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for Transport

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To bus operators who receive commercial BSOG
via email

COVID-19 – Supporting the Bus Sector

In my letter to bus operators of 20 May I provided an overview of the further funding that will be made available to support bus services. This was in advance of the announcement by the Secretary of State for Transport on 23 May, which confirmed that an additional £254 million will be provided.

As with the COVID-19 Bus Services Support Grant (CBSSG), this new (CBSSG Restart) funding is an England-wide, outside of London, scheme that will replace the existing CBSSG scheme and will be backdated to 12 May. This will also enable operators to cover the upfront cost of removing staff from the Coronavirus Job Retention Scheme early. I am very grateful to those of you who have already started work to prepare to ramp up services. The scheme will be subject to regular reviews between the Department and HM Treasury every four weeks to ensure that full services can be up and running as quickly as possible.

Alongside this letter are the terms and conditions for the new funding scheme, which include additional guidance on the reconciliation process which will take place in June 2020, covering the period 17 March to 8 June, and a list of costs that can be claimed under the new scheme. For the most part these terms and conditions remain the same as for the CBSSG scheme, but changes include:

- capacity will no longer be limited to 40-50% of scheduled commercial kilometres given we are expecting operators to increase service levels as far as local transport authorities require as quickly as possible;
- one-off payments will be made available to operators to cover the cost implications of removing staff from the furlough system early. Operators will be required to submit evidence of the cost implications of removing staff from the furlough system early to receive their one-off payment alongside the reconciliation exercise in June 2020;
- other costs that can be claimed through the new scheme include personal protective equipment costs such as screens around the driver's cab on buses and hand sanitiser, costs involved in bringing buses out of Statutory Off Road Notification (SORN), and the cost of parts required to make buses fit for service;

- operators who did not receive CBSSG funding, but are eligible for BSOG payments, will be able to claim funding from the new scheme.

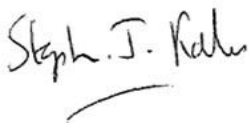
Operators are required to agree with the relevant local transport authorities which services are required on at least on a 4-weekly basis, to ensure that the services continue to meet local needs. This should include consideration that CBSSG Restart funding is used to meet demand by reprioritising service provision through the day, and on key routes, where required. 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 in line with the guidance issued by Transport Focus (<https://www.transportfocus.org.uk/research-publications/publications/guidance-communicating-changes-to-local-bus-services/>) and the Confederation for Passenger Transport's "Customer Communications and COVID-19" guidance.

Operators who have claimed CBSSG will be required to submit an updated declaration alongside the information required for the period 12 May to 8 June by Friday 22 June. For these operators, the Department will aim to make payments covering the period 12 May to 8 June by the end of June.

Operators who have not claimed CBSSG, but who are eligible for BSOG, should complete the declaration by Sunday 7 June 2020. An online survey link to complete the declaration for new operators will be provided shortly. The Department will undertake a due diligence exercise for new applicants. The Department will contact eligible applicants to determine the best information to use to process their first payment under the new scheme.

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

Yours faithfully,



Stephen Fidler
Director, Local Transport Directorate, Department for Transport

COVID-19 Bus Service Support Grant (CBSSG) Restart Funding Terms & Conditions

CBSSG, and CBSSG Restart, are discretionary grants which may be paid under section 154(1) of the Transport Act 2000 by the Department for Transport (DfT) 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. These grants are payable only on a “local service” as defined in section 2 of the Transport Act 1985.

Operators who wish to receive funding from CBSSG Restart who did not receive funding from the first CBSSG scheme must apply by 7 June 2020. Operators must continue to operate a regular service in subsequent periods to receive future payments. All operators claiming CBSSG Restart funding, who are already claiming CBSSG funding, are required to submit a Declaration (Annex A) alongside their first period data submission.

CBSSG Existing Terms and Conditions

1. The CBSSG Restart funding terms and conditions replace the existing CBSSG terms and conditions from the issuance date of the CBSSG Restart funding terms and conditions.
2. Operators are not expected to have complied with any changes in the terms and conditions prior to the issuance date of the CBSSG Restart funding terms and conditions. For that period of time, any operators who were in receipt of CBSSG funding are required to have complied with the CBSSG terms and conditions (with the exception of offering concessionary travel as per paragraph 48, if agreed with the relevant local transport authority (LTA)).

