

NETWORK SUPPORT GRANT

Contents

1. Background	2
2. General Network Support Grant Terms and Conditions	2
3. Network Support Grant	4
Payment Rate	4
Terms and Conditions to Note	4
4. Network Support Grant Plus (enhanced rate)	5
Payment Rate	5
Profit Sharing	5
Fares Increases	6
Other Terms and Conditions to Note	6
Financial Reconciliation	7
Profit Sharing at Group Level	8
5. BSOG Low Carbon Vehicle (BSOG LCV) and Low Emission Vehicle (BSOG LEV) Legacy Commitments	9
BSOG LCV Rates & Eligibility	9
BSOG LEV Rates & Eligibility	10
6. Eligible bus services	11
7. Excluding services	11
8. Process and Guidance	12
Application Form Guidance	12
9. NSG Demand Responsive Transport (DRT) Operators	14
10. NSG Section 19 and 22 Operators	15
Payment Frequency and Rates	15
Eligible Services	16
Audit Requirements	17
Eligibility Application & Guidance	17
ANNEX A	18
Section 3 (Eligibility for Grant) of the Bus Service Operators Grant (Scotland) Regulations 2002, as amended	18
ANNEX B	21
Section 19 of the Transport Act 1985	21

1. Background

- 1.1. The Network Support Grant (NSG) is a discretionary grant paid under section 38 of the Transport (Scotland) Act 2001 by Transport Scotland on behalf of Scottish Ministers.
- 1.2. This grant is payable only on a local bus service as defined in section 2 of the Transport Act 1985 or a community transport service possessing a section 19 or section 22 permit. Full terms and conditions are set out in the relevant grant agreements with further details provided below.
- 1.3. The aim of the NSG is principally to benefit passengers. It does this by helping operators to keep their fares down and enabling operators to run services that might not otherwise be commercially viable, thus contributing to the maintenance of the overall bus network. It also contributes to the operation of Community Transport services, allowing people who cannot make use of conventional bus services to access local services.
- 1.4. NSG will initially be provided through two sub-schemes with different rates: NSG, and NSG Plus. NSG Plus is a temporary scheme, and is provided at a higher rate. The two rates are subject to different terms and conditions. Further detail on NSG and NSG Plus is set out below.
- 1.5. Prior to the introduction of NSG, funding to support bus services was provided through the Bus Service Operators Grant (BSOG), which Transport Scotland administered in Scotland since 1 April 2010. Since March 2020, Transport Scotland has administered emergency COVID support through the Covid-19 Support Grant (CSG) and Covid-19 Support Grant – Restart (CSG-R), which both ended on 31 March 2022.
- 1.6. The National Concessionary Travel Schemes for Older and Disabled People (ODPS) and Young Person Freebus Scheme (YPFS) will continue to operate as normal. Operators will be reimbursed for journeys made under each scheme in accordance with the statutorily prescribed terms.
- 1.7. Those organisations claiming NSG under section 19 of the Transport Act 1985 can find out more on in Chapter 11 of this guidance.
- 1.8. For organisations claiming under section 22 of the Transport Act 1985 the general guidance applies, however due to the way that these claims are paid, operators claiming NSG under section 22 must heed the relevant Guidance in Chapter 11.

2. General Network Support Grant Terms and Conditions

- 2.1. Under NSG, Operators receive payment in return for the delivery of bus services as described in their grant agreement. Different terms and conditions apply to the lower NSG rate and the higher NSG Plus rate.
- 2.2. Payment calculations for NSG are based upon the numbers of live service kilometres operated during the claim period. Ineligible kilometres (often referred to as 'dead' kilometres) are kilometres run light (i.e. empty) between: (a) the depot and the first registered stop or boarding point of a local service journey; (b) the finishing point of one service journey and the

starting point of the next service journey where two points are different; (c) the last registered stop or alighting point of a local service journey and the depot. 'Dead' kilometres also include those run by buses changing from private hire/contract or non-eligible service work onto eligible service work (though not the other way round), those run by a substitute bus and kilometres related to the maintenance /MOT of buses.

- 2.3. For operators claiming NSG under either section 19 or 22 of the Transport Act 1985, Group Hire Service kilometres are ineligible and cannot be claimed for.
- 2.4. PSV Licence Operators may be eligible to receive advance grant payments based on the best estimate of live service kilometres intended to be run between the dates of the relevant claim period. It is not in an operator's interest to overestimate, as any amount overpaid will be recovered once the certified claim is submitted, validated and approved. Recovery may be sought in the current or next financial year.
- 2.5. For operators claiming NSG under either section 19 or 22 of the 1985 Act, payment is based on actual kilometres run and paid twice yearly, or annually as requested by operators – see Chapter 11.
- 2.6. Demand Responsive Transport (DRT) services are not eligible for advance payments, with payments being based on actual kilometres run. Payments are made twice yearly or annually as requested by operators.
- 2.7. Transport Scotland reserves the right to review the NSG payment rates at any time during the scheme. Minimum notice periods for any rate changes are detailed in the terms and conditions for the scheme. With regards to the NSG Plus payment rate, patronage levels will be one of the main factors monitored and considered in reviewing the rates and Transport Scotland reserves the right to amend the rate, providing 4 weeks' notice of any change to the rate, if there is a material change in demand. This could mean adjusting the rate up if demand fell and additional funding were available.
- 2.8. This scheme began on 1 April 2022, which is the earliest possible date a claim can be made from.
- 2.9. Rates relating to legacy BSOG Low Carbon Vehicle (LCV) and BSOG Low Emission Vehicle (LEV) rates will be included within the overall NSG Plus profit cap or subsidy control assessment relating to NSG.
- 2.10. NSG does not include payment rates relating to vehicle emission performance outwith honouring remaining BSOG LCV or BSOG LEV entitlement, including revenue arrangements contained in the Scottish Ultra Low Emission Bus Scheme (SULEBS) Round 2. More information can be found in Chapter 6.
- 2.11. NSG does not include separate payment rates relating to blended biodiesel or biodiesel fuel use.

