

Rural Services APPG

All-Party Parliamentary Group on Rural Services
26th April 2021 at 1:45pm
On-line via Zoom

NATIONAL BUS STRATEGY

Discussion on the National Bus Strategy published by the Department for Transport.

PRESENT (Invited Guest)

Baroness Vere (Minister for Roads, Buses and Places)

MEMBERS

Peter Aldous MP (Waveney)

Rob Butler MP (Aylesbury)

Steve Double MP (St Austell and Newquay)

Rt Hon Philip Dunne MP (Ludlow) CHAIR

Julie Marson MP (Hertford and Stortford)

Jerome Mayhew MP (Broadland)

Selaine Saxby MP (North Devon)

Greg Smith MP (Buckingham)

Bishop Christine (Newcastle)

Jasper Goddard (Office of Baroness Vere)

Calum McGrath (Office of Scott Mann MP)

Meera Vadher (Office of Baroness Vere)

Arthur Virgo (Office of Rt Hon Philip Dunne MP)

Tom Yeldon (Senior Researcher, HofC)

OBSERVERS

Peter French (County Council Network)

Michael Evans

Chris Hinchliff (CPRE)

Lisa John (Defra)

Rachel Longley

Chris Lloyd (Arriva Group)

In attendance from Secretariat

Graham Biggs MBE (RSN)

Bethan Aldridge (RSN)

1. Apologies for Absence

Richard Bacon MP (South Norfolk)

Lord Ewen Cameron of Dillington

Lord Rupert Carrington

Lord James Crathorne KCVO

Lord Don Curry

Lord John Grantchester

Alicia Kearns MP (Rutland and Melton)

Scott Mann MP (North Cornwall)

Tom Tugendhat MP (Tonbridge & Malling)

Bishop Alan (St Albans)

Baroness Watkins

Connor Macdonald (Office of Alicia Kearns MP)

David Inman (RSN)

Barbara Jones (Defra)

2. Notes of Previous Meeting

APPG AGM – 27th January 2021 and Associated Papers (please see link below)

<https://rsnonline.org.uk/appg-on-rural-services-meeting-minutes>

Notes of the Meeting were agreed as a correct record.

3. Discussion on the National Bus Strategy

Invited Guest: Baroness Vere (Minister for Roads, Buses and Places)

(see attached Briefing Paper by Rural Services Network on the National Bus Strategy)

Whilst waiting for the Minister to arrive, the Chair welcomed everyone to the meeting and asked those MPs present if they wished to raise any topics with the Minister and set out the dates for the next meetings.

Graham Biggs highlighted some issues with the strategy and looking at a review of it from a rural perspective. There isn't anything fundamentally wrong with it per se but concerns over whether capacity and resources in rural areas will be there, will there be an equitable distribution of those resources and if they will be sufficient to deliver on the strategy in the rural context. Reference has been made to a more comprehensive socially necessary service and a better definition is required.

Also, if the matrix used is "gross household income in a rural area" then you get a very different picture of wealth than if looked at "incomes earned in that rural economy". Graham

did not think the current metric was appropriate as the formula to deliver this strategy and thought it important to press the Minister and what consultation will there be on the components of the financial resource distribution.

Peter Aldous MP welcomed the strategy and the equal opportunity approach of not favouring urban areas over rural areas. Peter wished to raise the following:

- a) is it practical to ask authorities to commit to enhanced partnerships before knowing the amount of monies available,
- b) concern that under franchising proposals that authorities will be financially liable for recouping costs of the services and not the operators.
- c) delay in publishing the guide to enhanced partnerships and will there be an extension beyond June for authorities to commit to these.

Bishop Christine would referred to the nature of the bus service in rural Northumberland and areas which is more adequate than Hertfordshire. Bus network, run by Arriva, is quite impressive.

The Chair would like to raise the challenge of how funds will be allocated across Local Authorities so there is some degree of equity across the country.