Level of Service

3. Operators will run up to 100% of scheduled commercial mileage for a typical non-school week excluding public holidays for the period of the scheme (hereafter referred to as “service levels”), which is for an initial up to 12 week period from 12 May 2020.
4. Operators will propose the services levels they expect to run (up to 100%). They must consult and agree with the relevant LTAs regarding the services that should 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. These agreements should provide operators with sufficient flexibility to ensure that social distancing guidelines can be met on services, and that operational issues are accounted for (for example, staff shortages). Operators may consider increasing service levels through agreements with other operators and/or coach operators.
5. Furthermore, operators must take all reasonable steps to respond and comply promptly¹ with 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 Restart funding receipt – including to ensure a joined-up cross-modal service offer and to support wider COVID-19 response efforts.

¹ Subject to any necessary delays.

6. Operators are required to agree with the relevant LTAs which services are required on at least on a 4-weekly basis, to ensure that the services continue to meet local needs. This should include consideration that CBSSG Restart funding is used to meet demand by reprioritising service provision through the day, and on key routes, where required. Evidence of these agreements will need to be provided to DfT in each reconciliation exercise.
7. If, in exceptional circumstances, an operator cannot reach agreement with the relevant LTA, evidence of consultation with the relevant LTA will need to be provided to DfT in each reconciliation exercise, and the operator should provide service levels (up to 100%) that it deems necessary in line with paragraphs 3 to 6, until such a point at which agreement can be reached with the relevant LTA.
8. DfT may ask operators 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. Where DfT has a reasonable belief that an operator has not engaged in good faith with the relevant LTAs covered by their operations, or has otherwise failed to meet the requirements referred to in paragraphs 3 to 7, DfT may deny or suspend any CBSSG Restart funding to that operator and may recover from that operator any such funding that has been previously paid.²
9. Given that service levels require unavoidable lead times to increase from 40-50% (or less than 40% in some cases), DfT will provide funding on the assumption that operators provide up to 70% service levels by 1 June 2020 and up to 100% as soon as reasonably possible after that. Operators and the relevant LTAs may also agree to provide service levels greater than these, up to a service level of 100%.
10. In exceptional circumstances an operator and the relevant LTAs can jointly agree to provide more than 100% of scheduled commercial mileage if agreed by DfT.

Payments

11. For the first 4 weeks of the CBSSG Restart scheme (backdated to 12 May 2020), payments to operators will be based on the below formula, where £1.0051/km is the initial CBSSG Restart rate for operators. The service level will be set at 55% for payments for the first 4 weeks. Operators who are currently running service levels greater than 55% in agreement with the relevant LTAs and DfT will be paid at the actual service level they are providing, throughout all three periods.

CBSSG(Operator A, Period 1)

= Operator A 4 week average CBSSG 2019 commercial live kilometres × (55%) × £1.0051

12. For the second from period 9 June to 6 July payments to operators will be based on the below formula. The service level will be set at 80% to reflect the expected continued ramp up in services, or at the actual service level as per paragraph 11.

²CBSSG Restart funding has been calculated on the basis that LTAs will continue to make financial payments to operators (including for tendered services, concessionary travel and home to school transport) at pre-COVID-19 levels. In considering whether an operator has engaged in good faith, DfT will therefore take into account whether the LTAs 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 LTAs.

CBSSG(Operator A, Period 2)

$$= \text{Operator A 4 week average 2019 commercial live kilometres} \\ \times (80\%) \times \text{£1.0051} \pm \text{adjustment for period 1}$$

13. Payments for period 3 and any subsequent periods will be based on “live” bus kilometres and patronage (excluding concessionary passengers) data for the previous period, as provided by the operator (see Data Provision section below). This follows the formula as period 2 onward in the original CBSSG. An assumed service level will not be a variable as this will be determined by the “live” bus kilometres data. The grant for period 3 will be calculated as follows:

CBSSG(Operator A, Period 3)

$$= \text{Operator A period 2 commercial live kilometres} \\ \times \text{£1.0051} \times \text{scaling factor based on Period 2 patronage} \\ \pm \text{adjustment for period 2}$$