3. Network Support Grant

Payment Rate

3.1. NSG will pay a rate of 14.4 pence per km.

Terms and Conditions to Note

3.2. Before the financial year starts:

- The operator provides Transport Scotland with an estimate of the service kilometres (km) they will run within the relevant financial year ***Grant conditions, Schedule 1, Part 2, Paras 1&2.***

3.3. In-year:

- The operator uses best endeavours to plan services and keep them under review in consultation with LTAs, having regard to services that support school travel and minimise public transport connectivity disadvantages.
- The operator takes reasonable steps to respond positively and quickly to reasonable requests from LTAs to amend service patterns, hours of operation, vehicles used or levels of provision. ***Grant conditions, Schedule 1, Part 1, Paras 6 & 7.***
- Where appropriate, the operator makes reasonable endeavours to plan and keep services under review in consultation with health boards. ***Grant conditions, Schedule 1, Part 1, Para 6.***
- The operator communicates changes to services to the LTA and public in a timely fashion & in line with Transport Focus guidance: <http://www.transportfocus.org.uk/research-publications/publications/guidance-communicating-changes-to-local-bus-services/>. ***Grant conditions, Schedule 1, Part 1, Para 9.***
- Should an operator materially change the km being operated they can submit a revised estimate of their km at any point throughout the year which will be accounted for in the estimated payments.
- Payment will be provided per kilometre operated and adjusted in year and at year end where actual kilometres operated vary from estimates. This would either be where operator provides revised estimate claim form due to service changes, or where the payment rate is reviewed and amended. ***Grant conditions, Para 4.1; Grant conditions, Schedule 1, Part 2, Para 4 & 7.***

3.4. Year end:

- The operator submits a Certified Claim Form at the end of the year reviewed and confirmed by an independent qualified accountant together with such explanatory or supplementary material as the

Scottish Ministers may from time to time require. ***Grant conditions, Schedule 1, Part 2, Para 5, 6 & 7.***

- For section 19 & 22, or DRT operators, the Certified Claim Form should be submitted in line with the payment frequency requested by the operator. See guidance in Chapters 10 and 11 for further information.

4. Network Support Grant Plus (enhanced rate)

- 4.1. The Network Support Grant Plus will end on 31 March 2023
- 4.2. This grant will be available to all operators, including those who have participated in;
- 4.3. - NSG Plus between April and October 2022
- 4.4. - NSG Core between April and October 2022
- 4.5. in addition to operators who have not yet registered to participate in NSG.
- 4.6. Operators who were previously claiming NSG plus from 1st April 2022, will be required to complete the claim form from 1 April 2022 as part of their submission.
- 4.7. Payments of NSG Plus will be backdated, to 10 October 2022 provided it can be demonstrated the terms and conditions of the grant were met over this period.

Payment Rate

- 4.8. NSG Plus will pay a rate of 79.4 pence per km until 15 August, when the rate will reduce to 50.4 pence per km, and at 39.2 pence per km from 10 October 2022.
- 4.9. NSG Plus payment rate may be adjusted to avoid excessive overpayment to the operator in relation to the profit cap to avoid excessive reliance on the reconciliation process.

Profit Sharing

- 4.10. A profit sharing agreement applies to the funding on the following terms (Grant conditions, Schedule 1, Part 2, Paras 15 to 18):
 - Up to 7% Earnings Before Interest and Tax (EBIT) is retained by the Grantee
 - Between 7% and 20% EBIT to be shared equally between the Grantee and Transport Scotland
 - Over 20% EBIT to be retained by Transport Scotland
- 4.11. See paragraph 4.14 for information on how EBIT is calculated
- 4.12. “The Grantee” in this instance, is the operating company that submitted the application for NSG Plus, and receives payments under the scheme.
- 4.13. Some Operators may be part of a Group under the same ownership, control or influence. In such cases the profit-sharing calculation may be

applied at the consolidated Group level. See Reconciliation section in paragraphs 4.13 – 4.22 for further information.

- 4.14. If a group of individual operating companies wish for the profit sharing to be applied at consolidated Group level, Transport Scotland must be notified at least 28 days prior to scheme end. Reconciliation will still take place for each individual operating company, however results will be combined at the consolidated Group level to determine if further grant is due or grant is repayable under the profit sharing terms. See paragraphs 4.23 – 4.25 for further information.

