County APPG – Rural Bus Services – Rural Services Partnership Technical Appendix

Preface

1 The Rural Services Partnership comprises local government, private business and third sector practitioners representing the various facets of life in rural England. First Bus provides advice and commentary on public transport issues within the Rural Services Partnership and has been commissioned to provide this input to the Rural Services APPG's Rural Connectivity Review.

2 In response, here is a digest of relevant points which we summarize in our main submission. These are made in the context of a pre Covid 19 environment. The post lockdown situation is expected to be somewhat different from what went before but the nature and severity of the differences are, at the time of writing, difficult to predict. This is explored in an Appendix to the paper.

Introduction

3 Local communities are reliant on transport to provide their interactions with other communities. Their residents, employers, employees, students and both providers and purchasers of goods and services need transport for these to all function. The economic viability, health and social wellbeing of the community depend on transport. Many residents have transport options but not all do, and even for those who can choose to use their own transport, there is a need for a safety net for when it is not available. Often, people using buses could use a car for the same trip purpose.

4 Most rural areas lost their train services many years ago meaning that what public transport remains is generally bus based – whether that is provided by bus operators, local authorities or groups of volunteers.

5 Since 1986, funding for rural bus services has come from three main sources – the commercial businesses of bus operators who can see an opportunity for a self-financed service; local authority supported services; and third sector charitable or self-funded operations. Each of these has come under pressure in recent years. The finances of commercial bus operation have become increasingly challenged due to both cost pressures and reduced revenue. Local authority support for bus service operation is not a mandatory expenditure line and as such, even where funding is allocated for this by central government, other calls on money for mandatory expenditure will come first – social care being an increasing example. An increasingly aged population and higher retirement ages have adversely affected the availability of volunteer drivers for community transport schemes, many of whom were prepared to offer their services for a limited number of hours per week.

Data

6 Firstly, a word of warning is offered on statistics. Campaigns to focus interest on the decline of bus services in rural areas have quoted the decline in service provision, but that is not an easy indicator to measure. Bus services have to be "registered" to operate – with the Office of the Traffic Commissioner. To commence a new service a registration has to be submitted. Every time that service changes, for instance a higher or lower frequency, a route extension or curtailment and an increased or decreased period of daily or weekly operation, that change has to be registered. When a service is to cease operation, then it must be deregistered. In all cases the action must be taken by the operator

of the service. So, when a local authority supported service contract, awarded through competitive tendering, comes to an end, and the new contract is awarded to a different operator, this results in a "cancellation" and a new "registration". But it might not result in a new registration if, for instance, the contract forms an extension to another operator's commercial service, in which case an "amendment" will be recorded. So, this will look like a net loss of a service. Furthermore, operators occasionally consolidate multiple registrations into one, combining separate commercial and contracted operations for administrative convenience, again indicating a number of "cancellations" which are false positives - this appears to result in service withdrawals whereas in practice nothing changes. On the contrary, very rarely will a service be split into constituent parts – each registration attracts its own fee.

7 We all need to be careful in the use of statistics!

A brief lesson from history

8 Rural bus services have been in decline since the 1950s as changes to lifestyles have reduced travel demand, and increasingly cheap car ownership has led to private cars accounting for ever higher proportions of that travel. In the 1960s the Fuel Duty Rebate scheme was introduced in an attempt to address the rising costs of rural bus services, with limited success. The 1968 Transport Act opened the door to allow local authorities to subsidise public bus services, these powers being increased and a more integrated approach being taken from 1974. In many cases, with subsidy there came engagement by the more proactive local authorities; what emerged was a system of network support, with profitable routes cross-subsidising unprofitable ones first, with subsidy paid to make up the network-wide loss. Under that tightly- regulated environment, this largely removed the business imperative of cost control by operators, so the subsidy requirement grew exponentially as reducing revenue was accompanied by increasing cost.

9 The 1985 Transport Act removed much of the regulation of the bus product (including destinations, times, fares and ticketing), but required services to be provided commercially. The impact was bound to hit rural areas hardest because despite their vehicles working less miles in less arduous traffic conditions, they earned less income, so were less able to thrive in the new subsidy-free conditions.

10 Other factors began to militate against rural bus provision. These included socio-economic changes such as the dispersal of both public and commercial destinations (such as schools, hospitals, local authority offices and retail). Buses work best on the 'many to one' principle, with a variety of pick up points, going to a single focus, and with passenger "churn" during the duration of the journey. Planning policies increasingly created an environment in which this was not possible; it was overtly car-based planning and this exacerbated the removal of the bus from the range of transport mode options.

11 The 1999 government white paper *Buses: From Workhorse to Thoroughbred* resulted in significant funding being pumped into rural transport. It was for local authorities to decide how to use this money, much of which was allocated to "challenge" projects designed to test new initiatives through the availability of time limited pump priming. Most schemes fell by the wayside, but one significant success was the Lincolnshire InterConnect, a network of core and connecting services which can be considered to be the prototype rural network. Whilst much modified since, the basic product has survived whilst most initiatives failed.

12 The advent of free local concessionary travel in England from 2006 (the English National Concessionary Travel Scheme known as ENCTS), extended to provide a national benefit to the passenger in 2008, had a major impact on the bus industry. Operators were to be compensated for carrying passengers without charging fares, such that they were no better and no worse off than in the absence of the scheme. Reimbursement was handled locally with advice from the Department for Transport.

13 By 2010 rural bus services were in significant decline with rural bus route cuts exacerbating the effects of other rural service sector closures (such as post offices, shops and pubs).This has led to growing concerns about, and research into, the resulting social isolation, loneliness and in extreme cases mental health issues. Mental health consequences are most notable amongst the young, not least because of their inability to access work, apprenticeships and further education, and to associate with their peers, and the old, whose reliance on public transport exacerbates the impact of loneliness when no longer available.

14 The 2010 budget included a freeze of fuel duty; a measure which was estimated to put £2bn back into, and stimulate, the economy. However, that duty freeze has been perpetuated ever since and together with reducing fuel prices has continued to reduce the financial cost of car use. This is estimated to have converted 200m bus journeys a year to car. Proportionately, the greatest loss of income is suffered in rural areas where the propensity to use the car is highest.

15 In April 2012, Bus Service Operators Grant (BSOG) was reduced. Introduced in the 1960s as Fuel Duty Rebate, as mentioned earlier, this was intended to reduce the cost of providing (particularly) rural buses, thereby keeping fares lower, by broadly levelling the playing field with other forms of public transport (rail, ferries, internal air) which do not pay duty on the fuel they use. In 2004 it had been changed from being a rebate on the duty paid to a grant, and reductions meant that it now represents just under 60% of the duty paid on fuel. From 2013 only services which are operated commercially are eligible. Payments were made thereafter to local authorities in respect of services receiving support but these were not ringfenced beyond 2017 and this money is now available for spend as the authority sees fit.

16 This reduction in local bus provision is harmful to local economies. For instance, In May 2016, the *Federation of Small Businesses* published "Going the extra mile: connecting businesses and rural communities". One key finding was that "Many businesses in rural communities have reported that public transport can be insufficient for their needs. Services are often infrequent and unreliable – affecting the ability of customers and employees to access small business premises."

