

TravelWatch NORTHWEST

Princess St Manchester: Tel 07807 768124
 Email: admin@travelwatch-northwest.org.uk
 Website: www.travelwatch-northwest.org.uk
 Correspondence address – 11 Harvelin
 Park, Todmorden, OL14 6HX

Winner of CILT award for best practice in passenger transport

promoting quality public transport.....

House of Commons Transport Committee
 7 Millbank
 London SW1P 3JA

29th August 2013

Response to the Inquiry on Passenger Transport in Isolated Communities

1. Introduction

TravelWatch NorthWest is an independent Community Interest Company representing all public transport users in NW England. We are pleased to give our views as follows to this inquiry.

2. Summary

A summary of the challenges facing passenger transport in isolated communities drawing on points made in this submission is given below-

- ***The need for more sustained appropriate Revenue funding.***
- ***The difficulty of integrating services in a de-regulated environment and the need to capture cross sector benefits which could significantly help to justify funding.***
- ***Competition law constraints, despite the 2008 Local Transport Act easements. These include lack of ticket interavailability and a deficiency of integrated, evenly-spaced timetables.***
- ***The complexity of legislation surrounding small passenger carrying vehicles and the definition of “public transport”. The need to make Demand Responsive Transport and Community Transport more widely available.***
- ***Local Government re-organisation and funding cuts, the creation of Local Transport Bodies and consequent bureaucracy.***
- ***Fares issues – bus fares information, cost compared with rail and concessionary travel availability on other modes.***

3. Context / Background

3.1 The Chair of the Committee, Louise Ellman MP, has said :- “People from different communities across the UK should have access to adequate transport services. We will be looking at how best to meet the needs of

passengers in isolated communities, including rural areas, island communities, and suburban or urban areas with poor transport connections”.

3.2 In August 2006 TWNW published its study of Rural Transport Funding. We believe the Committee may find it helpful to visit ¹ this as it complements much of our submission.

3.3 Rising relative prosperity and consequential increased car ownership post World War II created a Rural Transport Problem which by the time of the Beeching ² rail closures was beginning to stir the Nation’s conscience.

3.4 The then Government responded by creating a committee chaired by Professor Jack ³ which found that public transport in rural areas was essentially unremunerative and thus, in today’s terms, non-commercial and proposed providing a subsidy in the form of a rebate of the tax paid by the operators in providing rural services ⁴. It also discovered that the suggestion most frequently made to them of Minibuses providing rural services was “by no means a universal panacea”.

3.5 By the time PTEs and Local Transport Authorities (LTAs) were created by the Transport Act 1968 all “stage carriage” ⁵ services qualified for Fuel Duty Rebate (FDR) which became the default support mechanism for rural transport services, and also increasingly, as this consultation exercise obviously recognises, for services in similarly isolated communities. Off Peak Sunday and evening services in many suburbs and small towns are now only marginally commercial by virtue of the FDR for which they still qualify.

3.6 It was recognised that deregulation of the bus industry (under the Transport Act 1985) could deprive rural services of any cross subsidy from licensed commercial services and thus financial support over and above FDR might be called for. The 1985 Act created a Rural Transport Development Fund (RTDF), administered by the Rural Development Commission (RDC) and later by the Countryside Agency (CoAg) ⁶.

3.7 One of the beneficiaries of RTDF was Royal Mail, who in the late 1980’s significantly grew their network of Post Buses. This was at the peak of an ill-fated parallel and mainly urban commercial “minibus revolution”. Few commercial minibuses or Post Buses survive today!

¹ www.travelwatch-northwest.org.uk/RuralFunding.pdf. 2006

see also “Rural Transport – A guide”, Fawcett, P. Icen Press (Carlisle) 2009 ISBN 9781902543031

² “The Reshaping of British Railways, HMSO (London) 1963. Loss of rural rail services and generally inadequate “bustitution” contributed to the problem

³ Jack Committee on Rural Transport, Department of Transport 1963

⁴ Fuel Duty Rebate (FDR), introduced in 1965 and is now Bus Service Operator Grant (BSOG)

⁵ Regulated Stage Carriage services were replaced (Transport Act 1985), by deregulated Registered Local Services.