Fare Increases

- 4.15. A cap on permissible fare rises up to and including 9 October 2022, with increases limited to the latest Consumer Price Index since January 2020, unless otherwise agreed in advance. The cap applies to each individual fare increase - not the average across all fares. Contact Transport Scotland for further information, including the latest CPI cap level. From 10 October to 31 March 2023, the Grantee will not, without the consent of the Scottish Ministers, be permitted to implement commercial fare price increases **Grant conditions, Schedule 1, Part 1, Paras 10 & 11.**

Other Terms and Conditions to Note

- 4.16. Before the financial year starts:
- The operator to provide Transport Scotland with an estimate of the service kilometres (km) they will run within the relevant financial year **Grant conditions, Schedule 1, Part 2, Paras 1&2.**
- 4.17. In-year:
- Submit data to Transport Scotland on a 4 weekly basis using the appropriate template **Grant conditions, Schedule 1, Part 2, Para 23.** This should include:
 - Scheduled, commercial mileage (kms) operated in the previous 4 weeks and anticipated mileage for the next 4 weeks
 - Patronage (disaggregated by fare-paying and concessionary)
 - Data on driver shortages
 - Data on all planned service cancellations or variations
 - Revenue
 - Key costs on fuel and wages
 - Information to be provided at operating company and depot level
 - Any other reasonable information that the Scottish Ministers or Transport Scotland request in writing
 - Protect service levels from significant reductions and notify TS where estimated kms will or are anticipated to be reduced in either of the following ways:

- in service drops below 90% of local bus service kilometres against the figures provided on the Estimate Claim Form when the Grantee signed up to NSG Plus.
- in service frequency reduction of 10% or more in a service that was every 30 minutes or less frequent to a particularly locality compared to the local bus services operated by the Grantee when the Grantee signed up to NSG Plus.
- Notification should be provided in line with OTC requirements in place at that time for notice periods when cancelling or temporarily varying services and should provide as much detail as possible of the circumstances. **Grant conditions, Schedule 1, Part 1, Para 3.**
- Provide (amongst other data):
 - Certified Claim Form at scheme end – showing live kilometres operated.
 - Data requested as part of the financial reconciliation at scheme end. **Grant conditions, Schedule 1, Part 2, Para 23.**
- The operator to use best endeavours to plan services and keep them under review in consultation with LTAs, having regard to services that support school travel and minimise public transport connectivity disadvantages. Take reasonable steps to respond positively and quickly to reasonable requests from LTAs to amend service patterns, hours of operation, vehicles used or levels of provision. Update Transport Scotland on such reviews on request by Transport Scotland. **Grant conditions, Schedule 1, Part 1, Paras 6 & 7.**
- Where appropriate, the operator to use reasonable endeavours to plan and keep services under review in consultation with health boards. Update Transport Scotland on such reviews on request by Transport Scotland. **Grant conditions, Schedule 1, Part 1, Para 6.**
- The operator to communicate changes to services to the LTA and public in a timely fashion & in line with Transport Focus guidance: <http://www.transportfocus.org.uk/research-publications/publications/guidance-communicating-changes-to-local-bus-services/>. **Grant conditions, Schedule 1, Part 1, Para 9.**
- Should an operator materially change the km being operated they can submit a revised estimate of their km at any point throughout the year which will be accounted for in the estimated payments.
- Payment will be provided per kilometre operated and adjusted in year and at year end where actual kilometres operated vary from estimates (as well as any adjustments with reference to the profit cap). This would either be where operator provides revised estimate claim form due to service changes, or where the payment rate is reviewed and amended. **Grant conditions, Para 4.1; Grant conditions, Schedule 1, Part 2, Para 4 & 7.**

4.18. Scheme end:

- Submit a Certified Claim Form at the end of the scheme reviewed and confirmed by an independent qualified accountant together with such

explanatory or supplementary material as the Scottish Ministers may from time to time require. **Grant conditions, Schedule 1, Part 2, Para 5, 6 & 7.**

Financial Reconciliation

- 4.19. Reconciliation is intended to establish the financial position of services which are operating under NSG Plus in order to implement the profit sharing agreement.
- 4.20. A profit sharing agreement applies to the Grantee in receipt of NSG Plus funding on the following terms:
- *Up to 7% Earnings Before Interest and Tax (EBIT) is retained by the Grantee*
 - *Between 7% and 20% EBIT to be shared equally between the Grantee and Transport Scotland*
 - *Over 20% EBIT to be retained by Transport Scotland*

Note:- This percentage is calculated as follows:

$$\text{EBIT \%} = \frac{\text{Earnings Before Interest and Tax}}{\text{Revenue}}$$

- 4.21. Revenue is total income received in respect of services provided under NSG Plus (i.e. to include commercial income, non-commercial income, Grant income, and any other funding), net of VAT where applicable, and net of refunds and rebates where applicable.
- 4.22. Transport Scotland will provide a standard template for Operators to complete for reconciliation. This template captures the revenues and costs incurred on services operating under NSG Plus. The template automatically calculates the EBIT % and the Profit-sharing element, if any is due, and includes further guidance for completion and for allocating costs and revenues.
- 4.23. The completed template must be submitted to Transport Scotland within 28 days of the information being requested. We will work with operators to ensure this aligns with the relevant financial period end dates. Reconciliation will commence in November, after reconciliation templates have been submitted.
- 4.24. Upon receipt of the completed template, our external accountancy services provider will commence a review process to authenticate the Return. Operators should be aware that the external accountant will require provision of evidence from operators to support expenditure incurred and income received.
- 4.25. Examples of accepted evidence include: bank statements, third party supplier invoices, internal recharge reports, payroll reports, where budget

costs have been included then contracts to support these figures, remittance advices for income received etc.