14. These formulas aim to estimate an operator’s 4-weekly grant ahead of receiving data for the respective period. Operators are required to provide actual bus km and patronage data, at the end of each 4-week period, this is used to calculate an adjustment to include in following payment to account for any under or over payment.
15. For period 1 (12 May to 8 June), payments to operators will be inclusive of CBSSG scheme funding and CBSSG Restart scheme funding. Operators will receive a single payment covering period 1. From the period 9 June onwards, payments will only be for CBSSG Restart funding.
16. A one-off payment will be made available to operators as part of the CBSSG Restart scheme to cover the cost implications of removing staff from the furlough system early, and for reasonable costs to bring vehicles back into service. Operators will be required to submit evidence of these costs in June 2020 as part of the first reconciliation exercise, and will be able to claim these costs even if they do not meet the reconciliation exercise threshold. A template will be provided for this information in due course.
17. The CBSSG Restart scheme also allows operators to claim for reasonable personal protective equipment (PPE) and safe operation costs (Annex D sets out the costs that can be recovered in this context). In the event of a dispute, the question of whether PPE and safe operation costs claimed are reasonable shall be determined by DfT acting at its sole discretion. Other costs incurred will be considered on a case by case basis by DfT acting at its sole discretion. Operators will provide this information as part of each reconciliation exercise (including the reconciliation exercise in June 2020), and will be able to claim these costs even if they do not meet the reconciliation exercise threshold. A template will be provided for this information in due course.
18. Operators will not be able to make payments to shareholders, unless shareholders receiving a payment are directly involved in the day-to-day operation of the company and being paid in lieu of salary, covering the period in which the operator was in receipt of CBSSG and/or CBSSG Restart funding. CBSSG Restart funding cannot be claimed for executive pay increases and/or bonuses (in line with Annex D).
19. DfT reserves the right to change the calculation methodology, including the CBSSG Restart rate, at any time during the scheme period.
20. As with CBSSG, payments will be adjusted every 4 weeks based on data from the previous period to account for any over or under payments.

21. If, in exceptional circumstances, an operator believes that its CBSSG Restart payments are at least 20% less than the level required for an operator to provide up to 100% service levels, and that this will likely lead to the operator entering financial distress, the operator may request a review of its CBSSG Restart payments. DfT will not reasonably refuse an operator the opportunity to share such financial and operational information with DfT, for DfT to determine whether the operator's CBSSG Restart payments should be adjusted. Based on the information provided by the operator, DfT will undertake a review of the payment rate at its sole discretion.
22. Operators will not be permitted to achieve any profit before tax through, or whilst in receipt of, CBSSG Restart funding. This will be addressed, primarily, by the reconciliation exercise described in the Reconciliation Process section below. If, as a result of one of these regular reviews, the decision is taken to modify the CBSSG Restart scheme, DfT will provide operators with at least one week's notice of any changes so that they can make relevant operational adjustments.
23. If the expected payment to an operator based on the formulas in the payments section above are likely to result in the operator achieving a profit before tax during that period by 20% or more, they should inform DfT promptly, proposing a lower per km payment to reflect their anticipated profit before tax.

Local Transport Authority Payments

24. LTAs and operators will receive their final payment from the original CBSSG scheme for the period 12 May to 8 June. This funding is still subject to the CBSSG terms and conditions. In June 2020, DfT will collect information from LTAs on how LTA CBSSG funding was used to inform how funding for tendered services will be distributed through the CBSSG Restart scheme, and the associated LTA terms and conditions. This information will be used in the June 2020 reconciliation exercise.
25. Commercial CBSSG Restart funding is only for services that would be eligible for commercial BSOG. Any services covered by devolved local authority BSOG should be covered by LTA CBSSG. For the avoidance of doubt, the only type of tendered service that should be claimed through commercial CBSSG Restart funding is de-minimis contracts of £29,999 or less.

Transport for Greater Manchester (TfGM)

26. TfGM receives devolved commercial BSOG and devolved commercial CBSSG which it uses to pay bus operators operating in the Greater Manchester area. TfGM will receive a first period payment of commercial CBSSG Restart funding based on the payments received for CBSSG. Any CBSSG Restart claims for commercial services within the Greater Manchester border should be made to TfGM and not to DfT.
27. TfGM will be required to provide updated data as per the Data Provision section below which will be used to calculate payments for subsequent periods, and in addition, TfGM should notify DfT as to how it is administering commercial CBSSG Restart payments to operators at the end of the first period of the CBSSG Restart scheme.
28. Operators in the Greater Manchester area will be required to provide the same type and level of information to TfGM as operators are required to provide to DfT under the terms and conditions of the CBSSG Restart scheme (outlined in the Data Provision section below), and should follow the same terms and conditions as operators outside the Greater Manchester area.

29. TfGM's commercial CBSSG Restart funding is ring-fenced for usage on supporting commercial bus services in the Greater Manchester area affected by COVID-19. TfGM will be subject to the same terms and conditions as operators for CBSSG Restart funding.

New Applications for Operators who did not claim CBSSG

30. For any operators who did not receive funding from the first CBSSG scheme, DfT will work with those operators to determine the most suitable data to use for calculating the first payment.
31. First time applicants will be required to submit a CBSSG Restart Declaration by 7 June (Annex A). An online survey link for submitting the Declaration will be provided.
32. DfT will conduct due diligence checks to ensure that new operators who apply for CBSSG Restart funding are eligible. CBSSG Restart funding will not be paid to new applicants who are in financial distress or who are subject to debt recovery.

