LGA submission to the National Assembly for Wales Enterprise and Business Committee inquiry into Bus and Community Transport Services in Wales

18 November 2015

Submission

1. About the Local Government Association

1.1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government. We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government.

1.2. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.

2. Key Messages

2.1. The LGA have long called for reform to the regulatory and funding rules associated with local bus provision. Our recent report, Missing the Bus?, which assesses bus provision in English non-metropolitan areas, provides further evidence of the need for policy reform. We have attached this report and present it as formal LGA evidence to the Committee's enquiry. For ease of reference, we have summarised the key messages and findings from the report below.

2.2. Buses are an essential public service but reductions in Government subsidies, changes to the way the English National Concessionary Transport Scheme is funded and reductions of 40 per cent to core council funding have put at risk those services supported by councils.

2.3. However, councils have been working hard to mitigate the impact of funding pressures and to ensure that bus users are able to access health, education, leisure services and jobs as well as preventing social isolation. Such measures include:

a) working in partnership with operators to restructure the network and reprioritising council supported bus services

b) working with the wider public sector in planning a more cost-effective and coordinated public transport service through a 'Total Transport' approach

c) consultation with public and bus users on the best ways of minimising impact

d) identifying commercialisation opportunities in partnership with bus operators

e) exploring alternative opportunities to scheduled bus services

2.4. Despite their best efforts, councils are finding it difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

For more information please contact:
Charlotte Taylor, public Affairs and campaigns Adviser
Local Government Association
Charlotte.taylor@local.gov.uk 0207 664 3060

2.5. The Local Government Association (LGA) believes the following measures will help to ensure that buses continue to play a vital role in connecting people to vital services and prevent social isolation and we have called on the Government and others to play their full part by ensuring:

a) the lessons from the Total Transport pilots are rapidly disseminated and that councils are empowered to build on them

b) that there are no further reductions to the Bus Services Operators Grant and that the grant is devolved to councils

c) a suite of regulatory reforms, perhaps through the forthcoming Buses Bill, to help the bus network deliver better value for the financial support it receives. This includes the availability of franchising powers to all areas, changes to the role of Traffic Commissioners, changes to make smart-ticketing easier and London-style moving traffic enforcement powers to aid bus journey times

d) fully funding the cost of operating The English National Concessionary Transport Scheme.

3. Conclusion

3.1. LGA research shows that councils have demonstrated sensitivity and innovation in dealing with the pressure on bus funding, working with operators, communities and other stakeholders to improve value for money and minimise the impact on communities of the budget reductions they have needed to make. Councils are now asking for tools to do more to support bus services. The financial pressures behind bus budget cuts have not gone away. It seems very unlikely that Community Transport and other bus substitutes or commercialisation initiatives will be able to significantly mitigate further reductions in bus budgets.

3.2. The Total Transport pilots and the Buses Bill provide government with an opportunity to offer real practical assistance to the bus sector, bus users, and improve value to the taxpayer – it is an opportunity that must be exploited to the full. While some of the hopes for 'Total transport' may be unrealistic, it is vital that lessons are drawn from the pilots as soon as can be done without diminishing their value and that these lessons are acted upon.

3.3. Without reform, further contractions in bus provision will almost certainly be unavoidable, with a direct impact on access to jobs, shops, education and healthcare in a way which is likely to cost the taxpayer more in the long run than is saved in the short-term.

Local Government Association

DEVO NEXT

Missing the bus?

Councils and the future of the bus in non-metropolitain areas

Foreword

Over five billion bus journeys every year are made in this country, which is three times more than the total number of journeys by rail. Yet it is the plight of neighbourhood bus services that we read about in many of our local newspapers. Buses play a vital role in enabling people, especially the carless, to access health, education, leisure services, shops and of course jobs. They are crucial to many people's general well-being – especially those who are at risk from social isolation. For public administrators, buses also play a vital role in the efficiency and effectiveness of public services. Transporting people to schools and clinics is not a separate function to providing education and health services – it is an essential and integral part of providing those services.