17 In April 2019 the House of Lords Select Committee on the Rural Economy published its report on the state of the rural economy. This recommended that "The Government needs to rethink and reform the rural proofing process to ensure that relevant policies and legislation are attuned to the needs of rural communities and rural economies." This has a very direct relevance to the provision of rural bus services.

18 Whilst in recent years government policy has paid little attention to the role of the bus, serving local economies, aiding wellbeing and addressing both carbon production and poor air quality, this was reversed in September 2019. Major new funding for buses was announced together with the intent that the Department for Transport would produce a Bus Strategy in autumn 2020. In March

2020 the Department for Transport published "*Decarbonising Transport – setting the challenge"*, a radical appraisal of what is needed to achieve Net Zero by 2050, but this is light on rural transport issues. Appropriate Rural-Proofing will be required in the Bus Strategy to ensure that a "one size fits all" approach does not leave rural England without appropriate policies and measures to see a revival in rural bus services to match or better that sought in urban areas.

19 So it will be noted from the above that there are major challenges facing the ongoing provision of rural bus services. It has long been the case that the majority of services in rural areas have required some form of support beyond the revenue that can be collected through fares. Local authority cuts in the recent era of austerity have hit hard on public transport. Under section 63 of the 1985 Transport Act, authorities must secure the provision of such socially necessary services (not provided commercially by bus operators) as they "consider it appropriate" – so if the authority considers a low or nil level of service to be appropriate, there is therefore no requirement to tender for their provision, or otherwise provide funding to fill such gaps. Other, statutory, authority expenditure therefore puts pressure on such discretionary spend. Those local authorities that are continuing to support such services are coming under increasing pressure to reduce services where the cost per trip is excessive – in some cases demand is so low that it would be cheaper to provide a free personal taxi for the user when they want to travel.

20 Several factors are causing this gradual erosion of services. Operating costs are increasing not least in respect of driver productivity (congestion affects rural areas too), fuel prices and insurance. Many smaller family-owned rural operations are closing down as the current generation of owners seeks a reliable pension income and the succeeding generation has no interest in perpetuating the business.

21 Nevertheless, the shire counties of England have proved remarkably resilient in terms of overall passenger volumes, the latest Department for Transport data for the quarter ending December 2019 showing a year on year decline of 3.2% being 4.4% in the English Mets, 3% in London and just 0.4% in the Shires. Even looking back five years an overall 6.3% fall, reflects 7% in the Mets, 6.8% in London and only 4.5% in the Shires.

22 Whilst increasing fares, reflecting increasing operating costs, might be expected to account for such reduced patronage, it is relevant to note that over the same five years, in real terms fares in London have fallen 5.1%, whilst they have risen in the Mets by 5.9% and in the Shires by 9.7%. The absolute level of fares appears not to directly relate to number of passengers; in rural areas this may be because relatively few passengers pay fares for their travel (students and older people make up the majority of users and travel mainly on free passes).

Commercial service operation

23 A common misconception is that bus operators cannot keep services running because they operate almost empty double deck vehicles all day long. Wouldn't it be more economical to run a minibus? In fact, in most cases it would not. The double deck vehicle is there to transport peak period flows – often a school service which works as part of the daily timetable but is itself partially underwritten by the local authority. The main element of cost is related to staff – up to 60% - and fuel and maintenance are a relatively small contributor. So, replacing the large bus with a small one will save a relatively small amount, and if the large vehicle has to be retained to do the school journeys,

the cost is in fact increased as there are now two vehicles to be insured, taxed, licensed and maintained.

24 Vehicles themselves have, through the requirements of legislation, become more expensive – both to buy (and therefore to depreciate) or lease, and to maintain. Ease of passenger access requires sophisticated suspension systems and low floor design packages components in less optimal ways; increasingly stringent emissions limits have for many years reduced fuel efficiency and are still adding weight, cost and complexity; demand for real time information, phone chargers, Wi-Fi etc. all add to the cost. Whilst savings can be made for the smallest vehicles, those carrying 22 or fewer passengers not needing to be low floor vehicles under PSVAR regulations, their lack of accessibility would then prevent the operation of an inclusive service available to all local users and would potentially be in breach of the Equality Act 2010 – but there are more cost-effective ways of making such small vehicles accessible to all.

25 It is appropriate to consider the relative capital costs of small compared with full size vehicles. A double deck bus will typically cost £250k and be depreciated over 15 years – a cost of £16.7k per annum. A single deck bus would cost about £180k over the same 15-year period – so £12k per annum. A 16-seat basic minibus costing £65k would be depreciated over 8 years thus the cost is £8k a year. But considering that against the potential carrying capacity of the vehicle, let alone the loading that might be expected over a working week, yields (on the basis of 100 passengers for the double deck, 65 for the single deck and 20 for the minibus, to keep it outside PSVAR requirements) equivalents of 167p, 184p and 406p respectively – the case for investing in the minibus is not great.

26 Drivers' pay has always been a contentious issue but with increasing availability of jobs in the service sector, often without the unsocial hours and demands of dealing with the public that bus driving entails, pay is no longer the only determinant in employment choice and this pushes the "carrot" incentive requirement. The mandating of workplace pensions will have affected smaller family businesses which are more common in rural areas. Insurance costs across the industry have risen – partly as a reaction to the increased sophistication and repair cost of modern vehicles. A relevant issue here is that the conversion of many community transport services to registered local bus services in 2017 (explained in more detail below) has had an impact on insurance costs, whereby the blanket classification of all vehicles used on local bus services increased the insurance cost per vehicle by typically 166%.

27 Whilst not every journey will necessarily cover its costs, and operations are therefore considered on a service by service basis, competition law (specifically the Competition Act 1998) prevents a bus operator cross subsidizing a loss-making service with profits made elsewhere in its operation, as this effectively keeps another operator out of the market. There is an argument that where no other operator is prepared to offer a commercial service, maintaining a loss-making service might be considered to be in the public interest, therefore not anti-competitive, but deploying this argument on a network wide basis would be unlikely to meet the CMA's (or another bus operator's) test of reasonableness, and would be unsustainable in any event.

Concessionary Travel

28 Concessionary travel and its funding have become ever more important since the English National Concessionary Travel Scheme (ENCTS) introduced national free bus travel for the elderly and eligible disabled in 2008. Today it is administered by 92 Concessionary Travel Authorities across England, with separate national schemes for Scotland and Wales. Each of these English authorities

receives a sum of funding from central government which is designed to meet the objective that in total and individually, bus operators within that authority area are no better and no worse off than they would be in the absence of ENCTS.

29 ENCTS also delivers wider benefits. Research from Greener Journeys indicates that the availability and use of bus services by pass holders helps alleviate social isolation and loneliness, problems which can be exacerbated by spares population density in rural areas.

30 Funding for ENCTS is allocated to local authorities centrally by the Department for Transport. Revisions to the funding allocation in 2011 moved about £120m from shire areas to London, without altering the objective for reimbursing operators of 'no better and no worse off'. An independent analysis reported in Passenger *Transport* calculated that reimbursement rose from 92p in the pound to 98p in London, but fell from about 62p to 54p in the Shires.