Data Provision

33. Operators will be required to provide information (in the categories set out at the end of the paragraph) on the previous period within 2 weeks of the end of each period. The information on the previous period will use the same operational format as used for CBSSG, with DfT to provide a template through an online survey each period (the template is provided in Annex B):
- 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
34. As per paragraphs 4 to 7, operators will need to provide evidence of agreements with the relevant LTAs to DfT in each reconciliation exercise on which services are required.
35. 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.
36. Operators will be expected to provide accurate information in good faith, and in accordance with the CBSSG Restart Declaration (Annex A). The CBSSG Restart Declaration must be submitted alongside the first data submission for period 1 of CBSSG Restart.
37. DfT reserves the right to amend the information being requested from operators.
38. DfT reserves the right to use this information to inform the broader Government response to the COVID-19 outbreak.

Reconciliation Process

39. 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 a profit, or loss, before tax while in receipt of CBSSG and/or CBSSG Restart funding. The

reconciliation process will take into account all revenues generated and costs incurred by operators while in receipt of CBSSG and CBSSG Restart funding, including revenues and costs from both commercial and tendered services. Further information is provided below, and in Annex C and Annex D.

40. Reconciliation exercises will take place in June 2020 (covering the period 17 March to 8 June which includes both the CBSSG and the CBSSG Restart scheme), at the end of the CBSSG Restart scheme, at the end of every 12 weeks of the scheme's operations, and at any such other time during the scheme period as deemed necessary by DfT.
41. 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 at the earlier of the end of the CBSSG scheme, or the first reconciliation period.
42. 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 and CBSSG Restart (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 and CBSSG Restart schemes;
 - Commercial service kilometres covered by the operator's services per 4-week period during the period covered by CBSSG and CBSSG Restart and that for a similar period prior to the commencement of the CBSSG and CBSSG Restart scheme;
 - Commercial services run and patronage data per 4 week period for the period covered by CBSSG and CBSSG Restart and that for a similar period prior to the commencement of the CBSSG and CBSSG Restart scheme;
 - Evidence of the process that operators have undertaken with LTAs to agree services, and that service changes have been properly communicated to the general public;
 - For the June 2020 reconciliation exercise only, evidence of the cost implications of removing staff from the furlough system early, reasonable costs to bring vehicles back into service;
 - For each reconciliation exercise, reasonable PPE and safe operating costs.
43. 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 and CBSSG Restart funding. Further guidance on the reconciliation process and allowable revenue and cost items is presented in Annex C and Annex D. DfT reserves the right to amend the guidance on allowable revenue and cost items.
44. If any reconciliation exercise identifies that any operator derives a profit before tax while in receipt of CBSSG and/or CBSSG Restart support, any such overpayment will be repayable by the relevant operator within 4 weeks of notification by DfT. 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 and CBSSG Restart schemes. Any shortfall in

payments not recovered through either the June 2020 reconciliation or any CBSSG Restart reconciliation exercises will not be taken into account in subsequent reconciliation exercises.

45. For the avoidance of doubt, the reconciliation exercises will not take into account any capital expenditure, exceptional (non-operating) payments or dividend payments in the calculation of whether a company has generated a profit before tax, or a loss at the end of the CBSSG and/or CBSSG Restart scheme in question.
46. Information provided for this purpose may be shared with contractors that are engaged by DfT to undertake any reconciliation exercise or other analysis of the CBSSG Restart scheme.

Passengers and Fares

47. The public are to be kept informed of service alterations in a timely fashion in line with the guidance issued by Transport Focus on 30 April:
<https://www.transportfocus.org.uk/research-publications/publications/guidance-communicating-changes-to-local-bus-services/>. DfT will ask operators to confirm how they are achieving this. Operators should also follow the Confederation for Passenger Transport's (CPT) "Customer Communications and COVID-19" guidance.
48. DfT continues to urge local authorities to maintain concessionary travel reimbursement and tendered service contract payments at pre-COVID-19 levels. Operators should cooperate in the development of additional concessions where locally funded (for the duration of the outbreak). Operators and LTAs will agree whether to accept English National Concessionary Travel (ENCTS) passes before 9.30am. If no agreement is reached, operators will accept ENCTS passes before 930am. Evidence of this agreement will be required in each reconciliation exercise.
49. Operators will not implement commercial fare price increases while receiving CBSSG Restart funding or the following 4 weeks after the scheme has concluded (in exceptional circumstances, such as regular school year fare changes, operators may implement fare price increases in the 4 weeks following the CBSSG Restart scheme's conclusion).
50. Payments to operators will be made based on their original fare structures. Any revenue lost due to fare reductions will not be covered by CBSSG Restart funding. However, operators are permitted to make price adjustments which are not intended to produce a revenue yield, for example in introducing a new products or retail processes which may require linked or associated fares to be adjusted.