There is a lively public debate at the moment about bus services, with the Government expected to produce a Buses Bill this year and various organisations having published their thoughts on the future of buses. The importance of bus services in cities is also well-understood and has been detailed elsewhere.[1] Therefore I felt it was important that we were able to present the perspective from councils, particularly those areas outside our main big cities, where the impact of reduced bus services is often most acutely felt. Outside of London, local government does not currently control local bus networks, however, it is local government where people will go to for local leadership and it is local government that is uniquely placed to bring together all partners in the interest of finding lasting solutions.

The financial pressure on councils has developed as a result of a 40 per cent cut in councils' core budgets since 2010 coupled with insufficient funding for the English National Concessionary Transport Scheme. Faced with such pressures, councils continue to make difficult decisions on all non-statutory services — and council support for local bus services is no exception. However, this report shows that councils are doing what they can to mitigate the impact of further budget pressures.

For example, it was councils, in partnership with other parts of the public sector, and with bus operators, that devised the Total Transport approach to planning a more cost effective public transport solution which Government is now piloting. Councils could achieve much more, even within constrained budgets, but we need Government to play a fuller role. Their support for Total Transport is welcome but the Government has an ideal opportunity to help, through the forthcoming Buses Bill, by bringing forward a suite of improvements to the transport and buses regulatory environment and by ensuring the next Spending Review doesn't further jeopardise local buses. Without proper funding or the tools to manage an effective bus network, we may find we are turning off the engine of the local economy just to save the cost of its fuel.

Cllr Peter Box
Chair of the LGA's Economy, Environment, Housing and Transport Board

Contents

Executive summary

Buses are an essential public service but reductions in Government subsidies, changes to the way the English National Concessionary Transport Scheme is funded and reductions of 40 per cent to core council funding have called into question the future of many services.

However, councils have been working hard to mitigate the impact of funding pressures and to ensure that bus users are able to access health, education, leisure services and jobs as well as preventing social isolation. Such measures are explored further in this report and include:

- working in partnership with operators to restructure the network and reprioritising council support services
- working with the wider public sector in planning a more cost-effective and coordinated public transport service through a 'Total Transport' approach
- consultation with public and bus users on the best ways of minimising impact
- identifying commercialisation opportunities in partnership with bus operators
- exploring alternative opportunities to scheduled bus services
- linking with the growth agenda.

Rural bus subsidies are being cut across much of the country and councils will have to continue to find new and innovative ways of meeting their communities' transport needs. Despite their best efforts, councils are finding it difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

But the future does not need to be so bleak. The Local Government Association (LGA) believes the following measures will help to ensure that buses outside metropolitan areas continue to play a vital role in connecting people to vital services and prevent social isolation and we call on the Government and others to play their full part by ensuring:

- the lessons from the Total Transport pilots are rapidly disseminated and that councils are empowered to build on them
- that there are no further reductions to the Bus Services Operators Grant and that the grant is devolved to councils
- a suite of regulatory reforms, perhaps through the forthcoming Buses Bill, to help the bus network deliver better value for the financial support it receives. This includes the availability of franchising powers to all areas, changes to the role of Traffic Commissioners, changes to make smart-ticketing easier and London-style moving traffic enforcement powers to aid bus journey times
- fully funding the cost of operating The English National Concessionary Transport Scheme.

Although the report focuses on non-metropolitan areas, many of the issues discussed apply in cities and the measures proposed are ones we expect will benefit all of England and Wales.

Introduction

There is no doubt that the bus is an essential public service.

