

## **Bus Users UK response to the House of Lords' call for Evidence on the Rural Economy September 2018**

### **Background**

At Bus Users UK, our mission is to bring people and communities together, through socially inclusive transport.

Bus Users is an approved Alternative Dispute Resolution (ADR) Body for bus and coach passengers, and the nominated body for dealing with complaints under the European Passenger Rights Regulation 2013 / (The Rights of Passengers in Bus and Coach Transport (Exemptions and Enforcement) (Amendment) Regulations 2017). Bus Users UK Charitable Trust is a Registered Charity number 1178677 and a Company Limited by Guarantee Registration Number: 04635458

We have worked closely with the Department for Transport to advise on passenger rights, the passenger involvement aspects of the Bus Services Act 2017, the detail of the proposed Accessible Information Regulation and all other matters where input on behalf of passengers is needed.

We deal with complaints from bus passengers and work alongside communities to try to make the case for continuing service provision and subsidy. We also hold regular events in rural and urban settings to enable residents to make local transport providers and policymakers to understand their needs and the impact of poor transport on people at risk of social exclusion.

In recent years, we have seen a clear deterioration in the provision of bus services to rural communities and this has had a damaging effect on people, communities, businesses and opportunities in rural areas.

Bus Users UK therefore welcomes the House of Lords inquiry into a critical issue for rural communities.

We will focus our response on Question 4: how access to transport can be improved in rural areas but it is evident that all the questions interrelate to greater or lesser extent and, while transport is a fundamental requirement in these areas, action on transport alone will not resolve all the issues, which have growing urgency.

In particular, we feel that reliance on better internet connectivity, whilst essential for rural businesses, cannot adequately meet the needs of rural residents. This is because those things which can be accessed online, such as shopping or banking, can also be done in person but some things such as access to health and education which are accessed in person *cannot* be accessed online.

Without good transport, deprivation and inequality will continue to rise in rural areas, where it is an already intractable but often hidden problem. Therefore, good quality rural transport is pivotal and

central to quality of life in rural areas and, as such, must be elevated in importance in government policy direction.

## **Question 4: How can access to transport be improved in rural areas?**

### **The context**

- Improving rural transport brings much wider societal benefits<sup>1</sup>
- In rural areas, a lack of transport opportunity leads to social exclusion
- Social exclusion is not confined to older people or those with disabilities but all members of the community, and especially younger people because they are isolated from their own peer group expectations as well as educational and employment opportunities
- The commercial market no longer provides adequate rural transport as shareholder and city region political pressure determines otherwise
- Local Authorities (LAs), to the extent that they fund rural bus services anyway, have tended to focus their inputs to providing for access to shops and, by extension, to health services rather than journeys to college, work or apprenticeship. The focus on daytime services ignores the work pattern of people in entry-level jobs which often have shifts which cannot be served by such services. There is also a clear need for transport to get all adults and especially younger people to evening events and activities. In that way the needs of young people have been comprehensively ignored, which has led to higher car ownership levels in those who can afford this and greater isolation amongst younger adults.<sup>2</sup>
- The only conclusion that can be reached is that LAs have done this because (a) they have tried to keep what was traditionally always there, such as the market day bus, and (b) because older people are seen as politically more important and active than younger ones. It is an outdated approach which does not take account of changes in modern living patterns.

### **Commercial operations**

- Commercial services have declined which appears to be mainly due to cost increases, especially regulatory costs associated with transport policy and labour and environmental legislation. This has been exacerbated in some areas by the activities of unnecessarily over-zealous regulators.
- At the same time, whilst demand has not reduced as much in rural areas in the last decade as in urban areas of England or in Wales and Scotland, operator income has fallen due to reduced levels of concessionary fare reimbursement and BSOG which impact specifically on marginal services, often those in rural areas.
- The other cause of commercial service decline is the pressure on operators to deliver against shareholder expectations, realistic or otherwise. The perceived threat of franchising in city regions has led to cross-subsidy being subtly moved from the historic model of city to rural, increasingly becoming city to marginal city areas. City region costs have risen sharply as well because of worsening congestion, which operators attribute directly to central government policy.
- Reliance on commercial operations alone therefore is insufficient to provide rural residents and businesses with the transport facilities they need. However, there should be a

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<sup>1</sup> KPMG for Greener Journeys 2017 report "The True Value of Local Bus Services " which finds "it is clear that investment in local bus markets generates significant benefits to passengers, other road users and the wider community."

<sup>2</sup> Joseph Rowntree Foundation "Young People and Transport in Rural Areas" 2000

continuing role for their provision of attractive inter-urban routes, into which local feeder routes can be provided. Not only does this increase the potential for rural accessibility, it also feeds revenue to the trunk routes making them more sustainable.