31 Reduced reimbursement for the mandatory free carriage of concessionary pass holders, reflecting in some cases these reducing local authority budgets, has a seriously adverse effect on operator income, with typically 35% of passengers being carried "free". Despite the national policy that operators should be reimbursed so that they are "no better and no worse off" than they would be in the absence of the concessionary scheme, in practice the costs and risks associated with an operator submitting an appeal against the level of reimbursement are such that most small (and many large) operators will be loath to do so.

32 Levels of reimbursement have generally declined over time with the assumption that a higher volume of travel has been "generated" by the free concession. This has particularly serious effects where the proportions of free travellers are highest – there is less commercial income and reduced concessionary reimbursement coupled with higher volumes of passengers to carry. Tourist hot spots and areas attracting high numbers of older residents and visitors are affected the most – over 70% of passengers being carried "free" in some parts of Norfolk. This is simply unsustainable for a commercial operator.

33 Some local authorities have local enhancements which for instance extend coverage of free travel before the statutory 0930 start time. These need to be funded locally and are invaluable where the local bus network is centered on the provision of home to school transport on openly accessible vehicles, which are often the only form of public transport providing early services, but by definition before 0930. But if there is no early bus, neither a pre-0930 enhancement, nor ENCTS itself, may benefit the local population. Where a local community is only served from 1000 or 1100, using a resource that has completed home to school journeys elsewhere, to enable service provision at marginal cost, this may be too late for medical appointments for instance.

34 This too points to the need for a holistic approach to transport in the community context, ensuring that those who rely on the bus are able to access goods, services and facilities. Furthermore, the "total transport" approach using community transport and local bus resources to better meet the needs of local health authorities' requirements for non-emergency transport whilst plugging "unaffordable" gaps in the bus network as explored later in this paper.

BSOG

35 Until 2013, many rural services were kept alive using Bus Service Operator's Grant (BSOG) – the successor to Fuel Duty Rebate (FDR). FDR was introduced in the mid-1960s specifically to maintain rural bus services, the intent being that a rebate of the duty paid on fuel by bus operators would

enable them to maintain services whilst keeping fares at a level which was affordable and did not deter demand. The rebate, paid for by central government, was for many years set at 100% and was reasonably effective in its objectives, benefitting not just rural but suburban and evening journeys. However, with increasing awareness of climate change the desire to break the link with fuel use was growing (despite the illogicality of the argument that it did not encourage fuel efficiency, as even refunding the duty left operators with a strong incentive to reduce their residual fuel costs). The rate of rebate has continued to fall, and it now represents approximately 60% of the duty paid on diesel fuel.

36 In 2013 a major reform of what was by then BSOG resulted in the rebate being abolished for supported (non-commercial) services and paid instead to the local transport authority. The amount paid was set at the value of the total BSOG paid on such services in the previous year and ring fenced for five years. But this has now expired and whilst the payments are still made to Local Transport Authorities by central government, they are no longer associated with the provision of local bus services and can be used by the recipient local authority as it thinks fit. Another "safety net" for rural bus services has thus been removed.

Local authority supported services

37 The 1985 Transport Act in its section 63 places a duty on Local Transport Authorities "to secure the provision of such public passenger transport services *as the council consider it appropriate to secure* to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose".

38 The important words in this section are those italicized. The duty is tempered by a value judgment as to what is an appropriate service to secure, i.e. to procure through the use of funds. Therefore, this becomes, in times of severe economic constraint, a discretionary spend and therefore subsidiary to mandatory spending requirements of local authorities.

39 Some authorities have taken this as an opportunity to cease all spending on local bus services. Those that do retain this budget line are obliged to tender on the open market for operators to supply the services, in return for subsidy payments. Some authorities combine this with their statutory requirements to provide home to school transport and effectively ensure that these needs are met through the provision of bus services which are available to provide a wider public service. Others maintain the provision of services which are effectively a second network, for the exclusive benefit of schools. The latter, whilst sometimes unavoidable due to local geography and/or the volumes of children to be transported, is generally a less efficient use of resources and potentially deprives the public of a wider network of services.

40 In 2018 the Rural Services Network (RSN) engaged in a dialogue with the Department for Transport (DfT) to examine the future of local bus services in rural areas. As part of this exercise, RSN requested information from its constituent authorities on two particular topics specified by DfT – the nature of the commercial and contracted bus operations in their areas, and take up of the "Total Transport" concept explored below.

41 These questions were put to the 47 Local Transport Authorities in RSN membership in Spring 2018. In commentary provided by the respondents it was identified that more significant reductions had taken place in 2015 is when cuts were made to tendered service budgets, with approximately 50% reductions in many cases. So, whilst we were by then in a period of relative stability the damage had

already been done. It is very relevant to note from the results reported that most rural authorities fit the general pattern of most services being commercially provided, but there are a few that present a completely different picture, indicating the difficulty of sustaining any form of commercial operation in the area – notably Herefordshire and Shropshire, this reflecting the relative absence of built up areas across these counties compared with the norm where there is an urban focus somewhere in a rural county, even in Devon for instance. Full results are reproduced in Appendix A.

De minimis rules

42 The "de minimis" powers available to local transport authorities enable the authority to enter into dialogue with an operator of commercial bus services with a view to making alterations to those services, with recompense for the additional costs of operation (and/or loss of revenue due to increase in journey time occasioned by any diversion) being paid to operator. This need not be done through the competitive tender process set out in the 1985 Transport Act (as amended) as set out above, provided that the requirements of the Service Subsidy Agreements (Tendering) (England) (Amendment) Regulations 2004 are followed. The secondary legislation is available by following this link.

http://www.legislation.gov.uk/uksi/2004/609/made

43 A report published at the request of the Department for Transport, intended to provide guidance and best practice for local transport authorities in their bus service tendering processes, and produced by Atkins in 2005, sets out the rules succinctly as follows:

"PROVISIONS FOR *DE MINIMIS* CONTRACTS

"2.43 *De Minimis* contracts have played an important role in the tendering process. *De Minimis* rules/exceptions to the Service Subsidy Agreements (Tendering) Regulations enable authorities, under certain circumstances, to let supported services without having to go through competitive tender.

"2.44 The rules governing *De Minimis* contracts have been amended on a number of occasions, most recently by the Service Subsidy Agreements (Tendering) (England) Regulations 2004 which came into force on 1st April 2004. Detailed guidance on the application and interpretation of the rules is available on the DfT's website. *[unfortunately, this appears to have been removed since 2005]*

"2.45 In summary the changes introduced mean that:

LTAs with forecast expenditure on bus service subsidies in any one year of £600,000 or more are able to spend up to 25% on *De Minimis* contracts and within this 25% there is no limit on the expenditure on an individual contract or on the expenditure with a single operator; and

LTAs with forecast expenditure on bus service subsidies in any one year of less than £600,000 the limit per contract is raised to £29,999 per contract in any one year and the previous £150,000 annual limit on expenditure with a single operator is removed."

Source: MONITORING LOCAL BUS SERVICE TENDERS IN ENGLAND *Bus Tendering Good Practice Guide – Atkins, 2005*

44 The effect is to enable modification of a service to meet needs which would not be met commercially, at marginal cost, and without having to secure operation of a new service in its entirety through a competitive tendering process. Such modifications typically include diversions or

extensions to serve otherwise unserved communities or facilities, additional journeys, early or late service extensions. Tendering for a new service would generally be considerably more expensive for the authority and indeed might undermine the commerciality of the existing service, as an unintended adverse consequence. It might also result in passengers having to purchase more expensive multi operator bus tickets in order to make return journeys.

