

## **All Party Parliamentary Group on Rural Affairs: Speaking Notes for 17 Dec 2013**

The Campaign for Better Transport's "Buses in Crisis" report caused an amount of concern as it implied that all bus services were threatened by the reductions to local authority funding...in practice over 75% across England are commercial.

But this threat can apply to almost 100% of services in some rural areas. So it is here where the adverse effects are most severe. Quoting from the Report, almost half of all local authorities are reducing their support for buses for 2013 with £17m of cuts in the budget. Plans for cuts of £48m have already been announced for future years. Many local authorities have deferred any cuts to 2014-15 to allow for public consultation, and there have been some reversals of proposed cuts, but some local authorities are now proposing to cut a high percentage, and in some cases all, of their supported bus services.

Supported buses serve communities where no alternative route exists, meaning that any diminution can often have a huge impact on residents and local economies. They also provide services in evenings and at weekends when otherwise services would cease.

**There is a need to take a holistic view to the funding of facilities provided by local councils. For each £1 spent on local bus services, £2 may be able to be saved in other areas such as social services, health and education.**

Bus operators are doing their best to retain services against a background of cost increases:

- Each bus needs to earn over £30 /hour
- And can cost over £120k per annum to operate
- 60% of our costs are staff related and 15% are fuel
- These have increased dramatically in last 5 years
- Cost pressures are leading to commercial service de-registrations: fuel, DDA, Euro 6
- But reductions in funding reduce scope for provision of non commercial services
- Authorities can work with operators to use de-minimis funding and deliver added value, but requires commercial core
- Devolved BSOG is ringfenced (and thanks to local authorities for dealing with this so sensibly) but what happens post 2015 Comprehensive Spending Review?
- Transport implications of education review? (closure of smaller local schools) Some local authorities removing non statutory free travel entitlement

And there is the impact of the national economy:

- The recession is reducing demand for travel for those with reduced income
- Overall bus travel demand is falling in rural areas
- Parking policy and development policy can militate against sustainable bus services
- Concentration of facilities does too
- Portas Review problematic: parking recommendations to revive retailing
- And now buses are in a Pickle...car access becomes relatively more attractive, buses will be affected by congestion and lack of access to kerbside stops; cost more to operate due to stop-start. Congestion, obstruction and abstraction.

- **This should not be allowed to happen; Greener Journeys research into value of the bus to the UK economy; and retail spend equal by mode over time period in several studies.**
- **Accessibility is key to retaining rural services**

Running buses is becoming less attractive too:

- Many rural operations are small family firms
- Cost pressures and falling demand require careful consideration of business future
- Many proprietors see sale as their pension
- But the Competition Commission has required the OFT to investigate all such activity
- Increases cost and risk to purchaser
- If sale is not an option and there is no profit, closure is the only option
- And others are less keen to enter the industry
- **Can we introduce sensible de-minimis limits?**

And there is little operators can do to reduce the costs of service operation where there is no realistic likelihood of competition, other than from the car. So we need to be more creative. There is a need for a review of regulatory costs in defined rural areas; conventional buses often cannot pay their way due to excessive costs. Whilst there is a demand for universal access to the bus network, there must also be a realisation that there is a cost associated with isolation and rurality. RSP surveys and work undertaken by SPARESE consistently demonstrate that the costs of providing all services in rural areas (health, waste, communications) is higher for this reason.

**Could we look at reducing regulatory cost for instance by:**

- Enabling CPC mandatory training to be split into two 4 hour courses, thereby allowing drivers to do it between rural schools
- Reducing the cost of registering for CPC courses
- Re-introducing the minibuss driver licence and test, or similar, for vehicles up to (say) 20 seats, and where feasible simplifying the test for these drivers to reduce the time lag in getting drivers qualified
- Amending the operator license system to charge a lower fee for small capacity vehicles
- Eliminating the need to register minor bus service changes with the TC where these are endorsed by the Local Transport Authority in designated rural areas. Administration costs of licensing can be disproportionate for such changes.

**If the government seeks to grow the number of bus users by providing concessionary travel for younger as well as older people, this needs to be fully and fairly funded.**

- ENCTS is a free concession, mandatory on operators
- Successive versions of DfT reimbursement guidance force down reimbursement rates
- Some local authorities have sufficient funding, others do not
- Demand for travel before 0930 requires additional local funding not abstraction from statutory scheme settlement
- Higher % of passengers are concessionary in rural areas: much higher than the average 1/3
- For how long is ENCTS sustainable?

- Many operators are already providing commercial discounts for the young, those in apprenticeships, job seekers etc

Community Transport is not the universal answer. Where reasonable demand remains, loadings can justify provision of conventional bus if partnership working embraced and de-minimis contracting. CT is a lower cost alternative with largely unpaid drivers and not always the same standards or regulatory regime, so not always a level playing field; there is also less downstream economic benefits otherwise derived from employment creation.

- Operators seeking to reduce costs and work more efficiently
- Avoiding passing on fares increases to the passenger wherever possible
- Working with local authorities to use de-minimis funding and deliver added value
- Negotiating fixed agreements for concessionary reimbursement, reducing risk on both sides
- Local partnership working in all policy areas
- DfT tendering best practice and advice: excellent document; commended
- Lessons from Community Rail: local engagement: “Use it or lose it, adopt your local bus”
- Working with central government