Vehicles

51. 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 with Government, follow the guidance from public health bodies, follow the transport sector guidance released by the Government on 12 May:
<https://www.gov.uk/government/publications/coronavirus-covid-19-safer-transport-guidance-for-operators>, and provide advice to customers of their services.
52. Operators will run services with the least polluting vehicles available, while complying with paragraph 51, and subject to engineering and supplier constraints, and making maximum capacity available for meeting social distancing requirements.

Failure to meet the Terms and Conditions

53. Where DfT have a reasonable belief that an operator has failed to meet any of the terms and conditions contained or referred to in this document, DfT may deny or suspend any CBSSG Restart 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.

CBSSG Restart Scheme Reviews

54. CBSSG Restart funding will cease when notified by the Secretary of State following a regular review between DfT and HM Treasury, which is expected to take place before the end of each 4 week period. Reviews will occur no more frequently than every 4 weeks after the first review. These reviews will assess how the scheme is performing against available funding and how long the scheme should continue to operate for.
55. If, as a result of one of these regular reviews, the decision is taken to modify the CBSSG Restart scheme, DfT will provide operators with at least 1 weeks' notice of any changes so that they can make relevant operational adjustments.
56. If, as a result of one of these regular reviews, the decision is taken to cancel the CBSSG Restart scheme, DfT will endeavour to provide operators with sufficient advanced notice, unless a) this change is made as a result of Government removing the expectation that passengers will observe social distancing on public transport; or b) a successor grant scheme (or schemes) which is designed to ensure continuity of service has been put in place. DfT will endeavour (and reserves the right) to communicate the precise length of the notice period in due course.

Other Government Support

57. Operators will make use of existing COVID-19 related funding where possible.

Records

58. 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.
59. Personal information collected will be used by DfT for administering the CBSSG Restart scheme. 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.
60. 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 DfT.

List of Annexes:

- Annex A: CBSSG Restart Declaration
- Annex B: Template for data returns
- Annex C: Reconciliation process guidance
- Annex D: List of allowable costs

Annex A: CBSSG Restart Declaration



COVID-19 Bus Service Support Grant (CBSSG) Restart

1. General

1. Trading name of business *

2. Operator Licence Number *

3. BSO reference (in the format 1/xxxx, if you do not know this please email CBSSG@dft.gov.uk) *

2. Declaration

I have read the CBSSG Restart terms and conditions imposed under Section 154(3) of the Transport Act 2000.

I understand that the grant payable by the Secretary of State is subject to these terms and conditions, and I agree to comply with them in all respects.

I declare that the information given is derived from records kept by the undertaking

on behalf of which I am making this claim and is, to the best of my knowledge correct.

I understand that the provision of any false or misleading statements or information may result in a criminal prosecution and/or the commencement of civil proceedings for the recovery of losses incurred.

I understand that payment of the grant is conditional upon a reconciliation exercise being completed and submitted to the Department within three months of the end of the claim period. The Department will seek to recover grant paid should a reconciliation not be submitted within this time period or if accurate records are not maintained.

4. Your name: *

5. Your job title *

6. Your postal address: *

7. Your email address: *

8. Your phone number: *

3. Data requirements

As part of this agreement data on passenger boardings, numbers of services run and vehicle kms will be required monthly by DfT.

9. Have you already received funding from the COVID-19 Bus Services Support Grant (CBSSG)? If so, we will be able to use details you have already provided. *

☐ Yes

☐ No

10. In 2019 (January 2019-December 2019), how many local passenger boardings did you carry on services that would have been eligible for CBSSG (see T&Cs for more details) in the following categories *

Concessionary?
*

Non-concessionary?
*

11. In 2019 (January 2019-December 2019), how many live vehicle kms did you operate on services that would have been eligible for CBSSG (see T&Cs for more details)? *

Annex B: Template for data returns



COVID-19 CBSSGrestart_MONTH1

1. General

1. Trading name of business *

2. Operator Licence Number *

3. BSOG reference (in the format 1/xxxx, if you do not know this please email CBSSG@dft.gov.uk) *

4. Your name: *

5. Your job title *

6. Your telephone number *

7. Your email address: *

8. Please provide the route numbers & DVSA service registration numbers this grant has been used to support *

2. Data requirements for the reference period May 12 2020 - June 8 2020 (inclusive)

9. In the reference period, how many services did you run that were eligible for CBSSG restart (see T&Cs for more details)? *

10. In the reference period, how many live vehicle kms did you operate on local bus services (i.e. distance travelled by vehicles to deliver the services in question 9)? *

11. In the reference period, how many local passenger boardings did you carry in the following categories (i.e. carried by vehicles in the services referenced in question 9)? *

Concessionary?