- Three times as many journeys are made by bus as by train.
- More people travel to work by bus than by any other form of public transport.[2]
- Bus passengers spend £21 billion in retail outlets and £6.2 billion on leisure activities.[3]
- Twelve per cent of students depend on buses to get to class; job seekers depend on them to find work and, as the population ages, the role of the bus in connecting patients and health services becomes ever more essential.[4]

Small wonder, then, that 'public support for socially necessary bus services can generate benefits in excess of £3 for every £1 of public money spent'.[5] Yet, outside London, bus network funding fell by around half a billion pounds in real terms in the four years after 2010/11.[6]

According to the Campaign for Better Transport, over 2,000 services have been reduced, altered or removed since 2010. It says buses are 'in crisis'.[7]

This report, based on interviews with officers from a small number of non-metropolitan councils, representing a broad range of circumstances, examines the reality of how councils have faced the challenges presented by increased pressure on bus budgets during the past five years, asks what the future of the bus sector looks like and makes recommendations that the LGA believes can avert a crisis.

Although the report focuses on non-metropolitan areas, many of the issues discussed apply in cities and the measures proposed are ones we expect will benefit all of England and Wales.

Bus service funding

A diverse range of bus services operate outside England's major cities, from inter-urban connectors through small networks around towns to relatively long-distance services often providing the only transport link to small communities other than the private car. The type of travel varies according to the nature of an area, with tourism more important in some places and travel-to-work more important in others. However links to healthcare are seen as a vital service across the board.

Around 80 per cent of bus services nationally are commercial. These services are primarily funded by passenger fares, with no direct funding from councils. However, commercial operators receive Bus Service Operators' Grant (BSOG) – a fuel duty rebate paid directly to operators by Central Government – and are reimbursed by councils for journeys made under the English National Concessionary Transport Scheme (ENCTS).

Councils receive funding for ENCTS reimbursement through their grant from central government, but the grant falls short of the true cost of reimbursement and this means that even journey on 'commercial' services are costing councils money. The fact that BSOG is tied to fuel duty means that its benefits accrue to operators irrespective of the wider social and economic benefits of a service and is paid even when a service would be profitable without it. Nevertheless, despite these inefficiencies, BSOG still provides a critical financial lifeline to many bus services so it is vital that it is maintained at its current level.

Where councils perceive a need for bus services that is not being met by the commercial network, they can fund services directly. These may be specific services put out to tender by the council or additional (eg late evening) journeys, funded under de Minimis rules, on routes that are otherwise commercially run.

Councils also have a statutory obligation to provide free home-to-school transport for children under 16 who live more than a certain distance from their nearest school or who have special educational needs (SEN) and in some other circumstances. Typically, the cost of home-to-school dwarfs the budget for supported services.

The 2010 spending review led to a 20 per cent cut in BSOG.[8] In the ensuing four years Government reimbursement to local authorities for the cost of ENCTS was reduced by nearly 40 per cent.[9] The Department for Communities and Local Government (DCLG) budget, from which council funding for bus subsidies comes, has seen larger reductions in funding than any other government department and, as a non-statutory service, council bus funding has inevitably suffered.[10]

'We are paying out £1.25 million more to operators in ENCTS reimbursement than the Government gives us.'

How are councils responding to reductions in bus funding?

Councils have done much to maintain the benefits of bus services in the face of reduced funding by working with operators to restructure the network, reducing frequency, identifying those services offering least value and seeking alternatives to the bus. Some services have been commercialised and some additional sources of funding identified. Fares on some tendered services had fallen below those on the commercial network. Others are pioneering a 'Total Transport' approach to delivering a more cost effective public transport service, by coordinating and aligning their transport plans with other parts of the public sector (as discussed in more detail below).

Where councils feel this can help keep a service on the road they have been increased, although this may not reduce subsidy for tendered services until the tender is re-let, depending on the contract. The picture is one of partnership and innovation in the face of necessity; nevertheless, there have still been significant reductions in bus services. The key question is 'On what basis do councils decide to remove one service and retain another?'

Councils tended to have a pre-existing means of prioritising services for funding. Cost per journey, fares as a percentage of costs or passenger numbers tended to be used to rank services, but this was a broad guide rather than an absolute test. The type of journey involved was significant; the need to maintain access to work, school, healthcare and shops was considered and whether a decision might leave a community without any service at all. Councils asked how the tendered services fitted into the bus network as a whole and what sort of network the area required.

