

Rural Services APPG

**All-Party Parliamentary Group on Rural Services
Annual General Meeting
Wednesday 29th June 2011, 2:00pm
Committee Room 6, HoC**

Agenda

- 1. Election of Officers**
To elect Members to the following positions:

Chairman
Vice Chairmen (x3)
Treasurer
Secretary
- 2. Notes of previous Meeting**
17th May 2011 (to be agreed) page 2
Amended notes
27th April 2011 – copy attached (to be noted) page 5
- 3. Matters arising from the last meeting**
- 4. Fairer Funding and the Rural Premium**
Presentation by the Rural Services Network
with supporting presentation from LG Futures and Pixel
- 5. Next Meeting**
Wednesday 26th October 2011 at 2.00pm to consider Rural Housing
Schedule of future meetings attached page 8

For further details concerning this meeting please contact:

Wendy Cooper

Rural Services Network

Tel: 01822 813693

Email: wendy.cooper@sparse.gov.uk

Rural Services APPG

**Notes of the
All-Party Parliamentary Group on
Rural Services**

**Tuesday 17th May 2011,
2:00pm-3:00pm
Committee Room 15 – HoC**

In attendance:

Members:

Graham Stuart MP – Chairman
Baroness Byford
Lord Cameron
Lord Dear
Claire Perry
Rory Stewart MP
John Woodcock MP

Rural Services Network (RSN) (Secretariat):

Graham Biggs – Chief Executive
David Inman – Director
Wendy Cooper – Administrator

Speakers:

First Group Buses

John Birtwistle

Norfolk Green Buses

Ben Colson

Apologies

Steve Brine MP, Philip Dunne MP, Sir Alan Haselhurst MP, Damian Hinds MP, Jeremy Lefroy MP, Bishop Anthony Priddis, Mark Simmonds MP, The Hon. Nicholas Soames MP, Jeremy Wright MP

1. Notes of the Meeting – 27th April 2011

Agreed.

2. Welcome and Introduction from the Chairman

Graham Stuart, Chairman, welcomed the speakers and Members to the meeting.

3. Rural Transport

(i) First Group Buses

Presentation by John Birtwistle and Questions

The presentation concentrated on the factors affecting the operation of rural bus services including concessionary fares reimbursement, local authority spending cuts and other financial pressures.

The concessionary fares reimbursement “all England” scheme was introduced in 2008. Concern was expressed that the key principle that operators were to be no better and no worse off as a result of the travel concession was not being adhered to. This had led to appeals to the Secretary of State for determination of reimbursement in accordance with the objective.

A number of changes took effect from April 2011 which reviewed the means by which reimbursement was funded. Budget responsibility had been moved from

districts to county councils, passenger transport authorities and unitaries. This was accompanied by a review of the funding formula used to allocate money to the authorities by central government. This resulted in cases where local authorities found that their reimbursement budgets were cut from what they had before, even if there was no change in administering authority. Revised guidance on concessionary reimbursement also took effect from April 2011, including a revised tool for local authorities to calculate the reimbursement due to operators. Typically this new model yielded a forecast reduction in reimbursement of some 26% across First's rural operations. These reductions were greater in rural than urban areas, due to the formulae deployed within the model and resulted in either increased fares or service cuts. Forecasts for local bus service networks in rural areas were grim.

In many areas discussions were taking place between operators and local authorities leading to a more pragmatic approach. Many local authorities had worked hard with local operators to achieve mutually acceptable settlements, based on the principle of the operator remaining no better and no worse off, but not relying on the modelled reimbursement alone. The net outcome had been that the forecast wholesale cuts in services in rural areas had not been realised. However scope for negotiation and agreement would inevitably reduce as formulaic reimbursement declined.

Local authority spending cuts had seen some preserve their budget for supported local bus services, whereas others had implemented wholesale cuts. However there had been some innovative approaches to secure services in some areas to secure services for many isolated communities.

As with all areas of local bus operation, rural operators are continuing to face increasing inflationary pressure on fuel and wages, and the impact of increasing traffic congestion in rural areas adds to costs, as additional resources are required to provide the same level of service. Against this background the forthcoming cuts of 20% in Bus Service Operator Grant (BSOG) in April 2012 will make it harder for operators to sustain rural operations.

The industry is concerned that having survived significant potential reduction in concessionary revenue, local authority spending cuts and forthcoming BSOG, there is a danger of failure to retain sufficient critical mass in many rural areas to enable ongoing provision of local bus services. Local communities depended on buses to provide access to employment, to services, to shops, medical and leisure activities. Many of their users could not drive, and in any event the Government's policies on climate change, the environment and sustainable development would be undermined by policy decisions which resulted in more car travel. There was a need to consider the future of rural public transport in a more holistic manner and, ensure that policies do not result in its ongoing deterioration and disappearance.