⁶ CoAg was formed by the merger of RDC and the Countryside Commission

North West Public Transport Users’ Forum Community Interest Company trading as TravelWatch NorthWest
Company No. 6181713

Registered Office: 11 Harvelin Park, Todmorden, Lancs OL14 6HX

3.8 When the Coalition Government disposed of CoAg in 2011⁷ the professional skills of their officers and partners⁸ were lost (see question 1). A (formula based) Rural Bus Grant and a Rural Transport Challenge (for which operators or procurers had to bid) were carried forward but only for the short term, and are now defunct, “replaced” by non-rural-specific Better Bus Areas (BBAs) and Local Sustainable Transport Funds (LSTF). Bus operators currently appear far more concerned about the future of BSOG which is fast being decoupled from Fuel Duty.

3.9 TWNW concluded in its 2006 report⁹ that where rural transport funding is limited to capital expenditure it is generally sub optimal, since operators require long term revenue funding if non-commercial services are to be protected. The report noted the revenue implications of capital spending and proposed the mainstreaming of revenue funding.

3.10 TWNW notes that the Committee is particularly interested in the provision of bus and rail services, as well as the role of Community Transport services”.

3.11 By definition¹⁰ Community Transport (CT) is not public transport, although Community Buses can be. Rural Communities have a long tradition both of offering lifts to neighbours and of car sharing. It was the legalisation¹¹ of car sharing for a (non-commercial) “fare” (sufficient only to recover operating costs) which encouraged the development of CT¹². The sector has expanded greatly in the last two years, with some large social enterprises prepared to tender for marginal services in areas of low demand¹³. It was pleasing to note the easements made by the Local Transport Act 2008 to assist operators of small passenger carrying vehicles (including taxis) wishing to provide (or reinstate) marginal registered local services¹⁴.

3.12 The Association of Community Rail Partnerships (ACORP) has succeeded in facilitating bus/rail co-ordination at a few rural stations, some of which have also participated in parallel ACORP station adoption schemes. However in most instances a lack of co-ordination between bus and rail

⁷ by transfer to a slimmed down Commission for Rural Communities

⁸ especially in the newly created Rural Transport Partnerships and in the Analysis of rural transport NEEDs (as opposed to demand)

⁹ Op cit,

¹⁰ The Transport Act 1985 s 63(10) excludes section 19 Community Transport but not section 22 Community buses from its definition of public transport

¹¹ Public Passenger Vehicles Act 1981 section 1

¹² Transport Act 1985 section 19

¹³ The number of applications to the Traffic Commissioners for section 22 Community Bus Permits rose from 10 in 2008 to 148 in 2011 (Local Transport Today No 608 26/10/12).

¹⁴ These easements include allowing private hire vehicles to run taxi bus services, and Section 19 Community Transport Permits to cover the use of MPVs with eight or less passenger seats. In addition section 20 Community Bus Permits will allow use of buses with 17 or more passenger seats. To further encourage service registrations by section 22 Community Buses, their volunteer drivers will not now be prohibited from being paid. In addition a range of qualifying Community transport services are now to become eligible to receive BSOG

transport is still the rule rather than the exception with many bus services not serving the village/town stations, and, where they do, not connecting well with each other's services. Better co-ordination would enable a station to serve many surrounding villages. In some cases the rail service provided does not tie in with local needs - e.g. the Lancaster - Leeds service does not allow commuting from the Lancs/Craven villages to either destination thus minimising rural job opportunities. We should also not forget the need for rural station car parks which allow rural access to public transport into towns and cities - historic land sales have removed practical parking facilities from many rural stations. One of the problems of buses serving rail stations is that additional travel time can be caused to passengers not using the station.

4. Specific Questions asked by the Committee

1. How do Government and local authorities identify demand for passenger transport in isolated communities (including rural and urban areas and island communities)?

4.1 In the 1980s and 1990s now defunct "quangos" such as the Rural Development Commission and the Countryside Agency had a small but significant role in encouraging and funding rural transport. They developed robust Transport Needs Analysis tools¹⁵. Valuable human capital in these organisations and the "partnerships"¹⁶ they formed has now been largely lost. There is concern that the newly to be created and nebulous Local Transport Bodies will lack the necessary size and competencies.