'We held a public consultation on our proposals. We considered factors such as car ownership levels, demographics and income and made some assumptions – for example that young people are less likely to own a car and more likely to be dependent on public transport.'

Where home-to-school transport was already integrated into the bus budget, savings could be found by withdrawing non-statutory elements – payments for journey to schools chosen in preference to the nearest school or to post-16 students.

Councils have found that improving cycle ways and footpaths can help to reduce home-to-school transport costs but is not popular with the public if it means subsidised transport is cut and there is a limit to what can be achieved here: 'we do not expect children to traipse across fields'.

In general, councils looked to reduce frequencies rather than to withdraw services altogether and were reluctant to remove 'last link' services, in particular those providing access to healthcare. Cuts tended to fall on evening and weekend services as these were less likely to provide access to jobs, shops, healthcare or schools; but councils understand that cutting evening services can reduce daytime patronage and that weekend services can have an economic value in providing access to leisure services as well as to jobs in the night-time economy. It was therefore vital to consult with communities and operators if the effects of cuts were to be mitigated.

One council, which ceased funding 70 scheduled bus services, provided transitional funding to enable services to continue while alternative solutions were explored and was able to ensure that 49 of them continued, through a combination of support to community transport operators, increased fares and persuading operators, a number of parish councils and other stakeholders (a housing association, a hotel and some town councils) to take on funding responsibility.

Consultation

Public consultation has proved essential. One council has just completed work on a significant reduction in its bus budget over two years. Careful consideration of consultation responses, combined with a good operator relationship, meant that the number of estimated passenger trips no longer catered for dropped from almost 400,000 in the original proposals to just under 170,000 – out of a total 5,000,000 on all supported services. This means that over 96 per cent of passenger trips on the supported network would carry on unaffected by the service reductions, without sacrificing savings.

‘Every suggestion in the consultation responses was considered. 90 per cent were undoable but there were some very useful ones’

Consultation has also provided an opportunity to raise public awareness of the reasons behind service reductions and explore the needs of communities.

Partnership working

Councils see their relationships with local bus operators as essential, both in providing an effective network in the first place and in managing the impact of cuts. Where this relationship breaks down, communities feel the impact. For example, it was reported that in one area where relationships are poor a bus operator withdrew service and the first the council knew about it was when pupils were unable to get to school. Where relationships are effective operators will feel comfortable raising problems with councils before a crisis is reached and councils can mitigate the effects of any withdrawal before buses cease to operate. This relationship is often dependent on the informal partnership between individuals.

Councils can encourage operators to run services of borderline commercial value with promotional support or investment in facilities. Discussions between officers and operators can find work for buses which would otherwise be idle. Councils talk to operators to resolve service issues without infringing competition law and as an independent guarantor that discussions are within the legal framework...

‘The question is can we find a week’s work for a vehicle possibly on three different services two days each’

This kind of informal partnership requires trust on both sides and can involve a lot of work. In one council, for example, 42 operators were involved in discussions about how to manage funding reductions, both as a group and through individual meetings. In another, which cut all direct funding, officers are still working with operators to support the commercial network, home-to-school transport and mitigate the effects of cuts. One of the less obvious effects of cuts to bus funding is the reduction in council staff available to undertake such work and the risk that over time this erodes or even ends the relationship.

Commercialisation

Several councils report success in getting operators to take on services that were previously subsidised and running them as commercial operations. One semi-rural county council is currently implementing a policy of making services with low subsidy levels commercial, rather than cutting services with higher subsidies. Such initiatives depend on good relationships between councils and operators and illustrate the contribution councils can make to supporting bus services by non-financial means, through ticketing policies, digital information provision, infrastructure investment, promotion and procurement (increasing fares is usually a part of the process as well).

It is easier to persuade operators to 'give it a go'; and take on the risk of funding a service when the alternative is redundant vehicles, the loss is small and the council has support to offer; but only time will tell if 'commercialised' services have a long-term future. Another source of savings for one council was its ability to turn its park and ride scheme into a commercial operation, saving £ 2 million.