4.26. Operators should be aware that income and expenditure is expected to ultimately be reconcilable through the bank account(s) of the Operator. (i.e. Cash received should be banked, and expenditures should be paid via bank transfer.) **Where transactions have been made in cash form only, it is difficult to substantiate their authenticity and the Return may require to be adjusted to exclude such transactions.**

4.27. The scope of this return is to capture income and expenditure related to NSG Plus services only. Where Operators have additional business interests and do not normally segment NSG Plus, then they should do so by making appropriate judgements and estimates. Operators should apply reasonable revenue and cost allocation methods and provide details of the basis of allocation methods adopted (e.g. with reference to route costing reports, route income statements and other similar information), to any costs that apply across multiple reporting units. Such judgements and estimates should be made on a reasonable basis and should not be intentionally biased to influence the amount of an Operator's claim. Operators will be expected to provide supporting schedules if requested during the Reconciliation.

4.28. **As NSG Plus has been extended to 31st March 2023**, the profit-share calculation will, by default, be based on the full year period 1st April 2022 to 31st March 2023. However, operators may choose to split the profit-share calculation into the respective Reconciliation periods (P1-P7 and P8-P13) if they wish. Any recoveries due to Scottish Ministers under profit-sharing will be determined by the second and final reconciliation for the year. The second and final reconciliation is scheduled to be undertaken during May-July 2023.

Where an Operator has elected to join NSG Plus for only part of the year, they will be assessed for profit-share for that corresponding period.

4.29. Payments due to Scottish Ministers from Operators under profit-share recovery will not be requested for financial settlement until completion of the second and final reconciliation for the year.

Overpayments of Grant to Operators following Reconciliation 1

4.30. Where the Grantee is in an overpayment position following reconciliation 1, any overpayment will be recovered from payments due to the Grantee for periods 8 to 13 (10 October 2022 to 31 March 2023) where possible. Otherwise, any balance due will be fully paid by the Grantee within 14 days from the date of formal notification of the value.

Underpayments of Grant to Operators following Reconciliation 1

4.31. Where the Grantee is in an underpayment position following reconciliation 1, any underpayment will be paid to the Grantee during periods 8 to 13 where possible, or paid following reconciliation of the certified claim at financial year end.

- 4.32. The decision by the Scottish Ministers on any amount due to the Grantee shall be final.

Profit Sharing at Group Level

- 4.33. For Operators with the same parent company, or the same ownership and control or influence, the profit-sharing element may be calculated at Group level. Reconciliation Returns will be required for each Operator within the Group, but the Profit-sharing element would be calculated on the Consolidated EBIT %. Any profit-share recovery that was calculated would then be apportioned to the individual members of the Group on a reasonable basis.
- 4.34. The reconciliation template must be submitted for each operating company, and EBIT will be calculated at the consolidated Group level using only the earnings and revenue associated with NSG eligible services. Operators should contact Transport Scotland for further information.
- 4.35. The relevant Grantee's must notify Transport Scotland at least 28 days prior to scheme end if they wish the profit sharing to be applied at group level, and agree how any over or under payments will be split across the relevant operating companies.

5. BSOG Low Carbon Vehicle (BSOG LCV) and Low Emission Vehicle (BSOG LEV) Legacy Commitments

- 5.1. Under BSOG LCV & LEV, additional payments (on top of the core 14.4p/km rate) of 5p-30p/km (depending on the emission status of the bus) will be provided subject to operators meeting emission certification requirements.
- 5.2. Legacy BSOG LCV & LEV commitments which provided higher rates for service km run by lower emission buses for buses brought into service prior to the introduction of NSG (with the exception of those buses purchased through the SULEBS schemes) will be honoured.
- 5.3. Payment rates relating to honouring BSOG LCV & LEV commitments are subject to the NSG Plus profit cap.

BSOG LCV Rates & Eligibility

- 5.4. The following rates and eligibility relate to Bus Service Operators Grant Low Carbon Vehicle Incentive. From 1 April 2019, a time limit of 5 years was introduced for ongoing BSOG LCV entitlement. Buses that had still to receive 5 years of BSOG LCV continued to be eligible for the BSOG LCV rate. These buses are not eligible for transfer from BSOG LCV to the BSOG LEV rates that are described in the BSOG LEV section below.
- Remaining periods of entitlement for the Bus Service Operators Grant Low Carbon Vehicle Incentive (BSOG LCV) for eligible buses receiving

BSOG LCV prior to the impact of Covid-19 subject to the conditions set out in this NSG Guidance Document as amended from time to time.

- **A payment rate of 10.1p/live km applies.**
- Periods of receipt of BSOG LCV through maintained levels of BSOG payments as provided by Covid-19 funding arrangements, namely the Covid-19 Support Grant (CSG) and the Covid-19 Support Grant – Restart (CSG-R), count towards the 5 year entitlement period.