*

Non-concessionary?

*

12. Please provide any further details:

Annex C: Reconciliation process guidance

COVID-19 Bus Services Support Grant Restart Funding - Reconciliation Guidance Note

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, 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, as well as the social distancing measures currently in place.

You should already have seen a copy of the letter that the DfT sent to the CPT and ALBUM pertaining to the CBSSG Restart Funding. This outlined the key features of the COVID-19 Bus Services Support Grant (CBSSG) Restart Funding that has been set out to support the bus industry as it reinstates up to a 100% service level within the current context of social distancing, including the requirement to participate in a reconciliation exercise and provide additional financial and operational information as detailed in Paragraph 42 of the CBSSG Restart Terms and Conditions. .

The overarching aim of the scheme is to ensure operators remain viable while continuing to provide key services and that industry is able to support the economic recovery once the crisis has passed. As such the reconciliation process set out in this guidance note seeks to make operators whole, no better nor no worse than pre-COVID-19 levels, on their net costs of operating. The reconciliation process will take into account all revenues generated and costs incurred by operators while in receipt of CBSSG, including revenues and costs from both commercial and tendered services. Further detail is set out below and Annex D.

The reconciliation process will be undertaken at the individual claimant level and groups will be expected to provide data returns for each BSOG Reference number.

Reconciliation Process

The reconciliation exercise will be done on an open-book accounting basis and will take place at the end of the scheme, at the end of every 12 weeks of the scheme's operations and/or at any such other time during the scheme period as deemed necessary by DfT. The reconciliation exercise will follow the process set out below, however please note the DfT reserves the right to amend the process at any time:

1. Following notification of the end of the scheme, at the end of every 12 week period of the scheme or at any other time deemed necessary by DfT, each Operator that received a scheme payment will be required to complete and submit a financial return (as set out in Appendix 1) within 4 weeks of receipt of the previous scheme payment. For the purpose of the reconciliation, an Operator is defined by their BSOG reference number, therefore where a Group holds multiple BSOG reference numbers, the financial return will have to be completed separately for each of them.

2. The financial returns will be assessed by the DfT to identify Operators that have been either materially under or over paid while in receipt of scheme payments. The reconciliation threshold will be defined by DfT before the end of the first scheme reconciliation period and will be based on the cumulative size of the grant that each operator received over the reconciliation period and the financial return provided under step 1 of the reconciliation process. The Department reserves the right to re-assess the reconciliation threshold during the reconciliation process, should the need arise.
3. Operators who meet the reconciliation threshold will automatically be required to follow the remainder of the steps in the reconciliation process. If Operators fail to cooperate with the reconciliation exercise as required by the DfT or its agents, the DfT fully reserves its rights to recover funds, including through suspension of future BSOG payments. Operators that do not meet the reconciliation threshold but believe they have been materially under or over paid over the CBSSG period will be entitled to ask the DfT to participate in the reconciliation process. However, please note the DfT is under no obligation to agree to a request to undertake the reconciliation process and its decision in such matters is final.
4. Following notification that an Operator has met the threshold to participate in the reconciliation process they will be required to submit additional detailed financial information covering both the scheme period under consideration and an equivalent period from the last financial year. Where the Operator deems the business is significantly different to what it was in the last financial year, accompanying notes and information may be provided to facilitate a like for like comparison. Detailed advice setting out what information Operators will be required to provide will be provided as part of the notification. Further guidance on costs that may be included as part of the reconciliation can be found in Annex D of the CBSSG Restart terms and conditions.
5. The Department will use the information provided in step 4 to assess whether an under or overpayment of the scheme has occurred. Operators will be notified of the outcome of this assessment and will be entitled to request a review if they do not agree with the conclusion of the Department. However, please note the DfT is under no obligation to undertake a review and its decision in such matters is final.
6. Where an overpayment or underpayment has occurred the Department will calculate the amount of funds payable or recoverable according to the 'Overpayment / Underpayment Reconciliation Calculation' set out below.
7. Where an overpayment has occurred, the overpayment will be payable to the Department by the relevant Operator within 4 weeks of the conclusion of this calculation and notification to Operators, or such other period as reasonably agreed with the Department.

8. Where an underpayment has occurred, the Department will pay any additional funds to Operators within 4 weeks of the conclusion of the calculation and notification to Operators.

Overpayment / Underpayment Reconciliation Calculation

As set out in the scheme Terms and Conditions, the DfT will endeavour to equitably reconcile any shortfall in payments from available funds at the end of each reconciliation period within the scheme, taking into account any amounts recoverable where an overpayment has occurred.

The total CBSSG reconciliation amount = total underpayments + total overpayments.

