State in respect of commercial “eligible bus services” within the meaning given by Regulation 3(1) of the Bus Service Operators Grant (England) Regulations 2002. This grant is payable only on a “local service” as defined in section 2 of the Transport Act 1985.

Furthermore, only operators who have operated bus services for the majority of the period between 17 March 2020 and the send date of the accompanying letter can apply for CBSSG. Operators must continue to operate a regular service in subsequent periods to receive future payments.

Level of Service

1. Operators will make available sufficient capacity to run between 40%-50% of scheduled commercial mileage for a typical non-school week excluding public holidays for the period of the scheme, which is a period of up to three months, subject to regular reviews. Mechanisms for operators who propose running service levels below 40%, or above 50%, are outlined in paragraphs 4-5.
2. Operators will propose the services they expect to run between the 40%-50% level of scheduled commercial mileage. They must consult with their local transport authorities (LTAs) regarding the services that should continue to be provided, having regard to the critical concerns of serving key workers such as NHS staff and that buses are not heavily loaded because of reduced service patterns. Furthermore, operators must take all possible steps to respond positively and quickly¹ to reasonable requests from LTAs to amend the services operated and the routes used by those services, hours of operation, vehicles used or levels of provision and to supply data on service usage and operations during the period of CBSSG receipt - including to ensure a joined-up cross-modal service offer and to support wider COVID-19 response efforts. Operators are required to demonstrate on request that initial and ongoing consultation with LTAs has taken place and that all possible steps have been taken where they have not responded positively or quickly to reasonable requests from LTAs.
3. Operators will be required to review service level provisions and requirements on a regular basis and at least monthly with the relevant LTAs to ensure that services and the overall service level continue to meet local needs. Operators are required to demonstrate on request that these reviews have taken place. Where DfT has a reasonable belief that an operator has not engaged in good faith in this consultation process with LAs covered by their operations, or has otherwise failed to meet the requirements referred to in paragraph 2, DfT may deny or suspend any CBSSG funding to that operator and may recover from that operator any such funding that has been previously paid.²

¹ Subject to any necessary delays due to factors such as the terms of conditions of the Coronavirus Job Retention Scheme.

² CBSSG has been calculated on the basis that local transport authorities will continue to make financial payments to operators (including for tendered services, concessionary travel and home to school transport) at pre-pandemic levels. In considering whether an operator has engaged in good faith the Department will therefore take into account whether the relevant local

4. If an LTA and operator jointly agree that capacity to provide a service level of less than 40% of scheduled commercial mileage (as defined in paragraph 1) is required, a joint letter justifying this position from the LTA and relevant operators must be sent to DfT. Operators will still receive CBSSG under these circumstances.
5. In exceptional circumstances, if an LTA and operator jointly agree that capacity to provide a service level of greater than 50% of scheduled commercial mileage (as defined in paragraph 1) is required, CBSSG funding to cover this mileage may only be provided with prior written agreement of DfT, and the overall CBSSG funding will not exceed the overall funding envelope as a result.

Payments

6. For the first month (4 weeks) of the scheme (beginning 17 March 2020), payments to operators will be based on the below formula, where £1.0051/km is the initial CBSSG rate for operators. The service level will be set at 50% for payments in the first month.

$$\begin{aligned}
 & \text{CBSSG}(\text{Operator A, Month 1}) \\
 &= \frac{\text{Operator A 2017/18 commercial BSOG live kilometres}}{52} \times 4 \\
 & \times \text{Service level \%} \times \text{£1.0051}
 \end{aligned}$$

7. For any operators who did not claim commercial BSOG in 2017-18, but did so subsequently up to the time of the crisis, DfT will work with those operators to determine the most suitable data to use for calculating the first monthly payment.
8. Payments for subsequent months will be calibrated based on information provided by the operator (see Data Provision section below), with payments adjusted to reflect actual performance by updating the two variables in the calculation as follows:
 - Actual live commercial kilometres for the previous month will be used. This means that from month 2 onwards, service levels will not be included as a variable as this will already be reflected in the live commercial kilometres. Decreases to live commercial kilometres have a downward effect on CBSSG payments.
 - The CBSSG payment rate of £1.0051/km will be adjusted comparing patronage in that month against average patronage before COVID-19. The first monthly payment assumes patronage and fare receipt revenue is 5% of pre-outbreak levels, so any changes in the patronage ratio have an inverse effect on the CBSSG rate (i.e. an increase in the patronage ratio will have a downward effect on the CBSSG rate).
9. The adjustment process over subsequent months will not allow for the overall value of CBSSG payments to exceed the overall funding envelope. DfT reserves the right to change the calculation methodology, including the CBSSG rate, at any time during the scheme period.
10. If, in exceptional circumstances, an operator believes that its CBSSG payments are at least 20% less than the level required for an operator to make available the required level of sufficient capacity, and that this will likely lead to the operator

transport authority or authorities have adopted this approach as requested to do so and – if not – whether that has had a material impact on the financial and other resources available to the operator concerned to fulfil any requests made by the relevant local transport authority or authorities.