### **Local authority policy and funding**

- LA contracted services, designed in accordance with the 1985 Transport Act to act as a safety net for where the commercial market does not provide, have been withdrawn faster than commercial cutbacks due to political decisions to reduce or remove subsidy. This was clearly not the intention of Section 63 of the 1985 Transport Act but the lack of a statutory duty being imposed or any successful legal challenge has led to a focus only on statutory duties being met by Local Authorities and consequent severe cuts to bus services in many, mostly rural areas.
- Many LAs have seen dial-a-bus type operations as a cheaper alternative to providing conventional services. However, few if any such conversions have been sustained for more than a short period of time. Transport Focus research has shown that, whilst operating cost may reduce, so to do passenger numbers as the lack of travel flexibility, the non-acceptance of concessionary passes and the need to pre-book turn customers away. Net costs therefore increase, and subsidy per passenger escalates such that it is not a sustainable alternative. There is no case for continued experimentation with this model, as it has failed and the recommendation should be to accept this.
- The Secretary of State has suggested that Uber-style flexible taxi operations could serve rural areas instead of conventional bus routes. It is surprising that it is considered that commercial businesses would move from urban market opportunities to the always less commercially attractive ones in rural areas. Technological innovators in this field say that this is not, and will not, be an option, for a decade or more.
- If commercial services are being cut back for commercial reasons and contracted ones for Local Authority budgeting reasons, then the resulting loss of service is considerable. The outcome is rarely holistically planned to ensure the best supply from minimum input costs because of the artificial division between commercial and contracted operations.
- The losers in all of this are people. Real people who are left without access to basic services. The result is rural depopulation, or, where second homes are a real rural attraction, a greater sense of being driven out. Research into social exclusion clearly points to good bus services as a major factor in improving deprived areas and shows the impact on communities if these are lost: "If we end up with a diminished bus service we'll have more excluded people, there's just little doubt about it".<sup>3</sup> This situation is due to the consequences of government policies and it is government policy that must now change if the damage is to be overturned.

### **Changing government policy - objectives**

- Tinkering with now outdated legislation is insufficient; policy has to change radically in order to revitalise rural bus services in order to maintain community links. The same can be argued of more marginal urban operations but these are not the subject of this call for evidence.
  - Services have to be planned holistically and designed to meet the clear needs of rural dwellers, and especially younger adults in order to avoid social exclusion.

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<sup>3</sup> Joseph Rowntree Foundation "The benefits of providing new public transport in deprived areas" 2008

- Services have to be delivered at a fair price to users, and this may well require a reappraisal of what constitutes fair reimbursement to operators for older and disabled people's travel.

#### **Changing government policy – regulatory model**

- The regulatory model under which rural bus services operate needs to change if rural social exclusion is to be addressed and avoided. The Traffic Commissioners are currently charged with ensuring safety of passengers and other road users, and that is quite proper. However, they have themselves inferred that this includes fair competition between operators. In rural areas, almost without exception, there is now no competition, so therefore they only regulate safety. Unlike other regulators there is no provision whatsoever for taking into account the views of passengers and the communities served or the potential users of any new services. We believe that this has to be reintroduced into the regulatory model, especially where the market is sufficiently small that free market competition does not deliver adequate and appropriate quality and protection to the consumer as the current model risks isolating entire communities.

#### **Changing government policy – operating model**

- The operating model also needs reinvigorating. Commercial operators seeking fair returns for investors are understandably less committed to low profit margin rural bus services than are SMEs or other models. It seems that SMEs have largely quit the market because of more onerous regulatory conditions being imposed at the same time as income from concessionary reimbursement is reduced. Community Transport (CT) was seen by government as potentially the answer, but the Department for Transport has introduced new rules which are having a hugely deleterious effect on this valuable alternative delivery model. It does not serve the people and communities if consumers are not served because Community Transport operators cannot meet the same conditions as commercial operators. Our observation is that Traffic Commissioners and DVSA feel that these new rules support fair competition but it is clear that the impact of these changes is catastrophic on communities. It seems to be hard enough to supply small-scale rural services to people who rely upon them without rule changes that seem to be out of proportion to the service offered and result in no service at all being provided to swathes of the rural population. These are foreseeable consequences and are entirely avoidable.
- In reinvigorating the operating model, government should investigate the role of Community Interest Companies (CICs) and Social Enterprises (SEs). In a growing number of cases, these models have rescued other rural facilities such as pubs and shops. There is no intrinsic reason why the same model cannot be adapted to apply to rural bus services, so long as the approach of the regulators takes account of the needs of the people affected and their terms of reference redefined accordingly in legislation.

#### **Changing government policy – role of local authorities**

- The role of LAs also needs to be reviewed. Much damage has been done by LAs taking a top-down 'helicopter' view of the needs of rural dwellers, usually from an urban base and perspective, rather than a bottom-up approach led by consumers. This has contributed to the mismatch between demand and supply explained earlier, leading to the conclusion that investment in rural transport has come to be seen as an inappropriate use of scarce public resource.

- LAs should be required to have a current rural bus strategy which is updated and rolled forward at regular intervals and a requirement to deliver in accordance with it.
- The role of LAs should be to ensure that consumers get a level of service that enables them to meet their reasonable travel needs, recognising that what is reasonable will vary by age group and other demographic and social criteria.
- LAs should ensure that affordable fare and ticketing arrangements are implemented. Currently, prices tend to be set by distance, but the more rural a community is, generally the lower the income levels tend to be, so distance-based fares become the least affordable.
- LAs should understand travel patterns, current and desired, in order to ensure appropriate connectivity, for example between bus and bus, and bus and rail with appropriate ticketing alignment.
- LAs should procure services with minimum standards in mind, but they should cease regarding this as their sole or only duty and consider how services could enhance the quality of lives of the communities they serve.
- LAs should have placed upon them a requirement that consumers and would-be consumers have access to good quality service information delivered via a variety of media channels, not relying solely on internet-based channels.
- LAs should have placed upon them a requirement to liaise with local business groups, retail and leisure outlets and places of education, training and employment in order to align service planning with their needs.
- LAs should have placed upon them a requirement to liaise with local health service providers and clinical commissioning groups to align service planning with their needs.
- LA planning officers should not recommend new housing schemes unless a proper transport plan is submitted and assessed as feasible.

### **Conclusion**

- This model requires operators to forego a degree of control over their own business affairs, but falls short of franchising which removes it completely. It provides a more stable environment for operators to plan their investments.
- This model recognises that people and communities require access to affordable and accessible public transport in order to have any reasonable quality of life, as the costs of addressing the many problems of social exclusion will hugely outweigh the costs of investment in good public transport.