Is a bus the right solution?

A further important element in framing service cuts was whether alternatives to the traditional bus could meet needs at a lower cost. Where passenger levels do not justify a taxpayer contribution, councils have sought to ensure alternative services are provided but this is easier to attempt than achieve. There is a broad consensus that 'community transport works well where it works but is no universal panacea' while on-demand transport has relatively high per-passenger costs.

In one area, which already had a well-established community transport (CT) network, that network was able to expand to fill some of the gaps created by reduced bus services. Around £200,000 of the council's bus funding was diverted to establish a CT umbrella organisation to act as an advocate and support for CT.

For example through joint procurement initiatives for fuel, insurance and training.

However CT has suffered from similar difficulties to the mainstream bus industry. In one area two large CT operators went out of business at the same time as cuts were being made and CT did not take much displaced business.

New CT schemes take time and effort to develop and are often dependent on key individuals in organising roles. Volunteer drivers can be difficult to find (a factor here is the change in driving licences from 1998 which means that those passing their test after this date are not automatically able to drive a minibus).

'CT works best where it supplements conventional services rather than replacing them'.

On demand services (variously referred to as taxi bus, flexi bus demand-responsive transport) are another option that has been widely explored. These services tend to encounter initial resistance from users who do not like the idea of having to prebook: 'I don't know I'm going to be ill a day in advance'. A good operator providing a good service can overcome this resistance. New technology can reduce the need for advance notice required but it requires funding.

'A key challenge is changing people's mind-set. We had a complaint that one user could no longer get the bus to visit the doctor on Tuesday as they could not get a booking. This person did not realise that the bus now ran Monday-Friday and they could visit the doctor on a different day.'

Taxi buses are essentially a taxi which runs at a given time from a given place (eg meeting a rail service at a remote station). The council may pay a per-head fee, the taxi has a guaranteed fare and the customer also pays. Alternatively taxi-bus services can be tendered like any other. The service then sets fares – but concessionary pass holders travel free.

In one area, reductions in mainstream buses saw a pre-existing scheme supported by the Countryside Agency provided in a more targeted way to create a community transport car-sharing scheme. Users pay using a smartcard, providers – usually taxi companies – have handcard readers. The scheme bridges the gap between what users can pay and what operators need to charge.

Some councils have taken provision to the individual level by funding Wheels to Work schemes. Wheels to Work is a well-established scheme providing mopeds to young people so they can access education and employment.

Links with the local growth agenda

Local Enterprise Partnerships (LEPs) can play in an important role in successful bus networks by ensuring bus priority and interchange is built into road and rail infrastructure development and recognising the value of public transport when promoting large new developments, such as housing projects and business parks.

'An important success has been the thought that went into bus services at an early stage in major development – for example in attracting major government service to relocate – the main bus operator were involved at an early stage'.

However, councils tell us that LEPs have had little or no involvement in bus services. This is largely because bus networks need secure medium/long-term revenue support whereas LEPs are generally capital rich and revenue poor bodies, focused on unlocking growth and development.

Revenue funding which can be guaranteed over five year periods is vital in encouraging operators to establish new services or expand existing ones, even if the expectation is that the service will eventually be commercial. Travel patterns take time to establish and if the funding for a service is withdrawn after a couple of years, the operator is left with funds tied up in redundant vehicles or there is pressure on the council to subsidise of the service on a permanent basis.

This is particularly relevant where new housing or new centres of employment are constructed and councils wish to use s.106 developer contributions to ensure adequate transport links.

Councils warn that if the new bus service is established too quickly, funding can dry up before the development is fully-used and the bus established as the means of access. If the service starts too late, people are used to the fact that access is only possible by car and do not transfer to the bus in sufficient numbers.

'Capital funding for highways improvements can be found, but without revenue guarantee over several years this cannot be translated easily into improved services.'

