

Letter to operators claiming Bus Service Operators Grant for free bus services

In November last year, we wrote a letter¹ to recipients of Bus Service Operators Grant (BSOG) in England concerning free bus services. That letter explained that, under the Bus Service Operator Grant (England) Regulations 2002 the definition of a local service included the requirement for an operator to charge separate fares. It follows that, where services are being operated for free, no separate fare is charged and therefore such services are not covered by the eligibility Regulations. Our letter therefore advised that, from 31 March 2011, free services must not be included on any BSOG claims.

We are currently considering whether, as an alternative, we should change our Regulations in order to widen the meaning of 'eligible bus services' to include bus services which would be local services but for the fact that the passengers do not pay a fare. We will need to seek views from relevant stakeholders on this option before proceeding with any such change. We intend to start this process very soon.

It is clear that we cannot properly pay BSOG for such services on an indefinite basis without clear statutory authority. We already need to introduce new Regulations by 31 October to implement the Spending Review announcement to end BSOG payment for long distance coaches. We are exploring whether this provides the opportunity to clarify our powers in respect of free bus services.

In the meantime, and until a final decision is made, we will continue to pay BSOG for services which would have been eligible but for the fact that they are offered free of charge to passengers. The deadline of 31 March in our earlier letter is therefore no longer valid.

If you have any questions on this issue, please contact the BSOG administration team:

by email to: bsog@dft.gsi.gov.uk
or by phone on: 020 7944 8588

¹ available on our website at
www.dft.gov.uk/pgr/regional/buses/busgrants/bsog/operatorsgrant.pdf