45 These powers are used extensively by many local transport authorities, including some with the scope to use the full extent of the increased limits for de-minimis spend, but others use them sparingly or not at all. The reason sometimes cited for not making use of these powers is that the council's Procurement Department undertakes the bus service tendering process and, since these De Minimis powers are outside the scope of the general rules (including European legislation governing State Aid issues) on public procurement, their use is not considered.

Funding horizons

46 A further issue relating to local authority supported services is the funding horizon for authorities. Contracts can be awarded for up to 8 years, and such a long time-frame both encourages bids from operators and allows them to offer a better value solution as they believe there is a guarantee of funding against which longer term investment decisions can be taken. However, contracts are increasingly being awarded for shorter durations. This is to a degree inevitable as local authorities are increasingly unable to guarantee that their budgets for bus service expenditure will have longevity, but this inevitably leads to a "race to the bottom" in terms of price, and often quality. It will not maximize overall value (as more frequent tendering is required, and the risk of operator collapse is heightened), nor will it promote longevity and stability, and consequent customer confidence. A greater degree of certainty of local authority budgets over a longer time period would be of considerable benefit in this regard.

Challenge Schemes

47 In the early 2000s a number of rural bus challenge competitions were established where local authorities and bus operators were encouraged to collaborate and submit bids for funding new innovative services. The funding was of a fixed duration, and the intent was that the services would grow patronage and become self-sustaining at the end of their supported period. But because the scheme was intended to deliver new innovative services, rather than build upon and adapt existing proven provision, the challenges of commercialization (or of absorption within the local authority supported network) were too great. Without a long-term sustainable business plan the services inevitably stopped once the grant funding was exhausted. In many cases this served to further reduce community reliance upon, and confidence in, local bus services, and their credibility as a sustainable resource was undermined.

A1 Our first call to action is for the establishment of a central resource of data, advice and good practice. Whatever is done to address the revival of the rural bus, we need to be able to measure its success and this requires a sound statistical basis. We see inconsistent application of policy tools and delivery mechanisms at a local authority level with instances where opportunities for improvement are missed; this requires clear and consistent

guidance from central government with dissemination of the gains which have been realised though application of best practice.

Demand Responsive Transport

48 Some authorities have considered that conventional services, where withdrawn, can be replaced by Demand Responsive Transport (DRT). Transport Focus research from 2016 showed that whilst such a service is appreciated by those that use it, there is always a reduction in use, causing cost per passenger trip (which is what authorities use as a measure of value) to increase significantly which adds pressure to withdraw the replacement service. That has been the fate of most DRT schemes (the major exception being Lincolnshire's Call Connect rural network).

49 DRT has in many cases been provided using small Community Transport vehicles under local authority contracts. This potentially maximises cost savings from the network as the cheapest to operate buses would be used, and only go out for pre-booked demand. This has proved flawed in a number of ways: it was not economically sustainable, and by removing the product's visibility in the village it removed the service's most important promotional tool. Falling passenger numbers increased the subsidy per passenger, bringing the routes under closer scrutiny, leading to the abandonment of most such schemes. In June 2016, *Transport Focus* reported its study on the impact of moving from conventional bus services to DRT in rural areas. From in-depth studies of six schemes in three local authority areas (Hampshire, Suffolk and Worcestershire), it concluded that some 8% of passengers were lost in the conversion, and although the remaining users still left were happy that it met their needs, there was considerable antipathy from younger people.

50 DRT can also have deleterious effects on local bus services where its planning and execution are not explicitly designed to be complementary to these. The Oxford PickMeUp service was designed to overcome this risk by charging its users a considerable premium fare where the journey could be made using conventional bus services.

Total Transport

51 The irrefutable problem with rural bus services is a relative lack of demand. Rural sparsity results in less demand for travel and the reduced facilities now available in many rural settlements, coupled with increased home working and internet-based shopping and leisure, has eroded the case for market town services that previously provided the backbone of local buses. What is needed is a means of strengthening that demand. The "Total Transport" concept has been embraced by many rural authorities, with varying degrees of success, and supported in principle by the Department for Transport. Where authorities look carefully at the commercial network, the bus services they support, the costs and provision of home to school transport, and the community transport networks they assist, it is often the case that greater efficiency can be achieved by combining both the supply and the demand for these and generating a more comprehensive provision of services that is sustainable by the overall demand, thereby creating greater travel opportunities and potentially growing the market. All delivered at reduced cost through partnership working between public and private sector.

52 However the single greatest source of supply and demand remains, with a few honourable exceptions, largely untapped. Local NHS Trusts spend considerable sums of money providing non-emergency patient transport to get people to and from appointments at hospitals, health surgeries and clinics. These costs are generally small compared with their overall budgets for clinical staff and

facility operation, and are therefore frequently overlooked. But provision of these transport services consumes significant resources in a generally inefficient manner and, despite their provision, the costs associated with missed or delayed appointments, often attributed to travel problems, remain high.

53 This could be addressed in large part by integrating such transport demands into the Total Transport model. There are further benefits which would arise from a wider provision of public transport achieved through this means – greater social inclusion and reduced loneliness of individuals, which not only would improve their quality of life but would also directly reduce pressure on those same NHS Trusts and help them serve the same population at reduced costs. Unfortunately, the level of engagement of NHS Trusts with Total Transport initiatives has been largely poor (with the significant exception of Devon).

54 Not only does switching from private to public transport have considerable physical and mental health benefits for users, reducing demand for health services, but there is also considerable synergy between the transport demands for health care and the public transport system. This is particularly the case in rural areas and has been identified as a potential solution to the rural transport problem, through the concept of Total Transport. Demands for non- emergency patient transport, hospital and health centre staff and visitors, could be better accommodated by the local public transport network with multiple benefits including reduced transport costs to NHS trusts, better use of staff resources through fewer missed or rescheduled appointments, freeing up underutilised and poor value car parking space at hospital sites and reducing traffic congestion with benefits for (inter alia) emergency vehicles.

55 The fleets of vehicles and staff resources within local healthcare services can be substituted by additional public transport services, when these resources would otherwise be idle. Working with local authorities, local NHS Trusts and public transport/community transport providers, to share and pool resources, is likely to identify many such opportunities and benefits. Encouraging NHS Trusts to identify and value these benefits will be the first step in the integration of health and public transport resources to the overall benefit of society.

56 By definition any use of such resources would need to be based on the same standards and regulation as any other provision of bus services, including the potential relaxations as proposed herein.

57 In its 2018 data collection exercise for the Department for Transport (DfT) described above, the Rural Services Network (RSN) requested information from its constituent authorities on take of the Total Transport concept. The results are presented in Appendix B and summarised as follows.

58 Many authorities expressed uncertainty over Community Transport services following the recent clarification of the legal status of these. There was a strong view that short term challenge schemes/funds were not favoured, and that long-term funding solutions are needed. A general desire was expressed to explore ideas with DfT and work towards new solutions. This is reflected in our call for a new approach to rural bus operation set out herein.