In some areas low LEP involvement reflects the fact that the LEP is still developing and establishing its role. Nevertheless councils may need to do more to emphasise the role and value of bus services in ensuring that infrastructure investment delivers maximum value.

There is a feeling among some officers that they need to get better at making the case for buses but the evidence that case requires cannot always be obtained (although Greener Journeys have done much to address this issue). Others point out that transport budgets are divorced from the services (health and education) that require good bus networks.

‘LEP members may support capital spending on bus priority measures but they don’t really connect that with a strategic policy on sustainability’.

What does the future look like?

‘Fifteen per cent of my council’s population would lose all bus services without council support’

At the time of writing several councils are considering or about to implement further reductions in their bus budgets. In several other cases any further reduction would effectively bring the budget to zero. Councils are finding it very difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

It might appear that the future will see a growth in community transport and demand-responsive services at the expense of the conventional bus. However, councils we interviewed tended to believe that community transport is as likely to struggle and reduce in size as it is to fill any further gaps in the bus network, as CT schemes are squeezed between state aid rules on the one hand and a lack of volunteers and funding on the other.

While it is too early to judge the extent to which commercialisation has secured a long-term future for a significant number of services, there may be scope for more councils to benefit from this approach. However, in areas where certain services have been commercialised further savings are likely to be very limited.

The support of council officers is vital in growing CT schemes, establishing demand-responsive services and encouraging operators to commercialise services. If this resource were to disappear, it would take with it both the relationship between councils and operators and the ability of councils to tailor local non-bus transport networks to any extent.

‘We expect further cuts and will have to look at service cuts. Our aim is to understand how to reduce costs with minimal impact on services. We need evidence on the nature of the link between bus services and social care costs. There is plenty of anecdotal evidence that bus cuts can leave the elderly unable to manage on their own because they dot go out, can’t get to the shops and so they become ill and there is a cost to the health service. young people find it harder to move to reach employment and cannot afford to learn to drive or get insured ; employers cannot keep apprentices who cannot get to work.’

Pressure on bus funding threatens elements of home to school provision. There may soon be post-16 pupils who are legally obliged to attend school but unable to get there, as councils cut non-statutory provision or seek to pass on the cost to schools that are unwilling to pay.

Parental choice has increased demand for home-to-school transport but the decline of non-statutory provision seems likely to continue, gradually restricting parental choice to those who have the money and time to drive children to school. Reductions in bus services already mean that even where home to school transport is provided, rural children have reduced opportunity to participate in after-school activity.

Is it inevitable then that buses outside metropolitan areas face a bleak future? We think not. The LGA believes that taken together, a total transport approach, the devolution of BSOG funding and a package of regulatory reform can help bus networks deliver economic and social benefits while providing excellent value over the next five years.

Total Transport

One cause for optimism is the Government's enthusiasm for 'Total Transport' (TT), an initiative devised by councils. Essentially this involves councils taking over all public transport in an area, pooling spending that includes non-emergency health transport, BSOG, home-to-school transport and potentially ENCTS, creating a more customer focussed service based on consumer choice and what they are willing to pay, rather than a centralised system. The Government has commissioned 37 Total Transport pilots.

The Total Transport approach helps to ensure that transport costs are considered when planning services. This is particularly important in the health sector where a trend towards concentration of services is transferring costs from the health service to patients, transport operators and councils.

'All liver treatment in the health service regionally has been concentrated outside the county. Patients go but their family can't get to visit them – research shows this is likely to extend their recovery time and lead to them spending more time in hospital; meanwhile there are repercussions for the family. Yet when the health service plans these changes they don't think about transport. The consequence of thinking through the transport implications will not necessarily be that you don't concentrate services, but it might be that you build in better transport links to avoid cost-shifting and prevent the disbenefits of reduced accessibility.'

Similarly, journeys for Special Educational Needs (SEN) pupils can cost up to ten times those for non-SEN pupils and this needs to be considered – along with all other relevant factors - when discussing the merits of concentrating SEN services in particular schools rather than allowing SEN pupils to attend their nearest school.