Where the total reconciliation amount required at the end of each reconciliation period is less than the available funds remaining at the end of that period, the Department will pay each Operator 100% of any underpayment and recover 100% of any overpayment from each Operator, in both cases as determined by DfT.

If the total reconciliation amount required during the first reconciliation exercise exceeds the available funds, the Department will adopt the following approach:

- Where the total reconciliation amount is less than the available funds remaining, the Department will pay each Operator a proportion of the recalculated underpayment and recover an additional proportion of any overpayment as determined by the DfT. See the worked example in Appendix 2.

It should be noted that all financial returns will be accepted on an un-audited basis, however the Department retains the right to recuperate any grant funding in the case of a relevant breach of audit requirements, as determined by the DfT.

The Secretary of State reserves the right to amend the calculation methodology set out in Appendix 2 at his discretion. The Department shall advise if the reconciliation calculation approach set out above will also be applied to subsequent reconciliations.

Operators will not be permitted to transfer any shortfalls in funding between reconciliation periods.

Cost Definitions

For simplicity, the reconciliation will be based on the Income statement and will look to fill the gap in net operating costs for the period covered by the scheme. 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. Operators will not be expected to undertake any corporate or financial restructuring that increases the

net cost to Government – any such costs will not be allowable as part of the reconciliation.

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 operating profit or loss at the end of each reconciliation period.

Set out below is further detail on recoverable costs, to be read in conjunction with Annex D of the CBSSG Restart terms and conditions:

Revenue: Operating revenue to comprise of passenger fare revenue and including BSOG, tendered services and concessionary fares. For payments such as concessionary reimbursement, BSOG or scholar tickets, these may be accounted for on an accruals basis during the course of the scheme, but will need to be adequately evidenced at the time of reconciliation in order to retain inclusion.

Revenue to also include the CBSSG income received but exclude any adjustments to CBSSG resulting from the reconciliation process as well as any amounts receivable under the Coronavirus Job Retention Scheme

Operators are required to disaggregate between sources of local authority funding, including between concessionary grants and funding for tendered services (including CBSSG support paid by central government directly to local authorities).

Direct costs: Direct operating costs will comprise of costs for drivers, parts and fuel. Adjustments should be made to these costs to reflect other Government interventions such as costs covered by the Job Retention scheme.

Variable costs will be corroborated to the mileage provision and payments will be based on the mileage run in each of the 4 week periods starting 12th May 2020.

Direct costs will only be funded to the actual service provision relative to direct costs in the 2019/2020 comparative period. Operators will be required to demonstrate LTA approval of service levels for each 4 week period covered by the reconciliation process.

Semi Direct costs: Semi direct costs will comprise of costs of engineers, maintenance, traffic pay, PCV related costs and marketing.

Overheads: For the purpose of the reconciliation, allowed overheads will include costs of administration, pensions, fixed operating costs and insurance costs, where they are evidenced in accordance with the requirements set out above and adjusted in proportion to other Government intervention schemes.

Insurance costs will be the net of the insurance premium payments and any claims received pertaining to the COVID-19 situation.

Depreciation/Amortisation costs should be accounted for in accordance with the prevailing methodology applied by the operator prior to the CBSSG. Residual values

and economic life assumptions should not be changed from those assumed Pre-COVID 19.

In the case that a higher level of service is run than that agreed with DfT, all costs will have to be reduced proportionately to the level of service covered by CBSSG.

Intercompany transfers: Intercompany and intra-company transfers will only be included where they can be evidenced to contribute to the costs of running the business such as rental payments or shared infrastructure and will be assessed based on their ability to evidence the principles set out above of being on-going and repeat transactions in prior periods. The Department for Transport retains the right to opine on their inclusion within the reconciliation process.

Operational Profit Calculation: profitability will only be assessed over the twelve week period of scheme, taking into account all revenues and costs incurred over this period as defined above. The profit calculation will be the net of all of the revenues and costs set out above and will include interest costs in accordance with Annex D.

Appendix 1 – Template Reconciliation Submission Form

Appendix 2 – Worked Examples

Annex D: List of allowable costs

CBSSG Reconciliation Revenue and Costs Guidance

All revenue and costs included in the reconciliation exercise will need to be evidenced and justified in accordance with the principles set out in the scheme. This guidance is applicable for both the original CBSSG scheme and for the CBSSG Restart scheme.