4. Date of Next Meeting

May 2021 (TBC)

Topic - Emergency Services Network

Guest Speaker – Rt Hon Kit Malthouse MP (Minister for Policing & Fire Services)

Wednesday 7th July 2021 at 10am-11am

Topic – Rural Proofing Report

Guest Speaker – Lord Gardiner of Kimble

Action: The Rural Coalition is producing a response to the report and Graham Biggs will circulate a copy of it to the APPG in advance of our meeting on the 7th July.

3. Contd:

The Chair then welcomed the Minister to the meeting to discuss the National Bus Strategy and implications on delivery of bus services for rural areas and the timescales.

Baroness Vere commented that it was a pleasure to be at the APPG to discuss the National Bus Strategy. She noted that the whole point of the strategy is to put the passenger first and that is the biggest reform package for buses in decades.

In order to support the passenger to make their journey, the strategy combines the Local Transport Authorities (LTA) and the Bus Operators. From an LTA point of view, they are good at planning, infrastructure and they know their communities etc. The Bus Operators are good at innovation, flexibility and providing quality services etc and so by putting these two groups together they will provide the services that we want.

At the heart of this is more accountability for LTAs, so there will be additional responsibilities for them and £100K has been allocated so that they can start to put the resources in place. Over the course of this year, £25m has been allocated towards skills, expertise and sharing of best practice to help LTAs to get to the level required.

First thing that is required of the LTAs is to:

a) inform the DfT, by the end of June, that they are either undertaking an enhanced partnership or in some cases applying for franchising powers.

b) Set out their Bus Service Improvement Plan (BSIP), which is due by 31st October. This is a plan setting out what the LTA will be doing in their local area. It is not for the Government to set out what should be in this plan. The LTAs know their local community, and should be planning how they are going to meet local needs, identify bus corridors, identify new areas of work/leisure, set up Bus Advisory Boards to talk to bus users/businesses/services etc. It is not a tick-box exercise.

Baroness Vere stressed that though the Government will issue detailed guidance on targets, but in the first instance, it is for the LTA to think about what they have now, what do they need in the future and how are things going to potentially change between now over the next 18 months.

The 31st October date is a key milestone and it is important for MPs and Senior Leaders in communities to help by asking key questions of the LTAs and have they thought of things like demand responsive transport, frequent buses on bus corridors, more evening/weekend services. Key questions are:

*What are you going to do to improve your bus service?

*How much is it going to cost?

*Do you need capital spend to put in an improvement because of a pinch point in your local town

*Any revenue type interventions that can be implemented e.g., access to technical college and discounted fares for students etc.

c) Have the Enhanced Partnerships in place by April 2022.

Baroness Vere stressed, that although this meeting is focusing on rural bus routes, this strategy is for all rural and urban areas. Some rural bus services are very good and some are not so and that it is these ones that need to be greatly improved.

The Chair thanked Baroness Vere for laying out the timescales etc and noted that in some of the discussions that took place earlier in the meeting, it had shown that some areas did have that quality of provision. In the Chair's own constituency, he has seen a gradual reduction in service and some of the bus corridors have been narrowed down, so he will be working on improving this.

The Chair asked if there were any specific issues that rural areas could benefit through these plans and also how will the funds be allocated across the country. Baroness Vere confirmed

that there will not be a “one-size-fits-all” or per person funding. The DfT will be looking at various outcomes from the LTA and recognising that the Bus Improvement Plans will be “living” documents and any targets will need refreshing periodically. So, if there are interventions which will provide significant outcomes then the LTA will get more funding. There will be challenging, multi-dimensional conversations to be had, looking at the Bus Improvement Plans, talking to the Treasury about how much can be spent per year, how much on capital and how much on revenue etc. We are however, asking LTAs to be ambitious and something that could not be funded in the first year, could be funded in the second or the third year. It is not right though that every area will receive the equivalent amount of funding.

The Minister also noted that the Bus Service Operators Grant (BSOG) reform is happening over the course of this year as well and there is a £260m pot of funding available. There will be a consultation and as representatives of rural areas, she asked those present to consider responding to the consultation saying that thought should really go into rural areas as it may help to skew it towards rural routes and circumstances.