entering financial distress, the operator may request a review of its CBSSG payments. If at its sole discretion the DfT agree to undertake a review, the operator will be required to share such financial and operational information as DfT reasonably requests to determine whether the operator's CBSSG payment should be adjusted. The review process will not allow for the overall value of CBSSG payments to exceed the overall funding envelope.

11. Operators will not be permitted to achieve an operational margin through CBSSG funding. This will be addressed, primarily, by the reconciliation process described in paragraphs 27-33 below. If an operator considers that the amended rate notified to DfT for month two and beyond (following the process at paragraph 8 above) is likely to result in the operator achieving an operational margin during that period by 20% or more they should inform DfT promptly, proposing a lower per km payment to reflect the anticipated operating margin.
12. CBSSG funding will cease at the end of the three month period, or as notified by the Secretary of State following a regular review, which is expected to take place on a monthly basis. Reviews will occur no more frequently than monthly.
13. If, as a result of one of these regular reviews, the decision is taken to modify or cancel the CBSSG scheme, DfT will provide operators with at least one week's notice of any changes so that they can make relevant operational adjustments.
14. LTAs and operators will receive CBSSG payments. The £166.8 million envelope will be split between LTAs and operators based on the shares of supported service and commercial service mileage in 2017-18. Individual LTA allocations will be calculated based on historic supported service mileage, with a top up for rural areas, as was done for the £30 million Funding for Supported Bus Services in 2020-21 as part of the Better Deal for Bus Users.

Transport for Greater Manchester (TfGM)

15. TfGM receives devolved commercial BSOG which it uses to pay commercial BSOG to bus operators operating in the Greater Manchester area. For this scheme, TfGM will receive a first month payment of commercial CBSSG based on 2017-18 data, consistent with the formula presented in paragraph 6.
16. TfGM will be required to provide updated data as per the Data Provision section below which will be used to calculate payments for subsequent months, and in addition, TfGM should notify DfT as to how it is administering commercial CBSSG payments to operators at the end of the first month.
17. Operators in the Greater Manchester area will be required to provide the same type and level of information to TfGM as operators outlined in the Data Provision section.
18. TfGM's commercial CBSSG funding is ring-fenced for usage on supporting commercial bus services in the Greater Manchester area affected by the outbreak. TfGM will be subject to the same terms and conditions as operators for CBSSG.

Data Provision

19. By the last working day of each month, operators will be required to provide the following information using the same operational format as used for claims for BSOG, with DfT to provide a template in due course:
 - Services operated (total number run), including service numbers and registration numbers

- “Live” kilometres operated
 - Patronage (disaggregated by fare-paying and concessionary)
 - Base line data of the above from 2019 calendar year at pre COVID-19 levels
20. Operators may be asked by DfT to provide evidence that the relevant local transport authorities have been consulted and that regular service provision reviews have been conducted with the relevant local transport authority.
 21. DfT will work directly with operators who will not be providing information through their ticketing provider on the best way of sharing this information. These operators should contact DfT to agree an information sharing approach.
 22. Operators will be expected to provide accurate information in good faith, and in accordance with the Declaration set out at the end of these T&Cs.
 23. DfT reserves the right to amend the information being requested from operators.
 24. Operators who receive a first month payment greater than £150,000 must also provide monthly information on revenue, cost and their percentage of furloughed staff.
 25. DfT reserves the right to use this information to inform the broader Government response to the COVID-19 outbreak.

Due Diligence

26. DfT will conduct due diligence checks to ensure that operators who apply for CBSSG are eligible. CBSSG will not be paid to operators who are in financial distress, who are subject to debt recovery, or who have ceased commercial operations.