Line item	Notes	Eligibility
1 Section 1 - Revenue		
1.1 Commercial Revenue	<i>Farebox revenue for the relevant period.</i>	Included
1.2 Tendered Service Revenue	<i>Tendered/Local Authority income for the relevant period.</i>	Included
1.3 Concessionary Travel Revenue	<i>Concessionary travel reimbursement for the relevant period.</i>	Included
1.4 Other Revenue	<i>Any other relevant revenue associated with running local bus services (excluding interest receivable).</i>	Included
2 Section 2 - Funding		
2.1 BSOG Funding	<i>BSOG income for the relevant period.</i>	Included
2.2 Concession Funding	<i>Concession funding for the relevant period.</i>	Included
2.3 Tendered Service Funding	<i>Tendered service funding for the relevant period.</i>	Included
2.4 CBSSG Grant Funding	<i>Grant received from Government CBSSG scheme.</i>	Included
2.5 Revenue from CJRS	<i>Support received from Coronavirus Job Retention Scheme</i>	Included
3 Section 3 - Direct Costs		
3.1 Driver Payroll Costs	<i>Total driver costs [Excluding revenue from CJRS]</i>	Included
3.2 Fuel Costs	<i>Total fuel costs incurred as a result of service provided for the relevant submission period.</i>	Included
3.3 Tyre Costs	<i>Tyre costs for the relevant submission period.</i>	Included
3.4 Costs of sale	<i>Costs of debit/credit card transactions</i>	Included
Section 4 - Semi-direct Costs		
4 Costs		
4.1 Engineering Staff Costs	<i>Total engineering staff costs</i>	Included
4.2 Other Engineering Costs	<i>Other engineering costs for the relevant submission period.</i>	Included
4.3 Traffic Staff Costs	<i>Total traffic staff costs</i>	Included
4.4 Other Traffic Costs	<i>Other traffic costs for the relevant submission period.</i>	Included
4.5 Licensing Costs	<i>Licensing costs, such as PCV costs for the relevant submission period.</i>	Included

4.6	Operating Lease Costs	<i>Lease rentals on assets such as property, vehicles, plant, equipment and other assets are treated as operational costs</i>	Included
		<i>Exceptional lease expenses such as IFRS16 and restructuring fees</i>	Excluded
4.7	PCV Insurance Costs	<i>Additional Coach Hire Costs</i>	Included
		<i>PCV insurance premium and claims costs for the relevant period.</i>	Included
		<i>Marketing costs for the relevant period in particular for social distancing messaging and communicating service changes and ramp up.</i>	Included
4.8	Marketing Costs	<i>PPE costs reasonably incurred as a consequence of implementing Covid-19 measures</i>	Included
4.9	PPE Costs	<i>Other costs reasonably incurred in implementing Covid-19 measures (e.g. increased signage, hand sanitiser, cleaning of vehicles and introduction of barriers/screens)</i>	Included
4.10	Safe operation costs		
5 Section 5 - Overhead Costs		<i>In all cases where evidenced as ongoing and repeat transactions.</i>	
5.1	Admin Costs	<i>Admin costs for the relevant period, including admin staff costs</i>	Included
5.2	Non-Motor Insurance Costs	<i>Non-motor insurance and claims costs for the relevant period.</i>	Included
5.3	Property and Plant Costs	<i>Business as usual maintenance and operation including unavoidable mothballing costs and cleaning.</i>	Included
5.4	Depreciation/ Amortisation	<i>Depreciation/Amortisation Costs on all assets</i>	Included
5.5	Pensions Costs	<i>(a) Employer contributions in respect of ongoing employee service and deficit repair in the period</i>	Included
		<i>(b) Difference between employer contributions in respect of the period and the pension expense determined in accordance with relevant accounting standards</i>	Excluded
5.6	Technology Costs	<i>Business as usual systems and technology costs, for example accountancy and financial processing costs.</i>	Included
5.7	Management Fees	<i>Management fees which relate to the operation of English local bus services</i>	Included
		<i>Costs related to PLC Board remuneration and payouts</i>	Excluded
5.8	Audit Costs	<i>Internal and external audit fees</i>	Included
5.9	Professional Services Costs	<i>Professional services reasonably procured as part of BaU activities.</i>	Included

6 Section 6 - Other Costs

6.1	Fuel Price Costs	<i>a) Fuel price payments incurred in the period subject to evidence they cannot be reasonably avoided</i>	Included
		<i>b) All other fuel price costs</i>	Excluded
6.2	Biogas/ Green Fuel Contract Costs	<i>Supply costs (including penalties) are included, subject to evidence they cannot reasonably be avoided</i>	Included
		<i>Operational expenses are allowable to the extent that they were incurred on the same basis pre-COVID 19</i>	Included
6.3	Holiday Accruals	<i>Debt Finance Interest Costs reasonably allocated to English local bus services such as vehicle finance costs (excluding principal repayments).</i>	Included
6.4	Operational Debt Costs		

Notes

Other costs associated with the operation of English local bus services to be included, as long as reasonably incurred in the business as usual context.