BSOG LEV Rates & Eligibility

5.5. The following rates and eligibility relate to the BSOG LEV incentive, introduced on 1 April 2019. BSOG LEV provided additional rates for a maximum period of 5 years.

- For BSOG LEV eligible buses in operation prior to 02 March 2020, the period of CSG and CSG-R award will count towards their 5 year eligibility. Where the bus continues to operate on services eligible for NSG, whilst the scheme is in operation, the remainder of the 5 year eligibility period will be provided through NSG.
- For BSOG LEV eligible buses that entered into service after 02 March 2020, but these buses formed part of the 2020-21 BSOG estimate claim establishing the 'BSOG element' payment in CSG and CSG-R, the period of receipt of the 'BSOG element' payment through CSG and CSG-R will count towards the buses 5 year eligibility for BSOG LEV. Where the bus continues to operate on services eligible for NSG, whilst the scheme is in operation, the remainder of the 5 year eligibility period will be provided through NSG.
- For BSOG LEV eligible buses that entered service between 02 March 2020 and the date at which NSG is claimed, and where those buses were not included in the operators 2020-21 BSOG estimate claim form that established the 'BSOG element' payment in either CSG and CSG-R, 5 year eligibility for BSOG LEV rates will apply from the date the service km begins to receive NSG funding. This also applies to BSOG LEV commitments for the Scottish Ultra Low Emission Bus Scheme (SULEBS) round 1 and the revenue commitment as applies to SULEBS round 2.
- For LEV eligible buses that entered service after the date NSG begins to receive funding (where this is honouring historical agreements as per section 19 of this guidance) the 5 year period of eligibility will apply from the date the bus enters service. This also applies to BSOG LEV commitments for SULEBS round 1 and the revenue commitment that applies to SULEBS round 2.
- Buses awarded funding through the second round of SULEBS are entitled to revenue funding to the value of 20p/km per bus annually, for no more than 5 years from the date the bus enters into service. They will not be entitled to receive any other government-funded incentive payments targeted at low emission buses.

Table 1: LEV bandings and rates from 1 April 2019 (Payable for a maximum of five years):

		ELIGIBILITY THRESHOLD		
BAND		RATE	LEB CERTIFICATION	ULEB CERTIFICATION
A	LEB	5 pence/km	15%-35% saving vs Euro V	15%-29% saving vs Euro VI
B	ULEB	10 pence /km	36%+ saving vs Euro V	30%+ saving vs Euro VI
	ZEC	15 pence/km	36%+ saving vs Euro V & 2.5km zero emission range* with geo fence capability	30%+ saving vs Euro VI & 2.5km zero emission range* with geo fence capability
C	EZEB	30 pence/km	36%+ saving vs Euro V & 50km zero emission range	30%+ saving vs Euro VI & 50km zero emission range

*2.5km zero emission range from the “inner urban” phase of the UK Bus Cycle

LEB – Low Emission Bus

ULEB – Ultra Low Emission Bus

ZEC – Zero Emission Capable

EZEB – Effectively Zero Emission Bus

6. Eligible bus services

- 6.1. To be eligible, a bus service must meet the conditions imposed under Section 38 of the Transport (Scotland) Act 2001, as amended, and as further described in the Bus Service Operators Grant (Scotland) Regulations 2002, as amended. Section 3 (Eligibility for Grant) of the Regulations is presented at Annex A:

7. Excluding services

- 7.1. When applying for either NSG or NSG plus, all of the eligible registered local bus services relating to a particular operating licence or company should be included in the application.
- 7.2. Unless ineligible for NSG, operators are not permitted to exclude services or routes under the same operating licence without prior agreement from Transport Scotland.
- 7.3. Transport Scotland will consider any requests for exclusion of services on a case by case basis. To be considered, requests must demonstrate that the service to be excluded is distinctly separate from other local bus services provided by the grantee (for example, open top tour buses using different

buses), and that costs and revenue associated with the excluded service can be clearly separated for reconciliation purposes.

- 7.4. If Transport Scotland agree for a service to be excluded, it must remain excluded for the duration of the scheme the operator has applied for. If an operator transfers to a different scheme (for example from NSG Plus to NSG) a new application will be made, at which point the operator can determine if they wish to exclude the services from the new application.
- 7.5. Alternatively an operator could register the services they wish to exclude under a separate operating licence and seek whatever support they wish against those services.
- 7.6. If an operator is excluding services with prior agreement from Transport Scotland, or because the service or route is ineligible for NSG, operators should apply reasonable cost allocation methods to any costs associated with the excluded routes or services. Such judgements and estimates should be made on a reasonable basis and should not be intentionally biased to influence the amount of an operator's claim. See the financial reconciliation paragraphs 4.13 – 4.22 for further information.

