

Rural Conference 2016

Cheltenham 6 September 2016

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Rural bus operators

- Many family firms – but not all!
- Generally part of the community
- Not always fully aware of new costs...
- ...or have wherewithal for investment
- Many set up in 1920s to 1950s
- Passed on through generations
- Current generation may see little future
- Need to cash in assets for pension provision
- Insolvency, old age, ill health, cashflow problems, poor future prospects lead to inevitable outcome



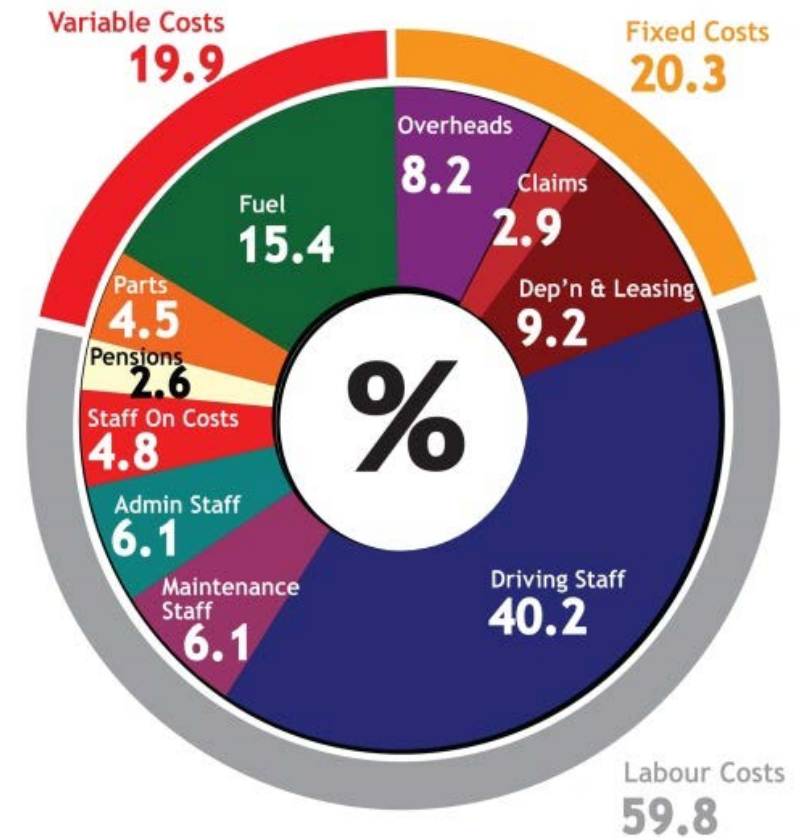
Lost rural operators

- Western Greyhound
- Webberbus
- GHA
- Silcox
- Lewis Coaches
- Tates
- Pennine



Operator costs

- A bus costs up to £120k per annum to run
- Drivers – 40%
- Other staff – 20%
- Fuel and duty (note – not paid by rail or air)
- Overheads
- Depreciation



...so smaller buses do not necessarily result in a cost saving

Operator income



- Fares – collected on and off bus – but set against perceived cost of motoring (and actual cost is falling in real terms)
- Concessionary reimbursement – typically 50% of fare – but accounting for at least 30% of passengers, up to 80% in some rural areas
- BSOG – refunds less than half the duty paid on commercial services
- Advertising, private hire etc
- Subsidy for non-commercial services – only applies to 15% of total bus operations

Remember – profit is not a dirty word – it is needed for investment!

The market is changing

- 80% of rural services are commercially operated!
- 1985 Transport Act obliges authorities to identify missing socially necessary services
- But no obligation to provide them
- Local authority spending cuts – bus is discretionary spend and not ring fenced
- So it is an easy cut when cash is tight
- Loss of all tendered services proposed in Dorset, Lancashire, Oxfordshire, Derbyshire
- Replaced in some cases by amended commercial services
- Commercial miles up 8% since 2006



Community Transport

- Can provide a valuable service where local buses are not viable
- But should not compete with local bus as will undermine it:
 - Drivers are not vocational and are often unpaid
 - Financial standing requirements not necessary
 - Maintenance standards lower threshold
 - Drivers' hours not mandated
- As it relies on volunteers, if CT does not run
 - No statutory penalties, but
 - Still disbenefit to community and to users
- Cannot use funding of CT to cross subsidise commercial operation – which applies whenever fares are being charged



Refer to Department for Transport Guidelines on CT Funding and the EU State Aid Rules

The bus contribution –



- Greener Journeys is sponsored by local authorities, DfT, bus operators
- Buses deliver up to £3.50 in economic benefits for every £1 spent by the Government
- Money spent on bus priority and infrastructure delivers £3.32 for every £1 spent
- Concessionary travel generates £2.87 in social, economic and environmental benefits for every £1 spent
- Buses provide access to employment and educations
- The elderly population benefits from remaining active and mentally well
- Access to health facilities reduces cost of social services and health facilities and of transport thereto

Latest report....



- 10% improvement in local bus service connectivity is associated with a 3.4% reduction in deprivation (Index of Multiple Deprivation)
- For the 10% most deprived neighbourhoods this means:
 - Employment deprivation -2.7%
 - Income deprivation -2.8%
 - Post 16 education +0.7%
 - Entry to higher education +0.1%
 - Adult skills +1.4%
 - Years of potential life lost -1.5%
- Including wider social benefits in the appraisal of the costs and benefits of local bus services can add as much as a third to the spending on buses, increasing the value from £3 to £4 of benefit for every £1 spent – applicable to revenue and capital expenditure

Bus Services Bill – rural relevance?

- Bill includes “franchising”, Advanced Quality Partnerships, Enhanced Quality Partnerships, provisions on information and ticketing
- Nothing to prevent existing voluntary partnerships continuing
- Impact Assessment tells us it has been rural proofed
- ...but where are the benefits for rural areas ?
- Uncertainty is leading to reduced investment....



The Bus Services Bill: An Overview

This document summarises the main measures in the Bus Services Bill and explains how they are intended to work in practice.

The Government wants to:

- Grow bus passenger numbers
- Enable a thriving and innovative commercial bus sector
- Tackle air quality hot spots
- Help cities and regions unlock opportunity and grow their economy
- Improve bus services for passengers

The Bill helps achieve this by:

- Strengthening arrangements for partnership working in the sector, by introducing 'Enhanced Partnerships'
- Introducing new franchising powers with decisions at a local level
- Providing for a step change in the information available to bus passengers

The Bill will not:

- Impose particular solutions
- Affect bus services operating wholly within Scotland, Wales, Northern Ireland or London

A Positive Future?

- Brexit implications? Only for EU Funding.
- Legislative change unlikely.
- Work in partnership with local bus operators
- Ensure MPs understand how it works – it's not like London!
- And ensure members understand
- And ensure officers understand!
- Make best use of de-minimis funding
- Don't stint on concessionary reimbursement – false economy
- Community transport should be complementary to local bus
- Take action on parking enforcement – and policy!
- Planning and land use policies should reflect public transport accessibility