Peter Aldous MP, thanked the Minister for attending and said he was pleased with the strategy and that it put rural services on an equal footing with urban areas. Also, the framework outlined is straight forward to follow and promotes localism and bespoke approaches. Peter queried some detail and if it was:

- a) right for LTAs to be asked to commit to enhanced partnerships before knowing the amount of funding available to them and also,
- b) with regard to devolution of the Bus Service Operators Grants, how much influence were LTAs able to have over operators and
- c) re franchising, again some operators have monopolies in many rural areas and powers may be limited for the LTA and the
- d) guide will not to be published until end of May and indicators of interest need to be in by end of June and with local elections this may be a tight timetable so will there be any provision to extend this deadline.

Baroness Vere responded that the enhanced partnership and franchising scheme is already in the public domain as it is part of a Statutory Framework that has been around since the Bus Services Act of 2017. Most LTA's will move to the enhanced partnership model. The franchise option is not appropriate for most places and is more bureaucratic but if the LTA wishes to set up a franchise, then MCAs can set up a franchise but non-MCAs would have to apply to the Secretary of State who will look favourably on those who are setting up a franchise for the right reasons. It is hoped that the Bus Services Improvement Plan (BSIP) guidance will be out very soon but the refreshed guidance on enhanced partnership will not make a difference to an LTA re their choice of enhanced partnership or franchise model.

With reference to BSOG devolution, the Minister confirmed that the current BSOG arrangements will not be dissolved as yet, and she is not in favour of doing so until it has been decided what BSOG will look like. A consultation would need to take place later this year so by the end of the year will have more of an idea what it will look like and the extent that Local Authorities can use it to influence local decisions and bus operators.

Re the monopolies concern in certain areas. It is the case that some areas do have a

significant provider but having an enhanced partnership can encourage new entrants in to grow the numbers of passengers and this can be done effectively.

Bishop Christine queried that across her Diocese there are three Local Authorities and the transport links are very interconnected. Are the Local Authorities to set up one enhanced partnership plan or three individual ones? The Minister confirmed that it is the Local Transport Authority, which may cover one or more Local Authority area, that applies to set up the enhanced partnership. It does raise an important point of cross-border services and concern that certain regions do need to work together. The Minister will be looking at ways to bring groups together and it is about understanding the movement of people first rather than which LTA they are in.

Selaine Saxby MP raised her concerns again re issues in North Devon and the lack of momentum from the County Council in regard to rural transport. She was also concerned that with the elections, that the County Council would not react until June. The Minister was extremely disappointed to hear this but noted that by providing the funding there is no excuse. There will be more “calling people out” for not providing rural bus services. It is difficult but it needs LTAs to be open-minded and innovative.

The Chair wished to raise an issue, highlighted by a couple of colleagues at the meeting, of Councils’ capacity to respond to the deadline in June as a consequence of the elections in May and lack of meetings. Baroness Vere reiterated that LTA’s simply just need to say that they commit to develop either an enhanced partnership or franchise scheme by the end of June.

The Chair raised a further issue re the needs assessment and allocation of funding and whether using average incomes or average car usage in rural areas is a suitable metric. The Minister noted that this is ongoing and will not be like the Levelling up Fund with a framework. This is about a transformation of passenger services and the infrastructure, so, some Councils will not deserve to be funded by the tax payer to a huge degree. It will be a bidding process, similar to the Transforming Cities Fund, where the scale of the LTAs ambition looked at, various pockets of priorities etc and the funding was allocated accordingly. LTAs will not just be given money to see what they can do with it; this funding has to achieve real change. If the LTAs are not going to be ambitious then they will not receive that support – they will continue to receive funding from Concessionary Fares, Vulnerable Services from MHCLG but nothing else.

The Chair noted that his area does well out of road funding allocations, based on road mileage of large geographies. He argued that bus services in these areas should perhaps be funded in the same way to connect communities. Also, if Councils don’t have the resource to come up with an imaginative scheme, despite their will, then they miss out on funding. Resources have been diverted to their statutory requirements and discretionary activities have been pared down. The Minister argued that each LTA has received £100K to start this process and there is a larger £25M pot of funding available to provide further skills and expertise to develop these plans. Also, currently there is a survey of LTAs asking them how many people employed in the bus team and so that the Government can allocate resources where it is needed.