8. Process and Guidance

- 8.1. It should be noted that whilst Transport Scotland's intention is to avoid placing unnecessary administrative burden on bus operators which are not commensurate with either the size of the operator, or its type of operations, full completion of the application form is required, and payment will not commence until all relevant information is received by Transport Scotland.
- 8.2. We are asking all operators to return the relevant excel claim form which is available to download on the website.
- 8.3. All payments of NSG are made through the Bankers Automated Clearing Service (BACS) and any new operators are asked to supply Transport Scotland with their banking details. A form for these is available on request.
- 8.4. For their part, companies are required, under the conditions imposed under section 38 of the Transport (Scotland) Act 2001, to keep adequate records of the kilometres run and operation of local bus services so as to satisfy both the independent accountant who must certify the actual claim form and Transport Scotland that the figures on the claim are correctly stated.
- 8.5. NSG claims will run from the first date of claim (whether estimate and certified or certified only) to 31 March (financial year) or to scheme end (for NSG Plus).

Application Form Guidance

Page One - NSG/NSG Plus Applicant details

- 8.6. Complete rows with operator name, licence number, address, telephone number, email and website (if held)

Page Two – PSV claim – estimated standard kilometres (kms)

8.7. All relevant boxes to be completed with standard km claimed

- Claim details – maximum period of one year, running from April to March, or any period between the financial year
- Service Number – service identification on road
- Service Registration – as in notice and proceedings as per the OTC
- Length of most frequently run journey in kms for this route. Estimated days service runs within the claim period as set out within the financial year claimed. Estimated number of journeys within the claim period as set out within the financial year claimed
- Estimated total allowable kms claimed for the service within the claim period as set out within the financial year claimed (excluding dead kms)

Page three – low emission - estimated kms claim

8.8. All relevant boxes to be completed for claims for low emission certified buses which may be eligible for either a low carbon vehicle incentive, a low emission vehicle incentive, or the those buses purchased through SULEBS Round 2, entitled to additional revenue funding,

- Claim details – maximum period of one year, running from April to March, or any period between the financial year
- Vehicle registration number
- Vehicle make and model
- Bus type - LCV or LEV rate bus is eligible for – e.g. LCV, LEB, SULEBS etc
- Service number the bus will be running on
- 5 year incentive start date - is the date the bus came into service with your company (this date should be the original date the bus came into service within your organisation, so if the bus has moved depots, location, or services within your overall company, the date it originally came into service is the date required)
- 5 year incentive end date - is five years from the date that the bus came into service with your company
- Service kms operated – are the estimated kms this bus will be entitled to receive a low carbon or low emission payment for, so if the 5 year incentive ends within the financial year claimed for, kms should only be counted up to and including that date

Page four – Terms And Conditions of claiming and receiving the grant

- 8.9. These are the terms and condition the Scottish Government sets out, and which you must adhere to receive any payment in respect of Network Support Grant, and Network Support Grant Plus
- 8.10. All grant claimants should read the terms and conditions of the grant before signing the grant acceptance.

Page five – Grant Acceptance

- 8.11. To claim the grant and receive payment, you must read the declaration and sign and date the grant acceptance form with details requested.
- 8.12. This is your claim to Network Support Grant or Network Support Grant Plus

9. NSG Demand Responsive Transport(DRT) Operators

- 9.1. This section gives information and advice for operators who run DRT services.
- 9.2. DRT / flexible services available to the general public that are registered with the Traffic Commissioner as local bus services will qualify for Network Support Grant (NSG).
- 9.3. NSG funding will be paid to Section 22 Permit holder and commercial operators who operate eligible services, including those run on behalf of local authorities.
- 9.4. It will assist Transport Scotland's claims handling procedure if local authorities who contract out DRT services provide Transport Scotland with a list of contracting operators and services and notify the agency immediately in the event of any changes being made to the operators used and services supported. These details can be emailed to nsq@transport.gov.scot.
- 9.5. Given that the demand driven nature of the services makes it impossible to assure and accurately judge estimated kilometre coverage in advance, operators will only be entitled to claim NSG in respect of these services in arrears at scheme end, or financial year end, for kilometres operated over the period.
- 9.6. Documentary evidence to support a claim Transport Scotland requires the following information in order to qualify for NSG in respect of DRT services:
- Registration particulars properly recorded as a local bus service with the Traffic Commissioner (as recorded by VOSA);
 - Service operating area map and details of booking arrangements by which the general public would avail themselves of the service (e.g. publicity brochure);
 - Records of each booking taken and the operator's on the road performance in satisfying the booking i.e.
 - i. Customer's name and address and contact telephone number;
 - ii. Date and time of booking;
 - iii. Date, time and location of customer pick-up;

- iv. Date, time and location of customer set-down;
- 9.7. The Traffic Commissioner requires these records to be kept for 12 months in order to satisfy themselves that the services ran as claimed.
- 9.8. Transport Scotland requires that these records are kept for 24 months in order to verify journeys for the purposes of assuring NSG entitlement.
- 9.9. These records can be kept by the operator, their certifying accountant, contracting local authority or call centre / shared service provider if applicable.
- 9.10. These records must be provided upon request to Transport Scotland for the purposes of assuring NSG claims in accordance with the conditions of the scheme as set out on the appropriate claim form.
- 9.11. Where a DRT contract is operated on behalf of a local authority there is usually a requirement to provide detailed passenger information for reconciliation.
- 9.12. When submitting your NSG claim you should provide copies of this information to assist with our validation.
- 9.13. If you cannot provide this you should contact the Operational team to discuss our requirements at nsq@transport.gov.scot
- 9.14. If you operate a combination of both timetabled and DRT services you will be required to submit the DRT service claim either on a six monthly basis or annually at the end of the financial year (or scheme end if earlier), and show the details on the claim at the appropriate sections. Please contact nsq@transport.gov.scot for further information.