Reconciliation Process

27. Operators will be required to participate in an open book reconciliation exercise with DfT. The reconciliation exercise will be used to assess compliance with the conditions of the grant and to ensure that operators have not derived an operational profit while in receipt of CBSSG support.
28. The reconciliation exercise will take place at the end of the three month CBSSG period and/or at any such other time during the CBSSG period as deemed necessary by DfT.
29. The application of the reconciliation process will be subject to materiality thresholds, based on the cumulative size of the grant that each operator receives over the CBSSG period. The reconciliation threshold will be defined by DfT before the end of the CBSSG scheme.
30. Operators will be required to provide any information reasonably requested by DfT on an open book basis, including, but not limited to, information relating to the following:
 - Operational costs and revenue from the period covered by CBSSG (disaggregated to show major cost and revenue sources, and including payments from local authorities and central Government such as from the Coronavirus Jobs Retention Scheme) as well as costs and revenues covering a similar period prior to the commencement of the CBSSG scheme;

- Commercial service kilometres covered by the operator's services per month during the period covered by CBSSG and that for a similar period prior to the commencement of the CBSSG scheme;
 - Commercial services run and patronage data per month for the period covered by CBSSG and that for a similar period prior to the commencement of the CBSSG scheme;
 - Evidence of the consultation process that operators have undertaken with local transport authorities and that service changes had been properly communicated to local authorities and the general public,
31. As part of this process, DfT will only expect reasonable costs incurred and evidenced as ongoing and repeat transactions to be taken into account and expects operators to seek to operate efficiently during the period of claiming CBSSG.
 32. If the reconciliation exercise identifies that any operator derives an operational profit while in receipt of CBSSG support, any such overpayment will be recovered through reductions in future BSOG payments. To the extent that the reconciliation exercise identifies an underpayment to any operator, DfT will endeavour to equitably reconcile any shortfall in payments from available funds at the end of the CBSSG scheme.
 33. For the avoidance of doubt, the reconciliation process will not take into account any capital expenditure, exceptional (non-operating) payments or dividend payments in the calculation of whether a company has generated an operational profit or loss at the end of the three month period. Further guidance will be provided by DfT on the reconciliation process including the treatment of intra-company transfers and overheads.
 34. Information provided for this purpose may be shared with contractors that are engaged by DfT to undertake the reconciliation exercise or other analysis of the CBSSG scheme.

Passengers and Fares

35. The public are to be kept informed of service alterations in a timely fashion in line with guidance to be in line with any guidance to be issued by Transport Focus. DfT will ask operators to confirm how they are achieving this.
36. Operators will accept English National Concessionary Travel Passes before 9.30, and DfT continues to urge local authorities to maintain concessionary travel reimbursement at pre-COVID levels. Operators should cooperate in the development of additional concessions where locally funded (for the duration of the outbreak).
37. Operators will not implement commercial fare price increases while receiving CBSSG or the following month after the scheme has concluded.³

Vehicles

38. Operators will use their best endeavours to ensure enhanced cleaning regimes in vehicles. This will focus on high touch points such as hand poles and grab rails. As the circumstances relating to the outbreak evolve, operators will continue to engage

³ In exceptional circumstances, such as regular school year fare changes, operators may implement fare price increases in the month following the scheme's conclusion.

with Government, follow the guidance from public health bodies, and provide advice to customers their services.

39. Operators will run services with the least polluting vehicles available, while complying with paragraph 38, and subject to engineering and supplier constraints.
40. Where DfT have a reasonable belief that an operator has failed to meet the requirements referred to in paragraphs 35-39, DfT may deny or suspend any CBSSG funding to that operator, may recover from that operator any such funding that has been previously paid, and may adjust future commercial BSOG payments to that operator accordingly.

Other Government Support

41. Operators will make use of existing COVID related funding where possible, such as the Coronavirus Jobs Retention Scheme.

Records

42. Every operator must maintain records in support of their claim. DfT reserves the right to check information supplied against other relevant sources of information e.g. data from tickets machines.
43. Personal information collected will be used by the Department for Transport for administering COVID-19 Bus Service Support Grant. We may share information for purpose of counter fraud activity with agencies and/or local authorities e.g. Serious Fraud Office (SFO), police, DVSA, the Traffic Commissioners, DVLA etc.
44. It is suggested that the claimant familiarise themselves with the Fraud Act 2006 and the Bribery Act 2010.

The final decision as to whether or not a grant will be paid in particular cases remains a matter for the Secretary of State's discretion. Where there is doubt about the eligibility of claim, advice should be sought from the Department.