'We have two pupils attending a special deaf school who face 90 minute journeys each way and an annual cost to the taxpayer of £20,000 each. Allowing them to receive the services they need at a school nearby would save the taxpayer money and give them a better all-round experience.

Worthwhile as TT pilots are, it would be too much to expect that this approach alone will be sufficient to preserve the existing bus network. Some pilots, although worthwhile in themselves, are very small scale. Some councils question the potential for further savings. Many already do as much as they can to integrate home-to-school with the rest of the bus network and there are often good reasons why non-emergency NHS transport cannot be integrated with the wider bus network.

'It is very very challenging to integrate these services in a rural area. We have tried to work with health for years but they change [organisation] more often than we do'

Councils do not believe that there are easy solutions to these issues but recognise the need to look at them. It is essential that the results of Total Transport pilots are rapidly disseminated and that councils are empowered to build on them.

Devolution of BSOG

Devolving BSOG to councils would allow resources to be targeted rather than simply paying operators a rebate on the fuel they consume, irrespective of the value and profitability of the service. Councils will also prove better at spotting fraudulent claims than the Department for Transport (DfT), because they have better local knowledge. BSOG paid on tendered services has been devolved to councils as lump sum payments since 2014 and this has helped mitigate budget cuts by allowing councils to target payments as contracts come up for renewal.

The councils we spoke to generally support devolving BSOG to councils if it can be done without damaging the commercial network.

Any devolution process will need to be carefully managed to ensure that bus services which cease to be viable without BSOG are not withdrawn before councils have a chance to fund them under the new arrangements. This risk is mitigated by the fact that bus companies exist to make money by running buses, the new system will still allow them to do so, and a permanent loss of worthwhile services is not anticipated.

However, councils are concerned that further cuts to BSOG will eradicate any benefit from devolution. There may also be concern among some users and bus operators that if BSOG is abolished, the funds will not be ring-fenced to buses and will therefore not be spent on buses. However, while the five Better Bus Areas (in which BSOG is being devolved) are at an early stage and the extent of their impact has yet to be determined, it is already clear that the devolution of BSOG creates an opportunity for potentially significant investment in measures that benefit operators and passengers that would not otherwise be undertaken: for example, bus priority measures, active traffic management and improved ticketing.[11]

Regulatory reforms

The proposed Buses Bill offers an opportunity to amend bus legislation in a way that would help the bus network deliver better value for the financial support it receives. While the Government's interest in franchising offers cities and city regions the opportunity to build on the undoubted success of bus franchising in London, not all counties will want to establish an entirely franchised bus network and regulation need not always follow the London model. The availability of franchising powers would undoubtedly help encourage any less cooperative bus operators to engage in informal or even formal partnerships. Even authorities which do not see a county-wide scheme as attractive, are nevertheless interested in the possibility of franchising in specific towns in which the bus market is failing and franchising offers a solution.

Some councils certainly want to retain Quality Partnerships as an option. Quality Partnerships should allow authorities to treat a commercially viable route and its loss-making branches as one network and to ensure that if there is competition it is regulated.

It may be that greater powers for Traffic Commissioners and greater powers for councils to influence traffic commissioners could also help address these issues. Traffic Commissioners are seen as too remote from councils and too weak, both in terms of powers and resources. There is a significant contrast here between the regulation of buses and the role of Office of Rail and Road (ORR) in regulating rail.

Other useful regulatory reforms include requiring bus companies to participate in multi-operator ticketing schemes and to make data available, for example on passenger numbers. Some operators have been obstructive of multi-operator ticketing, failing to promote schemes or setting a high premia to make such tickets unattractive. Current arrangements to impose schemes are considered to be too complex.

Operators are reluctant to disclose data which would assist council bus policy-making on grounds of commercial confidentiality but they should be operating on a par with rail in terms of transparency.

