

Rural Services APPG: Addressing the Challenges faced by Rural Bus Operators

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Demand for services

- **Whilst car ownership is still more expensive for some, it is becoming cheaper for others**
- **And the recession is reducing demand for travel for those with reduced income**
- **Overall bus travel demand 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**

Fuel

- **Underlying cost of fuel still increasing**
- **BSOG cut by 20% from April 2012**
- **Vehicles are becoming less fuel efficient: more weight, engines working to reduce local emissions**
- **Rural congestion becoming an issue**
- **BSOG to be devolved to local authorities for tendered services, this must be ring fenced**
- **Could apply to 100% of services in rural areas**

Concessionary Fares

- **Free concession mandatory on operators**
- **Successive issues of DfT reimbursement guidance force down reimbursement rates**
- **Some local authorities have sufficient funding, some do not**
- **Reform may not guarantee sufficient funding for all; operators suffer**
- **Register rural schools services?**
- **Demand for travel before 0930 requires additional local funding not abstraction from statutory scheme settlement**

Mergers and Acquisitions

- 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 not keen to enter the industry

Legislation

- **Despite “Red Tape Challenge” this is increasing, therefore costs increase**
- **March 2012 Passenger Rights**
- **DDA deadlines 2016-2017**
- **Euro 6 increases costs of vehicle purchase and of maintenance**
- **Bus Stations Order: cannot recover all costs**
- **More to come as a result of CC Report?
Ticketing recommendations could have significant adverse effect on revenue**

OFT Report: Price and choice in remote communities

- **Poorer range of services available**
- **Higher costs**
- **Need more transparency of pricing**
- **Removes operator's commercial advantage**
- **Presumption against mergers; need for more enforcement**
- **Suggestion of insufficient competition**
- **Why? Insufficient demand!**
- **More market investigations will simply add to operators' costs**
- **OFT now to discuss with DEFRA**

Local Authority finances and policy

- **Cost pressures are leading to service de-registrations**
- **But reductions in funding reduce scope for provision of non commercial services**
- **Work with operators to use de-minimis funding and deliver added value, but requires commercial core**
- **Reduced funding for concessionary reimbursement**
- **Transport implications of education review? (closure of smaller local schools)**

What are operators doing?

- **Seeking to reduce costs, work more efficiently**
- **Avoiding passing on fares increases to the passenger wherever possible**
- **Work with local authorities to use de-minimis funding and deliver added value**
- **Negotiating fixed pots for concessionary reimbursement, reduces risk on both sides**
- **Local partnership working in all policy areas**
- **Lessons from Community Rail: local engagement**
Use it or lose it, adopt your local bus
- **Working with central government**

In Conclusion

To give the most rural bus services a future, we need:

**Less investigation,
fairer funding,
more partnership**