

# Context for BSOG reform

- Bus Service Operators Grant (BSOG) has existed since 2000, with predecessors dating back to 1964. Its aims are to keep fares lower and service levels higher than they would otherwise be.
- BSOG was last updated in 2013. The National Bus Strategy committed to consulting on the details of a modernised BSOG in 2021. We are eager to hear the views of CT operators during the consultation.
- Government has provided over £2 billion in emergency and recovery funding for bus services since March 2020 to help mitigate the impacts of the pandemic (e.g. Bus Recovery Grant, £2 Bus Fare Cap Grant).

We know that the bus sector continues to face challenges following the pandemic, including rising operating costs and lower levels of patronage, and this is impacting the viability of some commercial services. Our priorities are:

- Enabling long-term revenue sustainability
- Broadly maintaining connectivity and service levels
- Protecting rural services and enabling alternative approaches where viable (e.g. Demand Responsive Transport)



# BSOG Reform Proposals

To deliver these priorities, the BSOG consultation will include proposals on:

- Payment metric (i.e. how to target funding): likely to include options for a distance-based metric and a hybrid distance/passenger-based metric
- Payment rates for Zero Emission Buses
- Removing incentives
- Allocation method for Local Authority BSOG (the £42m that LAs use to tender socially necessary services)
- Devolution of BSOG to LTAs that want it
- Terms and conditions / minimum standards for operators (e.g. a suggested dates for implementing AVL, smart ticketing, and second flexible bus spaces)
- Whether taxi buses, PHV buses, and other types of flexible transport should be eligible for BSOG
- Administrative changes (e.g. payment in arrears, reducing audit requirements for Section 22 operators)

We are also considering how much funding is available over the next two years, and how best to split this between operators and Local Transport Authorities

# BSOG Reform Timeline



## Current position

- Agreeing future bus funding arrangements
- Finalising remaining BSOG proposals
- Drafting consultation