Giving councils outside London the powers to enforce moving traffic offences (in particular banned turns and yellow box junctions) would help unblock congestion hotspots that delay buses and lengthen journey times. A relatively small programme of targeted enforcement could make a significant difference in some county towns and cities.

This would also strengthen councils' 'offer' to operators. The LGA urges Government to engage in meaningful discussions with local government over the introduction of a targeted and proportionate approach to enforcing moving traffic offences at key locations in local bus networks – a measure we believe could also have an appreciable impact on local air quality.

Conclusion

Councils have demonstrated sensitivity and innovation in dealing with the pressure on bus funding, working with operators, communities and other stakeholders to improve value for money and minimise the impact on communities of the budget reductions they have needed to make. Now they need to be given the tools to go further. The financial pressures behind bus budget cuts have not gone away. It seems very unlikely that Community Transport and other bus-substitutes or commercialisation initiatives will be able to significantly mitigate further reductions in bus budgets.

The Total Transport pilots and the Buses Bill provide government with an opportunity to offer real practical assistance to the bus sector, bus users, and improve value to the taxpayer – it is an opportunity that must be exploited to the full. While some of the hopes for 'Total transport' may be unrealistic, it is vital that lessons are drawn from the pilots as soon as can be done without diminishing their value and that these lessons are acted upon. At the very least councils need access to quality research on the potential impact of such cuts and the social and economic value of public transport in particular in relation to health and education.

Without reform, further contractions in bus provision will almost certainly be unavoidable with a direct impact on access to jobs, shops, education and healthcare in a way which is likely to cost the taxpayer more in the long run than is saved in the short-term.

Although the report focuses on non-metropolitan areas, many of the issues discussed apply in cities and the measures proposed are ones we expect will benefit all of England and Wales.

Endnotes

1 PTEG, The Case for the Urban Bus - the economic and social benefits of investing in the urban bus. www.pteg.net/resources/types/reports/case-urban-bus-economic-and-social-benefits-investing-urban-bus

2 PTEG press release www.pteg.net/media-centre/press-releases/major-new-report-shows-urban-bus-exceptional-value-taxpayer

3 Greener Journeys www.greenerjourneys.com/benefits/growing-the-economy/

4 PTEG 2011, Total Transport. www.pteg.net/media-centre/press-releases/major-new-report-shows-urban-bus-exceptional-value-taxpayer; DEFRA: Sustainable Development Indicators in your pocket 2009

http://www.greenerjourneys.com/benefits/growing-the-economy/

5 Making the connections: The cross-sector benefits of supporting bus services, 2014 pp. 10 http://www.pteg.net/resources/types/reports/making-connections-cross-sector-benefits-supporting-bus-services

6 Making the Connections, p.13 http://www.pteg.net/resources/types/reports/making-connections-cross-sector-benefits-supporting-bus-services

7 Campaign for Better Transport Buses in Crisis a report on bus funding in England and Wales 2010-2015 http://www.bettertransport.org.uk/sites/default/files/pdfs/Buses_In_Crisis_Report_2014_Final.pdf

8 IPPR Total transport authorities: A new deal for town and rural bus services. http://www.ippr.org/read/total-transport-authorities-a-new-deal-for-town-and-rural-bus-services#what-s-happened

9 LGA press release 28 February 2014 Funding needed to save vital concessionary bus services. http://www.local.gov.uk/media-releases/-/journal_content/56/10180/5971406/NEWS

10 IPPR Total transport authorities: A new deal for town and rural bus services. http://www.ippr.org/read/total-transport-authorities-a-new-deal-for-town-and-rural-bus-services#what-s-happened

11 Department for Transport Better bus areas programme 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457634/bba-final-report.pdf

Local Government Association
Local Government House
Smith Square
London SW1P 3HZ

Telephone 020 7664 3000
Fax 020 7664 3030
Email info@local.gov.uk
www.local.gov.uk

For a copy in Braille, larger print or audio,
please contact us on 020 7664 3000.
We consider requests on an individual basis.

L15-420