A2 Our second call to action is for the Government to develop an evidence based Rural Bus Policy that places a duty on (and allocates funding to) local authorities to provide socially necessary rural buses; emphasizes the benefits of Total Transport and mandates its full development potential, and strikes an appropriate balance between environmental benefits of non-fossil fuel transport and sustainable rural public transport. The funding

settlement should in part be based on the Local Transport Authority meeting specified criteria that incentivise them to address the issue, with payments based on measured indicators including increasing network coverage in rural areas, patronage growth and ensuring that the standard deviation of journey times resulting from traffic congestion does not increase. It should also be contingent on the development and implementation of a Local Bus Strategy which integrates public transport into the other local authority functions, including development and planning. A funding horizon of at least five years should be confirmed from the outset.

The Third sector

59 Much has been written about the role of community transport in recent years, with concerns expressed by commercial bus operators about the legality or otherwise of some of the activities undertaken by operators with "Section 19" and "Section 22" permits issued as permitted by the 1985 Transport Act. The former are permits which allow bodies for whom transport is not the primary function to provide services specifically for their members – these being education, social welfare, religion, community benefit or recreational groups. The latter are community transport permits which allow the operation of non-profit making services by organizations to meet the social and welfare needs of local communities. Services operated by the former are specifically not to carry members of the general public; the latter are permitted to do so. Both have a role to play in rural transport, but it is Section 22 operation, available to the general public, which has the greatest potential.

60 Holders of Section 19 and Section 22 permits (more specifically the latter – the former by exception) have bid for local authority contracted services, or commenced "commercial" services of their own volition. There are apparent conflicts here in terms of the "public" nature of any service and the "non-profit" element of the operation.

61 The Department for Transport has been investigating these services and has issued advice that is still being challenged by certain sectors of the industry. It is not considered constructive to address this topic here; rather to look at the underlying principles. Holders of Section 19 and Section 22 permits are not required to meet the same standard as holders of licenses to operate local bus services. In particular the rules about the financial standing of operators, maintenance of vehicles and drivers' hours (particularly in the context of other work activities undertaken by the individual) are far more relaxed. This has led to calls for the operation of local authority contracted services and commercial services by such operators to be prohibited, on the grounds of passenger safety and unfair competitive advantage (permit holders have far lower costs due largely to these lower regulatory hurdles).

62 This ignores two major benefits that "community transport" can bring. Firstly, rather than competing – and potentially undermining conventional local bus services and operators, community transport can fill the gaps where bus services cannot be provided economically – either by commercial services or, at reasonable cost per passenger trip, by local authority supported services. A network of complementary services can provide feeders into such conventional bus routes thereby improving their financial viability. Secondly there are excellent examples of diversification by community transport operators into "mainstream" bus and coach operation, meeting the full standards required of such operators by bringing the expertise gained through the successful operation of community transport. Examples include Hackney Community Transport and its various subsidiaries in (for example) Yorkshire and the West of England, and West Norfolk Community Transport. Between them

these operate local authority contracted services, commercial services and Transport for London contracts in a professional, fair and well-respected manner. This role fits perfectly into the "Total Transport" concept described above.

A new regulatory regime?

63 A more fundamental issue is whether there should be a less onerous set of standards that apply to vehicles and drivers that are relatively little utilized. If that is appropriate, then it must be a standard which applies irrespective of owner/employer and of service operation (commercial or supported). There are areas where we would be very clear that no such relaxation is appropriate – these include the requirement for the driver to have the correct PSV driving license, to be medically fit and to not exceed the limits on working time including those hours spent on duties other than bus driving. Some other areas could perhaps benefit from a relaxation in the standards applied, based on the definition of the service operated, but care would be required to ensure that these could not be used to game the system.

64 For instance, there is a requirement that a PSV operator must meet certain thresholds of financial standing per vehicle. It could be argued their application universally across all operators in all environments, from urban conurbations with 100 seat buses operating a 20-hour day, to rural 16 seat minibuses operating for 20 hours per week, imposes an unreasonable cost burden on rural operators. There could be subject to a different route licensing requirement taking operation out of scope of local bus for insurance purposes, the driver might having acquired a CPC not need to have continuous professional development, there could be longer periods between vehicle major inspections (subject to mileage limits), and buses capable of carrying fewer than 22 passengers are already exempt from the mandated construction specifications under the Public Service Vehicle Accessibility Requirements 2000 – with impacts both positive (reduced cost) and negative (reduced accessibility). The need to provide a service which is accessible to all is still required under the Equality Act 2010, but this can potentially be met in a more cost-effective manner with simpler technology.

65 The overall criteria for operation which might benefit from a relaxed regime would need to encompass limits on vehicle size and passenger capacity, annual mileage in passenger carrying service, total hours operated per week, and a maximum radius of operation measured from a fixed point. The criteria should apply whether the operator is a PLC, sole trader, small family business, community transport or volunteer club. It would be important to ensure that qualification was measured not just on per vehicle basis, but across the overall operation across all qualifying vehicles. For instance, an operator with two vehicles could claim thee lower level for one minibus by operating another vehicle at a far more intensive level than would normally be expected, rather than reasonably (and efficiently) spreading the operation across both vehicles.

66 Through such a mechanism, rural services which would support nothing larger than a minibus, providing a service at peak periods five or six days a week with volunteer drivers, could be provided by a volunteer minibus scheme, community transport operator or a fully licensed PSV operator, on the same cost basis and to the same standard. For supported services, the funding agency would be expected to exercise appropriate and meaningful controls, but for all operations the national enforcement agency – Driver and Vehicle Standards Agency, acting as the monitor for the Office of the Traffic Commissioner, would uphold the same standard. This would meet the twin objectives of ensuring public safety and providing a level playing field for competition, whilst avoiding unnecessary

cost burdens on the operator – which might otherwise preclude operation either commercially or with a reasonable level of support per passenger trip.

67 Looking at all the key cost drivers for a minibus compared with a typical large single deck bus, under the current local bus operation regime:

Cost category	**Single deck 40 seat**	**Minibus 16 seat**	**Single deck/seat per annum**	**Minibus/seat per annum**
Fuel (diesel - net)	10 mpg @40k m	20 mpg @ 20k m	£273	£171
Driver (gross)	£16/hour @37.5hr/wk	£14/hour @ 20hr/wk	£780	£910
Depreciation	£12000 per annum	£8000 per annum	£300	£500
Maintenance	42p/m	25p/m	£420	£312.5
Insurance	12p/m	12p/m	£120	£150
Tyres	1p/m	1p/m	£10	£12.5
O license costs	£4450 per annum	£4450 per annum	£111	£278
Total annual cost	**£80560**	**£37336**	**£2014 per seat**	**£2333.5 per seat**

68 This illustrates two issues – firstly that the usage of mini buses, whilst often the only affordable option for rural transport, at little over half the cost of a full-size bus, could be constituted to be false economy – when measured on a per-seat basis. This is why rural bus services with low average patronage are often provided with full size buses as this capacity is often required for peak school journeys. Secondly the impact of the move from "community transport" to fully licensed PSV operation, which imposes the O license costs and a dramatic increase in the costs of insurance from a typical value of £1500 per annum for a community transport operation. If these could be reduced, use of such smaller vehicles could be more affordable for commercial or (on a per passenger journey) contracted operations, increasing the scope of rural bus services considerably.

