

Rural Services APPG

Annual General Meeting All-Party Parliamentary Group on Rural Services

17th December 2013, 12.30pm – 1.30 pm
Dining Room B

In attendance:

Members:

Graham Stuart MP – Chairman
Lord Cameron of Dillington
Neil Parish
Harriett Baldwin
Baroness Gibson
Lord Dear
Jon Carroll (Researcher for Graham Stuart MP)
Eric Ollerenshaw MP
Toby Hannah (Researcher for George Freeman MP)
Andrew Bingham MP

Rural Services Network (RSN) (Secretariat):

David Inman – Director

Speakers:

First Group

John Birtwistle

Apologies

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1. Notes of Previous Meeting

12th November 2013 were agreed as an accurate record.

The director RSN detailed still further concerns that were now being voiced about the Rural Housing (Public Sector) situation. It was hoped form proposals could be brought to the January meeting.

2. Rural Transport

John Birtwistle, Projects Director, UK Bus – First Group Plc. Gave his update and overview on the current situation. His presentation is attached to these notes.

He added and emphasised the following points:

Buses cost £125,000 each and £120,000 in revenue per year

Because of less travelling some previously commercial services were being deregistered

Bus revenue in rural areas was falling. This was not the trend in urban areas. This suggested there was less money available to spend in rural areas.

John felt savings by looking realistically at regulations could be key. He particularly referred to:

Regulations on sale of buses and investigations that took place

Mandatory training could be split into chunks so that it was not so counter-productive on drivers ability

The procedure for operators licences could be streamlined

The procedure for registering change of route could be sharper. Route detailing currently cost money.

Concessionary Travel was 30% of usage in urban areas but 70 to 75% in rural areas

BS?? Through Local Authorities was going well. All Local Authorities were behaving responsibly

He felt Local Authorities and Operators should set up forums for in breadth discussions (RSN were seeking to do this).

Some private hire operators were taking their business to the market.

Private Hire Operators were often established themselves in villages to fill a hole in the market. Overall consideration needed to be given to community needs.

There was felt to be a particular difficulty for young people. If bus routes were closed their work patterns were affected. People seeking Job Seekers Allowance could also be in trouble.

Concessionary Fares were discussed. Was the money spent here best value when the very bus infrastructure was under threat. Should be for example a special smart card up to a value of £100 with savings ring-fenced and given to Local Authorities to add back services that would have been cut.

Development of an app giving service details and predicted arrival time of buses in rural areas would be an excellent initiative.

The Group considered that a crises point was in danger of being reached. They asked for a special meeting with representatives of the Department of Transport and Communities and Local Government.

John, in discussion with his firm and industry, would prepare a series of measures they felt would assist particularly in rural areas and report back.

Local Government Finance Settlement

Rural Fair Share Campaign Update

The settlement was anticipated by the Chair on the 18th December.

A lot of hard work had been done both in discussion at officer level and at political level with Ministers. There has been some favourable indications of some possible improvement but the acid test was how far the urban/rural gap be closed this year. The campaign was for a closure by 10 points from the current position in real terms by 2020 at the latest and the group would be extremely unhappy if the settlement did not make constructive steps in that direction.

Remarks recently made by the Chancellor acknowledging some unfairness in rural funding in some areas were circulated.

Next meeting - 16th of January 2014

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 minibus 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