(ii) Norfolk Green Buses

Presentation by Ben Colson and Questions

Norfolk Green Buses were in a profitable situation last summer and foresaw a strong future. Local authority cuts were ahead and a strategy had been prepared to deal with this, however the cuts were worse than predicted. With the extent of local authority cuts in the order of 33% plus changes to the reimbursement under the concessionary fares scheme a reassessment was needed.

One of the company's strengths had been the ability to win new customers and they had won the UK Bus Award top Operator of the Year last November. Overall passenger numbers were growing about 15% year on year and growth in fare payers was greater than amongst free travellers, mainly due to service design and marketing. It was hoped that fuel costs could be absorbed without resorting to fare increases, however prices continued to rise.

The reimbursement for the free concessionary travel scheme remained the greatest difficulty faced. The three counties in which Norfolk Green Buses operated had all had cuts of over 30% in DCLG funding for free fare reimbursement. The commitment that operators were required to be "no better, no worse off" did not appear to be working in practice. The calculation for reimbursement moved funding away from rural and towards urban areas. It was further noted that the change in the 8.30am start time to 9.30am resulted in buses being empty in that hour and losing money and the next ones overfull needing extra resources for which they were not paid. As a rural operator about 50% of passengers travelled free as over 60, 30% travelled free to and from school leaving only 20% who paid fares. These were mostly young adults, for whom youth unemployment was a real issue.

Income for the company from reimbursement had reduced by 12% resulting in an overall business impact of 6%. Added to that, contract cuts and income had reduced by 8% in a year of high fuel cost rises.

These issues could be tackled by increased fares with services kept in place, however those increases would, in effect, be paid by the youth thus destroying "tomorrow's market". Costs had been reduced by cutting the frequency of bus cleaning leaving the only alternative of cuts to services. With further cuts to face next year together with a cut in Bus Service Operator Grant (BSOG), working closely with the three county councils this was seen as the way forward. Next year 20% was being cut from BSOG whereas for rail, ferry and internal air it would be fully repaid.

In the future it was felt that the smaller operators would go out of business and larger (Plc) type operators would contract from rural areas. Rural bus services were under threat more than ever. It was recommended that to resolve this situation in the future the cost of regulation should be cut. The final point made was to urge for a change to the concessionary fare travel scheme as it was felt that this was wholly unsustainable for the nation. Most passengers over the age of 60 in the Norfolk Green area were happy to pay a reduced fare to keep services rather than receive the free service as the risk of it being lost.

4. Next Meeting

17th May 2011 at 2.00pm, Committee Room 5, HoC to consider Rural Transport.

Rural Services APPG

Notes of the All-Party Parliamentary Group on Rural Services

Wednesday 27th April 2011, 2:00pm-3:00pm
Committee Room 12 – HoC

In attendance:

Members:

Graham Stuart MP – Chairman

Rural Services Network (RSN) (Secretariat):

Graham Biggs – Chief Executive

David Inman – Director

Wendy Cooper – Administrator

Speakers:

Oxfordshire Fire & Rescue Service

Nathan Travis, Assistant Chief Fire Officer

Lincolnshire Police

Richard Compton, Chief Constable

**NB This was an inquorate meeting (a quorum is three members one of whom is an Office Holder).
The meeting proceeded as an information exchange.**

Apologies

Peter Aldous MP, Lord Ewen Cameron, Baroness Gibson, Rt Revd Anthony Priddis, Rory Stewart MP, Andrew Tyrie MP, Nadhim Zahawi MP.

1. **Notes of the Meeting – 3rd November 2011**
Agreed.
2. **Welcome and Introduction from the Chairman**
Graham Stuart, Chairman, apologised to the speakers for the low Member turnout.
3. **Service Issues and Funding Formula Concerns relating to non Local Government Rural Services**
 - (iii) **Fire and Rescue**
Presentation by Nathan Travis, Assistant Chief Fire Officer – Oxfordshire Fire & Rescue Service
The presentation concentrated on the Retained Duty System aspects of the Service, extreme events and changing demographics. There were pressures on attracting and retaining people within the retained duty system together with maintaining skills and training. A number of fire authorities were carrying out employer days, visiting local businesses to explain and encourage their support. Reaction to

extreme events (e.g. floods, tidal surges) relied heavily on the retained duty system staff. The service was establishing mutual arrangements with neighbouring authorities and developing an infrastructure for shared specialist services. With respect to demographics it was noted that there was a higher percentage of elderly population in rural areas. It was also noted that for example Cumbria Fire & Rescue Service area was 6 times the size of London which resulted in pressure on response times and fire prevention. The Service was trying to tackle these issues by introducing techniques relevant to the social/economic profile of the area together with targeting resources to difficult to reach areas. Oxfordshire had linked with the County Council action groups, crime reduction partnerships and neighbourhood action groups in this respect.