69 It is worth noting however that there may be resistance from vehicle insurers to offer any reduction to operators as their risk assessment will be based on the provision of a service to carry members of the public, irrespective of the regulatory regime.

70 The likely take up of such a new regime by operators is difficult to predict but the establishment of a Trial Area will give the opportunity for a controlled experiment and identify the appetite of all sectors of the public transport community to identify and take advantage of opportunities thus created.

Partnership and Franchising

71 The Bus Services Act 2017 introduced new powers for local authorities with elected mayors to take control of their local bus services through Franchising powers which superseded the Transport Act 2000 powers to introduce Quality Contracts. Take up of these former powers was restricted to a failed attempt in Tyne and Wear, and the only authority to pursue Franchising to date has been the Greater Manchester Combined Authority. The reason is that the cost and risk associated with Franchising is one which both conceptually and practically is not appropriate for a local authority to

take on. Franchising means suspending the deregulated environment and the local authority specifying the full detail of the services to be provided, then inviting tenders from operators to provide that service network. Whilst there are options to underwrite the revenue risk or to invite bidders to take that on, the latter is an increasingly untenable approach as operators will have very little commercial freedom over the service they provide. So, the risk lies with the authority who might also have to purchase vehicles and land for depots which will also have to be constructed at its own cost. In a time of reduced budgets for local authority expenditure this looks like an ever less viable approach – and in any event with the operators having the technical knowledge and commercial expertise, why would the local authority assume to have a better ability to provide the service?

72 Partnership falls into a number of categories ranging from the Enhanced Partnership – a complex cumbersome and bureaucratic alternative to franchising without suspending the deregulated market altogether, through the Advanced Partnership (a successor to the Statutory Partnership which was also introduced by the Transport Act 2000, to the voluntary partnership. The latter is a flexible and agile method of encouraging engagement and cooperation between bus operators and local authorities, and between bus operators themselves, and is the method generally considered by operators to be the most suitable to achieve improvements as it increases the level of commitment by all parties without unduly restricting commercial freedom.

73 As an example a comprehensive all-operator voluntary partnership covering Ipswich and its hinterland, progressed from idea to signed agreement in a four-month period over the winter of 2019-20. The partnership is designed to deliver improved services and infrastructure, together with increased stability and better provision of services and information to the public, all in a context of anticipated major economic development and growth on the rural edges of the urban area which will need to be public transport oriented if it is to be sustainable.

74 The toolkit of market interventions available to authorities is neither unfit nor lacking in options and should not be modified further.

75 How might partnership be used to deliver an improved rural transport solution? The local transport authority working with all the providers of bus services in a given area could develop a network of services based on feeders into main core corridors either through a mix of contracted, de minimis and commercial services taking advantage of the suggested lighter regulatory touch where applicable. Through the establishment of a ticketing scheme under the Transport Act 2000, through tickets could be mandated that ensure an appropriate risk and reward balance for commercial services, incentivising operators to maintain their provision, whilst ensuring that feeder services also maintained a degree of commercialisation where feasible. The whole would be promoted as a network with promotion and information coordinated by the authority but without that restricting the ability of the individual operators to follow their own marketing and information strategies.

76 Such partnership working needs delivery through mechanisms that align the policies and practices of all the stakeholders. This needs the commitment and participation of both tiers of local authorities, including non-public transport functions particularly education, highways and planning departments, bus operators, community transport and volunteer providers, NHS and health procurers, Local Enterprise Partnerships, local business organisations, and community representatives. There need to be shared objectives and mutual trust leading to the development of defined outcomes, with progress monitored towards the achievement of these.

A3 Our third call to action is that a full investigation is carried out into the opportunities, risks and financial implications of the introduction of a new regulatory regime applicable to local bus operation where vehicle size, operational mileage and hours and geographic scope are limited, irrespective of the nature of the organization providing the service. A trial area should be immediately established for such a regime, based on complementary services to conventional bus and utilizing the varied funding channels available to support operation, should be established to stimulate and determine operator interest and participation, and to confirm the benefits that can be realized.

Transport, Land Use, Policy and Planning

77 Whilst development can follow investment in major urban public transport corridors, that is only half the story. There is a need for planning authorities and transport authorities to work together to ensure that development can be served by public transport – whether on flexible routes or fixed corridors, and to avoid the common scenario where development generates car traffic by default, this being the only reasonable means of access. There has to be a fully developed strategy of land use and transportation planning to ensure that new developments can be served both physically and economically by public transport and in a sustainable manner, perhaps using developer contributions (section 106 payments) to kick start the process. This can include diverting or procuring additional services, providing housing or office occupants with an initial duration of free travel with dedicated passes, ensuring access to and promotion of full network and service information, but by linking trips into chains of demand, ensuring the ongoing provision of services once any initial subsidy has run out. In this way the pattern of ever-increasing car use associated with development, leading to decline of public transport making it ever harder to serve the next new development, can be reduced and the economic potential of the development can be realised in an environmentally sustainable manner.

78 It is worth noting that this requirement is already in place, written into the National Planning Policy Framework (NPPF) and last updated in February 2019. The intent was to ensure that local planning authorities follow government guidance on sustainable development, particularly sustainable accessibility and mobility. In practice there are many examples where local planning authorities tend to honour the NPPF in the breach, including it in Local Plans without following through when a developer applies for outline planning consent.

79 At another, practical level, any land use which generates large volumes of people at specific times – largely education and health facilities but also major employment sites – needs to have their transport needs coordinated with the availability of supply. Ensuring for instance that bus services can service the needs of multiple educational establishments without the need to duplicate vehicles can have major implications for the cost of provision, enabling other services to be offered to the public instead.

80 More generally, a local authority disconnect in terms of functions and policies can serve to act against the viability of local bus services. Policies encouraging short stay parking on street which both militate against bus use and reduce the road space and kerb space available for buses, making them less attractive, less efficient to operate and more subject to delay and variable journey times. Where such policies are not supported by parking enforcement, their adverse effects are compounded. Differential policies at different levels of authority can also serve to work against each other, for instance where a county has a strong Park & Ride imperative but the local district undermines this with abundant car parking in the local centre, maximising income. A consistent approach is required

taking into account the needs of public transport passengers, and operators, to ensure the viability of local bus services.

Information, Open Data and Technology

81 One reason why people do not use bus services, and therefore services decline, is a lack of information. Under the Local Bus Services Act 2017 the government mandated the supply of open data by the bus industry. This is to include full information on routes timetables, fares and real time information – where you bus is now. All essential information for the potential or actual bus users.

82 It is often overlooked that much of this information is already publicly available. Traveline, which is run jointly by bus operators and local authorities, provides full comprehensive information on all bus routes and timetables in the UK (plus coach, rail, and ferry) on its website and through its app. The new bus open data service will provide an additional source of such data, plus fares and real time information for third party developers to access and, hopefully, add value. It is intended that this becomes available from January 2021.