The Chair also asked about the process for putting in place the enhanced partnerships by the

end of April 2022 and if it involved a tendering process by the LTA to identify their partner. The Minister confirmed that this is out with tendering. The LTA and the bus operators in the area come up with the Partnership and think what they want from the partnership i.e. what proportion of buses will have wi-fi, what commitments between certain population centres etc. This will be identified and linked to the BSIP and a statutory framework which commits the LTA and the bus operators to actually do what they promise.

The Chair asked in terms of zero emissions element of the strategy, will this be bid for in a competitive basis from one LTA to another and no part of it ring-fenced to rural areas against urban areas. The Minister said in practice in a rural area, the zero emission bus options are currently in development e.g. electric buses, however hydrogen may be the preferred option. This year there is £120M for 500 electric buses plus £50M from Coventry for a further 500 buses. The Minister provided the example that if she was in an LTA rural area, she would be starting to think about a decarbonisation strategy but would not realistically be in a position to bid for zero bus funding as the technological solution would not support a large scale deployment in the rural area yet; unless there was a large market town and therefore a completely different consideration.

Selaine Saxby MP wished to make the Minister aware that the Prime Minister, last year, had stated that there would be hydrogen buses in Barnstaple. They are not yet in place and the opposition have raised this and queried why not. Unfortunately, the County Council omitted to apply for the funding but applied for funding for hydrogen buses for Exeter instead. She asked the Minister if there was anything else she could suggest that Selaine could do in regard to the County Council. The Minister responded that hydrogen is up and coming and that there are options and that currently funding is there for this year but that there will be more for subsequent years.

Graham Biggs asked a question regarding funding as there is currently a requirement to access new funding by publishing a Local Bus Improvement Plan by end of October 2021. In order to publish the Plan, the LTA would have consulted, including with the community, accessed the extra money for skills etc/consultants within the timescale but by the time it has published the Improvement Plan, it does not know how much money it is going to have in any year. The concern is about raising expectation in rural areas, particularly if these are ambitious plans that have raised evening/weekend services that by-and-large do not exist currently, then if the money does not appear it raises the risk of false expectations. Graham is concerned that there have been a number of experiments in rural transport and that when the funding runs out, they stop and people don't believe that any of these services will continue so they continue to use the car.

Baroness Vere thanked Graham for raising this point and that she accepts there is an element of tension and uncertainty because of the cycle of currently moving in terms of spending etc. The Minister will take this away and try to get some clarity to make sure that LTAs think carefully about low/medium/high priorities if funding is uncertain and have different interventions to build on. The BSIPs arrive by 31st October and the funding will be for the following financial year. The Minister wants to get the funding in place for as many of these BSIPs and for those with the best outcomes as possible. It may be in some areas that the funding will not cover the highest priorities but the next level down, which is still much greater

than it was before. The Minister agreed that there is time to resolve some of these issues between October 2021 and April 2022. Graham thanked the Baroness Vere for her response.

Chris Hinchliff (CPRE), wished to follow up on zero emission buses. The CPRE has been contacted by a manufacturing bus company based in Bolton and their concern that funding available is for 24-seat vehicles and above but precludes their smaller electric vehicles that are particularly useful for rural operators. The Minister thanked Chris for raising this and will feedback and find out why this is the case and whether or not this will be changed in the future as this does seem to preclude numerous rural services.

The Chair thanked Baroness Vere for her time today and for her clarity on answering questions and also giving the APPG a clear steer that we need to encourage our LTAs to prepare their paperwork by June and that hopefully she receives plenty of responses from rural areas. He also congratulated the Minister for on producing a bus strategy and that she had done a great job so far.

The Minister thanked the Chair and the APPG for inviting her to the meeting today and very happy to come back for another meeting to share thoughts and progress.

Meeting finished at 2:44pm