With respect to recent funding announcements, the Service was facing a 10% to 15% cut in years 3 and 4 back-loaded to protect "front line". 85% of the revenue budget covered salaries. It was noted that, on average, the running of a Retained Duty System fire engine cost around £100,000 per year with a fire engine staffed full time costing around £1,000,000 per year. Rural fire service provision was based around the retained duty system. Whilst efficiencies were being made through "back office functions" this was a small amount compared to the closure of either a full-time or retained duty system station. The Service was working collectively with partners to reduce costs with joint procurement, sharing facilities within wider local authority services and joint working procedures.

Information noted from questions:

The higher fuel costs had not had a significant impact on the rural services as incidents had reduced due to good prevention work so the increased costs were being managed. Although this was dependent on reducing calls and good management, it could be counteracted by spate calls (e.g. floods) or large incidents, for example.

Rural House prices could be a barrier to attracting full time and retained duty system staff.

Many firefighters in rural areas were keen to become co-responders however the Fire Brigades Union was currently opposed to this at a national level. Co-responding is where specially trained firefighters were working on behalf of the Ambulance Trust responding to agreed categories of health-related incidents.

Minimum crew size across Services was commonly seen as between 4 – 5 firefighters, but this had been reduced under certain conditions (e.g. specialist vehicles with high pressure water-fogging equipment where the crew does not enter into a property). Northants FRS were currently using a COBRA high pressure system that allowed for this. They were happy to demonstrate this equipment if needed.

(iv) Police

Richard Crompton, Chief Constable - Lincolnshire Police

The national funding settlement had resulted in a cut in grant over the CSR period of 25%, front loaded. The impact, however, was not uniform across all Forces as some are more reliant upon grant than others. Lincolnshire for example was amongst the seven or eight police authorities in the country most dependent upon precept, funding from this source making up approximately 40% of their overall funding, whereas in the West Midlands, for example, council tax precept only accounted for around 18% of the total budget. On the other hand, Lincolnshire Police Authority had argued for many years that the national funding formula disadvantaged them.

Around 80% of the overall police budget is spent on staff and it is anticipated that during the CSR period police officer numbers would reduce by around 10% and civilian support staff by around 20%. All Forces were seeking to make significant efficiencies in order to protect service through, for example, national rather than local procurement, collaboration amongst forces, restructuring, and through a developing emphasis upon outsourcing and strategic partnership with the private sector.

Crime could not be categorised into rural and urban and even urban police authorities had some rural areas. Therefore crime statistics were not categorised in area but by crime type, although some crimes are more prevalent in rural areas, e.g. theft of agricultural machinery, theft of lead, theft of diesel, this has risen recently as this type of crime is linked to the price of the relevant goods. Manufacturers were trying to assist with making goods less easy to steal.

Future emphasis needed to be working more effectively with local communities rather than more "officers on the beat". Lincolnshire, for example, had over 200 special constables and had a waiting list for future induction and training. There was a cost associated with providing special constables, however, in some rural areas they were essential to the provision of effective local policing. Lincolnshire also had PCSOs and it was felt that they were invaluable and were highly regarded in the community. No reductions were planned in the number of PCSOs in Lincolnshire. The County Council was very supportive and currently paid for 60 PCSOs (out of 160). Elsewhere in the country, however, joint funding was reducing with the potential loss in PCSO numbers.

4. Next Meeting

17th May 2011 at 2.00pm, Committee Room 5, HoC to consider Rural Transport.

APPG CALENDAR 2011

APRIL

Meetings

27th – APPG – First Response Services – 2.00pm – House of Commons, London

MAY

Meetings

17th – APPG – Rural Transport – 2.00pm – House of Commons, London

JUNE

Meetings

29th – APPG – AGM – Fairer Funding and the Rural Premium – 2.00pm – House of Commons, London

OCTOBER

Meetings

26th – APPG – Rural Housing – 2.00pm – House of Commons, London

NOVEMBER

Meetings

22nd – APPG – Rural Health – 11.00am – House of Commons, London