83 Bus operators themselves also provide comprehensive information on websites, as do some local authorities. Many bus operators also provide mobile phone "apps", and these not only provide information about routes times and fares, many can show the location of the bus along the route, and indicate how many seats are available – including the availability of the wheelchair space.

84 Once on the bus we have come a long way from the driver snarling at the presentation of a £5 note for the fare. Most buses, even in rural areas, are equipped with electronic ticketing equipment capable of accepting payment by contactless bank card, mobile phone, and/or prepaid card as well as accepting flash passes, area travelcards and cash. Almost all buses must now accept ENCTS contactless concessionary cards and that equipment too can be adapted to accept other products. Buses now often also provide up to date information to passengers as to the next stop, in addition to that being available on the mobile app.

85 It is not considered that there are any further requirements for the provision of information, what is more important is that all stakeholders disseminate and promote the availability of this information as widely as possible. However, in rural areas, problems with poor broadband availability and mobile phone signal quality can restrict the availability of what is otherwise comprehensive and high-quality information.

Air Quality and Low Carbon

86 There is much media coverage of "dirty diesels" – and most bus services are provided using diesel vehicles. What is often misunderstood is that different emissions standards apply to light duty vehicles (cars and vans) and heavy-duty vehicles (buses and trucks). The latest light vehicles have to meet the Euro 6 standard which can be passed under laboratory conditions. But heavy vehicles have to pass a more stringent Euro VI standard – and pass it on the road, in everyday use. This Euro VI standard represents a reduction in airborne emissions of up to 99% compared with its Euro V predecessor, so the latest diesel buses and coaches are very clean indeed.

87 In that context, the decarbonization agenda is focusing largely on major urban areas at present and we must ensure that appropriate rural-proofing takes place if the same objective is placed on rural areas. There are practical issues to consider. An electric bus typically costs up to twice as

much as its latest clean diesel (Euro VI) equivalent. But whilst there are limited numbers of the latter on the second-hand market, for operators unable to sustain new purchase costs, there are no second-hand electric buses yet available. Charging stations are a cost that needs to be added to the cost of going electric and under the current electricity supply regime, the costs of connecting your depot to the grid, including any necessary additional substation infrastructure to accommodate increased load on the system, is borne by the customer requiring the supply – in this case the bus operator. But, most importantly, the operating range of electric buses is still considerably lower than that of diesel – typically up to 150 miles per day, with diesel vehicles capable of twice that. By their nature, rural bus services generally incur greater daily mileage than urban routes and by no means all are suitable for electrification with current technology. In some cases, a second fleet would be required to take over whilst the main fleet received a mid-day charge.

88 Outside London, where the increased costs of purchase and operation are picked up by Transport for London in contract prices submitted by operators, new purchase of hybrid diesel electric vehicles is now uncommon. They attract a significant price premium over diesel but offer relatively few advantages, the reduced fuel consumption typically being offset by increased maintenance and the need to replace components mid-life. They are gradually increasing their capability of zero emissions operation but at considerably increased cost. Poor reliability and component failure have led to many first-generation hybrid buses being rebuilt to use the latest Euro VI diesel engines, abandoning the electric hybrid component altogether.

89 Technology moves rapidly in this field and we can expect to see cheaper, more durable and longer-range electric buses in the next few years. But today, rural electric operation is not viable when so many rural routes are already struggling to survive.

90 Alternative fuels are also available, and if sufficient supply of biomethane can be secured, this can provide a very clean and environmentally sustainable source of powering buses, with relatively small cost premia compared with diesel. Hydrogen fuel cell vehicles are even cleaner – provided the hydrogen is obtained through the use of sustainable energy – but the cost of the vehicles and infrastructure is largely prohibitive even for urban operations, except through heavily subsidized purchasing competitions.

91 The case for zero emissions bus operation in rural areas is a difficult one to make but if we are to achieve zero carbon for the UK, is one we will be forced into. The difficulty of making a business case for investment is far harder than for an urban environment – not only due to the simple cost differentials, but also practical issues such as vehicle range militate against investment as two vehicles may be required to do the work of one diesel – one having to return to base for a mid- duty recharge. The recent “Electric Town” challenge bidding round announced by DfT requires that all buses in the defined area are zero emissions, meaning that services worked in from rural areas need to be either electric, or equally expensive and technologically less robust extended range hybrid vehicles. A more pragmatic approach to maintaining service whilst meeting the environmental challenges of rural areas needs to be developed, phased to keep pace with technological advancement.

92 As referred to earlier, every bus, however powered, can operate more efficiently and in a more environmentally friendly manner when it is freed from congestion. This enables schedules to be tightened to provide quicker and more consistent running times which make the service more attractive to the passenger, as well as allowing for more intensive use of expensive assets. All serve to make the case for investment in the latest and greenest technology more achievable.

Autonomous vehicles

93 Much speculation on the future of autonomous vehicles centres on the benefits that they might bring to wider accessibility. How this might affect rural communities depends on the availability of this technology – an 'uber style' autonomous system would generate a dystopian future with the same road space being used by even more vehicles, conflicts caused by driver behaviour being initially increased but ultimately reduced through wider adoption of automated driving. There is however an alternative utopian vision where the only requirements for single occupancy vehicles are for those in society who are either physically unable to use different forms of transport, or who need access to "last mile" destinations. The benefits which might accrue from automation and autonomy would be better realised through their deployment in mass transportation systems – such as buses, where, as the cost of technology becomes marginal through economies of scale of production, the reach of public transport could be extended to cover currently uneconomic services in rural areas where the high (typically 45%) proportion of costs associated with labour are currently prohibitive.

94 There are experimental applications of autonomy to public bus services in development for delivery during 2020, in Didcot Oxfordshire and to the north of Edinburgh. The regulatory and practical hurdles to be overcome in enabling their delivery are considerable – but rightly so to ensure public safety. Successful delivery of these projects will pave the way to proving the potential application of such technology elsewhere. They will need an ongoing willingness to allow innovation and experimental applications of new technology in order for this to be achieved.

A4 Our fourth call to action is to ensure that the decarbonisation agenda and air quality management take account of both the economics and the practical constraints of rural bus operation, and that their particular requirements are accommodated in a timescale which allows for technological advancements to make zero emissions operation an affordable and sustainable goal for such operation. Buses in rural areas should be provided with an environment in which they can operate efficiently and provide rapid journey times achieved consistently in order to attract new users. An environment where new technologies can be tested and evaluated will be required if the potential benefits from these are to be realised for future rural services.

A5 Our fifth and final call to action is for no additional regulatory burdens to be placed on rural bus services. Instead there should be an encouragement of partnership in its widest form, including the health, education and planning functions of authorities as well as transport. Coordination and collaborative working should make the most of existing legislative tools, with strong leadership from Central Government and promotion of best practice. Shared objectives should be agreed, with decisions taken and measures implemented focussed on outcomes - including patronage growth and a path to sustainable provision, and based on consensus or broad agreement rather than policy imperatives and imposed frameworks.