10. NSG Section 19 and 22 Operators

- 10.1. This section gives information and advice for operators who run services using Section 19 and 22 permits.
- 10.2. To qualify services must be eligible services operated by non-profit making bodies on the basis of a Permit issued under Section 19 of the Transport Act 1985 as set out in Annex B.
- 10.3. For those operators claiming NSG under Section 22 of the Transport Act 1985, the above criteria does not need to apply. Organisations, however must run on a not for profit basis.
- 10.4. For operators claiming NSG under either Section 19 or 22 of the Transport Act 1985, Group Hire Service kilometres are ineligible and cannot be claimed for.
- 10.5. A permit can only be used on one bus at a time. An organisation can hold more than one permit. An organisation may also hold both section 19 and section 22 permits, but a bus must only be used under one type of permit at a time. The correct disc must be displayed in the bus to show how it's being used at the time.
- 10.6. Section 19 and 22 permit holder cannot also hold a PSV licence at the same time.

Payment Frequency and Rates

- 10.7. Payment will be issued on either an annual or twice yearly basis, (for April to September and October to March) based on actual kms submitted on an excel claim form which will be sent to operators for completion prior to the end of the annual or twice yearly payment periods
- 10.8. The NSG payment rate is 14.4p/km.
- 10.9. The NSG Plus rate is 79.4p/km until 15 August, when it will reduce to 50.4p/km until 9 October 2022, and then 39.2p/km to 31 March 2023, when it will cease.
- 10.10. Transport Scotland reserves the right to review the NSG payment rates at any time during the scheme. Minimum notice periods for any rate changes are detailed in the terms and conditions for the scheme.
- 10.11. With regards to the NSG Plus payment rate, patronage levels will be one of the main factors monitored and considered in reviewing the rates and Transport Scotland reserves the right to amend the rate, providing 4 weeks' notice of any change to the rate, if there is a material change in demand. This could mean adjusting the rate up if demand fell and additional funding were available.

Eligible Services

- 10.12. All buses used on those services must have a functioning mileage/kilometre measuring device (buses of course normally have an odometer fitted within the speedometer of the bus).
- 10.13. This will enable the claimant to record the opening and closing mileage/kilometre reading on each eligible journey or route made each day.
- 10.14. In the case of a journey involving a mix of passengers where some are in the eligible categories and some are not, (Section 22 permits only) those journeys should not be included in the eligible km figure unless the wholly or mainly requirement is met (see section on conditions of eligibility).
- 10.15. Resulting from this, accurate km figures for each eligible journey or route can be calculated.
- 10.16. A record must exist in order to prove that the service operated, which is usually achieved by using driver or bus daily log sheets.
- 10.17. Original records signed by the driver must be retained and available for *at least 12 months* after the claim form was submitted to Transport Scotland.
- 10.18. All records must be retained and available for at least 12 months after the claim form was submitted to Transport Scotland.
- 10.19. All such records must be made available to the Scottish Ministers' authorised officers on request. Failure to maintain proper records or produce them when requested to do so may result in claimants being excluded from the scheme.
- 10.20. At the end of the claim period the actual kms for each eligible journey or route must be accumulated and transferred into the excel form that will be issued to you separately.
- 10.21. Section 19 permit holders may claim kms continually throughout the day, from the first pickup point to the last drop-off point of the day.

- 10.22. All kms are eligible for NSG including journeys travelled where no passengers are on board.
- 10.23. Care must also be taken not to double claim mileage when a bus is lent or hired out to another organisation.
- 10.24. The principle that will apply is that when the bus is hired out to another Community Transport group, it is for the group using the bus at the time to claim on the basis of their own Section 19 Permit.
- 10.25. Where the Community Transport group provides transport for the clients of a number of affiliated organisations under its own 'umbrella' Section 19 Permit, then the claim should come from the Community Transport group.
- 10.26. It should be noted that, in such cases, some journeys may not be eligible, such as Group Hire Services, and these should be excluded from your claim for NSG.

Audit Requirements

- 10.27. Where the total eligible kilometre figure claimed is less than 20,000 kilometres per claim, these claims can be "self-certified" by a responsible officer of the body making the claim.
- 10.28. Where the total eligible kilometres claimed are greater than 20,000 kilometres then these claims will normally need to be certified by an accountant/auditor who is not an employee or official of the body concerned. In exceptional circumstances claims may be certified by someone having sufficient financial standing and expertise, for example a current or retired bank manager.

Eligibility Application & Guidance

- 10.29. Prior to a claim for being issued, all operators claiming NSG under Section 19 or 22 of the Transport Act 1985, must complete and return an eligibility template.
- 10.30. For those operators who claimed BSOG or CSG previously, this will have been emailed at the start of the 2022-23 financial year.
- 10.31. We will then email you at the appropriate time with an application where you will complete the actual allowable kms you wish to claim for and this will be assessed.
- 10.32. Please contact nsq@transport.gov.scot for guidance when completing the application.
- 10.33. For any new organisation wishing to claim NSG using Section 19 or Section 22 permits, the template is available on the website, and should be emailed to schemesandgrants@transport.gov.scot stating your intention to make a claim.