Appendix A: Changes to local authority tendered services 2016-2018

Reported by total mileage unless noted otherwise below

Authority	**commercial**	**tendered**	**change**
Bath & North East Somerset	90%	10%	nil last 2 years
Cheshire West & Chester	94%	6%	some commercial de-registrations
Devon	80%	20%	not since 2015
East Riding of Yorkshire	88%	12%	nil last 2 years
East Sussex	>90%	<10%	not since 2015
Essex	85%	15%	lost commercial services/operators
Gateshead	88%	12%	
Herefordshire (pax journeys)	40%	60%	both in decline
Isle of Wight	100%	0%	no change last 2 years
Lancashire	90%	10%	budget up 50%
Leicestershire	vast majority		currently consulting on budget cuts
North Somerset (routes)	80%	20%	
Shropshire (routes)	36%	64%	
Staffordshire	95%	5%	from 85%/15% last 2 years
Worcestershire (routes)	76%	24%	minimal change last 2 years

Appendix B Total Transport

Local transport authority	Progress with "Total Transport"
Bath & North East Somerset	Mainstream bus/schools integrated. Problems when trying to integrate non-emergency patient transport. Dial a ride covers most of council area; looking at rural taxi feeders
Cheshire West & Chester	Investigating "Strategic Bus and Rail Innovation Network" proposal for a strategic partnership including major employers, public health, higher education, communities, and road and rail-based public transport service providers including from the third sector
Devon	Bus and non-emergency patient transport integrated successfully now looking at adult social care
East Riding	Good community engagement with parish transport champions – good potential
East Sussex	nil
Essex	nil
Herefordshire	Mainstream bus/schools integrated
Isle of Wight	Good integration of commercial volunteer and community transport including integration with health and social care. Also looking at innovative methods for medical supplies delivery etc
Lancashire	Commercial, community transport, dial a ride and Council fleet integrated
Leicestershire	See difficulty in achieving this using community transport; need for sophisticated IT booking and management systems
North Somerset	Mainstream bus/schools integrated
Shropshire	nil
Staffordshire	Bus and non-emergency patient transport success; private education resource has proved difficult. Interested in taxi integration/feeders for rural
Worcestershire	Community transport services for health facilities

Appendix C: Covid 19 and the aftermath

C1 As we move back towards "normal" operations there are so many unknown factors that it is likely that the bus industry, particularly in rural areas, will be recovering for some years. We have the transition to get through yet, and that too may have a significant and lasting impact – we simply don't know. A strategic fall in demand across the industry of about 20% has been widely forecast in the medium term; this would, under the current model, represent the final straw for most rural public transport.

C2 Both employers and employees have discovered new ways of working – in some cases saving both money and improving efficiency. Therefore, we cannot expect pre Covid commuting patterns to return. Shopping seems to have been affected by increases in on-line grocery sales (expected) and local shop support (perhaps less so) – again, will we ever revert to our customary habits? Leisure activities may be more likely to return to pre Covid levels but the reopening of restaurants and pubs is likely to be at the end of the return from lockdown, with venues such as cinemas and cultural spaces being the last of all – with large volumes of people in close proximity. All of which generates great uncertainty on levels of bus demand in the future.

C3 Concessionary travel has changed for the duration of the pandemic with restrictions being removed from the use of elderly/disabled passes – which will be hard to put back, perhaps; and new concessions such as the free travel in Wales for NHS staff – which may be politically difficult to reverse. Free travel is not free for bus operators to provide and long-term financial support will be required to underpin any changes which survive the end of lock down.

C4 There are also serious concerns about the psychological effects of the pandemic. Despite the welcome recognition by the public of the vital support role played by bus drivers, engineers and office staff in keeping key workers able to get to work, and providing access to essential services, will people remain comfortable with travelling on public transport? Most recently, governmental messages dissuading use of public transport will exacerbate those concerns. Without a major campaign across all stakeholders to encourage use of buses, trains and trams there is likely to be an increased public bias against these – people preferring to share their germs with their intimate family members in the private car.

C5 To combat that, we have a short window of opportunity to reclaim underutilised roadspace for public transport priority measures.

C6 We have seen a very positive economic response from national governments, supporting bus operators through crisis and into return to normal, with the objective of ensuring the survival of operators as service levels have fallen to perhaps 30% of normal but patronage and revenue to more like 5%. Pre Covid financial support in terms of successors to fuel duty rebate, concessionary fares reimbursement and contractual payments for supported services have been maintained, and the governmental support for furloughed workers has helped safeguard employment, at a time when many employees' roles have been rendered temporarily superfluous. Specific payment schemes, including England's Covid Bus Service Support Grant and its "Return" successor have been developed to enable operators to meet the gap between revenues and costs, and thereby remain viable as a return to normal demand and supply continues – but for how long these will remain in place, and what that new demand and supply looks like, are, as yet, unknown.

C7 However, public messaging has not been as positive, potentially reducing confidence through statements such as “don’t use public transport”, without the necessary qualifications relating to the need to protect capacity to ensure that key workers can still travel.

C8 On the supply side, although availability of mobile and contactless payment options is nearing universality in urban operations of larger operators, there is an added impetus for removal of residual cash transactions and we can expect to see rapid extension of the deployment of other payment means and innovation in the ticketing field. In rural areas where services are often provided by smaller operators who have not necessarily invested in the latest ticketing technology, we have seen moves by some local authorities and by the Welsh Government to provide financial assistance to introduce cash-free payment. In the short term there is a massive tension between demand that is bound to grow, albeit more slowly and to a lower level than would be hoped, and the need for social distancing – at 2m, this means buses can only run at 25% of their seated capacity at best. Beyond these temporary capacity restrictions, vehicle design may see reconsideration and reduction of unduly intimate areas (such as facing seats) but with a lack of capital to invest, this will not happen overnight.

C9 As decisions are taken regarding the future form of local bus services, including the availability of information and payment systems, due attention must be paid to the situation in many rural areas where internet access is poor and there may be significant numbers of poorer people without bank accounts (noting that this is not purely a rural issue). It is not acceptable, nor is it financially wise, for the bus industry and its stakeholders to simply disenfranchise these customers, not least because this group is likely to be one of the most prolific users anyway.

C10 With costs running ahead of revenues, and the additional “shock” cost of making SORN vehicles fit for service and reclaiming furloughed staff (assuming they haven’t found new employment in a less public and less challenging environment) the provision of a level of service to meet emerging demand will be all but impossible – without the government support mentioned above.

C11 Staggered start times for employment, retail and education (and within educational establishments) will be required for operators to stand any hope of delivering to meet demand in peak periods – as much in rural areas as urban.

C12 Whilst the effects of Covid 19 have resulted in various suspensions of legislation and relaxations of behavioural restrictions, how many of those survive the end of lockdown is hard to predict but it is considered likely that there will be very few or none. The crisis has accelerated development of streamlined ways of communicating with passengers both locally and nationally through automation of data feeds to existing national travel planning resources, ahead of the mandating of the Open Data provisions in England in 2021. These benefits will be sustained once the situation has returned to normal. Provision of up to the minute timetables, advance notice of future changes to these, crowding data, seat and wheelchair space availability has greatly all greatly improved decision making for potential travellers.

C13 Whilst DfT had set aside £3bn to be allocated for spending on buses from autumn 2020, including an intent to stimulate and support innovation in rural areas, and with pilot schemes being developed over summer 2020, it is hoped that this funding has not already been re-allocated to rebuild and help sustain the bus industry’s recovery.