ANNEX A

Section 3 (Eligibility for Grant) of the Bus Service Operators Grant (Scotland) Regulations 2002, as amended.

- (1) A bus service is an eligible bus service for the purposes of section 38 of the Transport (Scotland) Act 2001 (Grants to bus service operators) if it is of one of the following classes:–
- (a) a local service provided or secured–
 - (i) by a local education authority pursuant to arrangements made under section 51 of the Education (Scotland) Act 1980; or
 - (ii) for persons who have attained the age of sixty years or disabled persons, and in respect of which the conditions set out in paragraph (2) are satisfied;
 - (b) a local service, other than a service described in paragraph (1)(a), in respect of which the conditions set out in paragraph (3) are satisfied; and
 - (c) a bus service being provided by an operator to whom a permit under section 19 of the Transport Act 1985 has been issued and remains in force, and in respect of which the conditions set out in paragraph (4) are satisfied.
- (2) The conditions referred to in paragraph (1)(a) are that–
- (a) seats on the vehicle by means of which the service is provided are normally available to members of the public and the service is regularly used by such members;
 - (b) the stopping arrangements are such that –
 - (i) all the fixed stopping places (whether marked or otherwise generally recognised) other than at the service termini are located where they are likely to be used with reasonable frequency by members of the public; and
 - (ii) in any section of the area of operation of the service where there are no fixed stopping places, the arrangements for determining when and where passengers may be taken up and set down are such that members of the public may take advantage of them with reasonable frequency;
 - (c) members of the public are able to make a single journey between two stopping places (to the extent that such journeys are provided for in the registered particulars having regard to boarding and alighting restrictions) upon payment of a fare that is not a deliberate deterrent to their use of the service;
 - (ca) in the case of a flexible service, the advance booking arrangements are such that they do not act as a deterrent to members of the public wishing to make a single journey which is otherwise provided for in the registered particulars;

- (d) members of the public are able to pay the fare at a place and in a manner which are not a deliberate deterrent to their use of the service; and
 - (e) arrangements are made which afford members of the public a reasonable opportunity to inform themselves of the existence of the service, the times of its operation, and the places which it serves.
- (3) The conditions referred to in paragraph (1)(b) are that–
- (a) at least half of the accommodation on the vehicle by means of which the service is provided is normally available to members of the public and the service is regularly used by such members;
 - (b) the stopping arrangements are such that –
 - (i) all the fixed stopping places (whether marked or otherwise generally recognised) other than at the service termini are located where they are likely to be used with reasonable frequency by members of the public; and
 - (ii) in any section of the area of operation of the service where there are no fixed stopping places, the arrangements for determining when and where passengers may be taken up and set down are such that members of the public may take advantage of them with reasonable frequency;
 - (c) members of the public are able to make a single journey between two stopping places (to the extent that such journeys are provided for in the registered particulars having regard to boarding and alighting restrictions) upon payment of a fare that is not a deliberate deterrent to their use of the service;
 - (ca) in the case of a flexible service, the advance booking arrangements are such that they do not act as a deterrent to members of the public wishing to make a single journey which is otherwise provided for in the registered particulars;”
 - (d) members of the public are able to pay the fare at a place and in a manner which are not a deliberate deterrent to their use of the service;
 - (e) there is not displayed on the vehicle by means of which the service is provided any sign or description intended or likely to convey the impression that the service is only available to a particular category of person; and
 - (f) arrangements are made which afford members of the public a reasonable opportunity to inform themselves of the existence of the service, times of its operation and the places which it serves.
- (4) The conditions referred to in paragraph (1)(c) are that the service is used wholly or mainly by–
- (a) persons who have attained the age of 60 years;
 - (b) disabled persons;
 - (c) persons in receipt of income support under section 124 of the Social Security Contributions and Benefits Act 1992;
 - (d) persons in receipt of jobseeker’s allowance under the Jobseekers Act 1995;

- (e) persons suffering a degree of social exclusion by virtue of unemployment, poverty or other economic factors, homelessness, geographical remoteness, ill health, or religious or cultural mores;
- (f) persons who believe that it would be unsafe for them to use any public passenger transport services; or
- (g) carers or persons under 16 years of age accompanying any of the foregoing.

ANNEX B

Section 19 of the Transport Act 1985

Eligible services are services used wholly or mainly by:

- (a) persons who have attained the age of 60 years;
- (b) disabled persons;
- (c) persons in receipt of income support under section 124 of the Social Security Contributions and Benefits Act 1992;
- (d)(i) persons in receipt of jobseeker's allowance under the Jobseekers Act 1995;
- (d)(ii) persons in receipt of employment and support allowance payable under Part 1 of the Welfare Reform Act 2007;
- (e) persons suffering a degree of social exclusion by virtue of unemployment, poverty or other economic factors, homelessness, geographical remoteness, ill health, or religious or cultural mores;
- (f) persons who believe that it would be unsafe for them to use any public passenger transport services;
- (g) carers or persons under 16 years of age accompanying any of the foregoing.

Applicants will be required to maintain and complete accurate records to fully support the information required to process and calculate payments for NSG.