2. To what extent are the needs of different groups of passengers (e.g. people with disabilities, older people, young people) taken into account in determining the provision of public transport in isolated communities?

4.2 Because support for rural services has often in the past been through capital funding, a considerable number of relatively new Disability Discrimination Act compliance vehicles are now in service. Meeting DDA will mean that within a short timescale vehicles will need to be compliant. However meeting accessibility criteria, though commendable, is only half a solution where the problem is the lack of any public transport at all. This marginalises whole groups of potential passengers like concessionary pass holders (with no registered local bus service on which to use their pass) and young persons. Many CT schemes are limited to registered passengers (e.g. users of a day care centre) rather than the public at large. Where there is a passenger need which can only be met by CT then there should be a method of short term membership for visitors to the area - someone staying with a relative might be an example.

¹⁵ based largely on the stated preferences of potential passengers and distinguishing social, educational, health etc NEEDS from purely commercial demand

¹⁶ e.g. Rural Transport Partnerships and Parish Transport Grants

4.3 Perversely, many funds on which LTAs have in the past relied have been constrained by a requirement that services they seek to rescue should be in some way “innovative”. This has led to bids for services benefiting a new or additional clientele or incorporating an unneeded extension or diversion to make them innovative. In extreme cases some LTAs have been known to ignore a need to replace a service because of the difficulty of meeting government or funders’ innovation criteria ¹⁷. Often in such cases all the LTA wants to do is to secure funding for the continuation of a service that already satisfies established needs.

3. What are the main challenges associated with providing better and more consistent bus and rail services to isolated communities?

4.4 The overriding challenge is poor patronage, giving rise to high levels of revenue support, particularly challenged by current public spending constraints. These constraints also give rise to cost/staff reductions in LTA departments which hinders proper planning.

4.5 Despite the easements in the Local Transport Act 2008, deregulation and competition laws ¹⁸ can, and often do, discourage the integration of services within and between modes.

4.6 LTA cross boundary services can be problematical. Such services often have unco-ordinated connections and Northern Rail for example still splits its management East/West with the needs of rural areas in the middle ill-considered. New steps towards regional inter LTA co-ordination on rail planning may help this and the ability for Community Rail Partnerships (CRPs) to become a body containing representatives from local government and rail may also help but an involvement of bus operators in the CRP system would be helpful.

4. How can these challenges be overcome?

4.7 There is a need, in addition to capital funding, for ongoing revenue support. This should be mainstream and not just short term (which in the long run has been shown to be unsustainable ¹⁹), also protected in some way. An appropriate fund could be established to replace the RTDF providing, in addition to capital, guaranteed revenue streams - i.e ring fencing.

4.8 Eligibility to use Community Transport is often misunderstood and an enigma to many people. This is important when we realise that visitors from the city - to attractions; walking etc - are an important rural economic benefit. More use of these buses by visitors to the area to return to their cars/stations etc would add to revenue and open access to the countryside. Dales Bus seem to have done a lot to provide such services but knowledge of their existence remains thin.

¹⁷ “Innovation Fatigue” is a well-known public service hazard!

¹⁸ Transport Act 1985 and Competition Act 1998

¹⁹ “Sustainability of rural transport projects”, Fawcett, Countryside Agency, 2004

4.9 Legislation is required to simplify the regulation of small passenger carrying vehicles with eight or fewer passenger seats which currently may be operated as part of a voluntary car sharing agreement, under Restricted PSV O-licences issued by the Traffic Commissioners or under taxi/private hire vehicle licenses (issued by local authorities).

4.10 The example of the Royal Mail in allowing passengers to share some of the spare capacity on suitably converted mail vans is unfortunately unlikely to be repeated soon, but the principle of hybrid vehicles carrying goods and passengers has the potential to be developed²⁰

4.11 The uncertainty surrounding the future of BSOG should be addressed. A grant based on fuel used (a proxy for mileage) would assist rural transport operators more than one based on patronage, which will by definition be low in isolated communities.

5. How effectively do Community Transport services address the needs of passengers in isolated communities? How could Community Transport be improved?

4.12 There has been a significant increase in this decade in the number of Community Bus services operating under section 22 Permits. Whilst welcome, this still represents a small proportion of (mainly) rural services. Potential passengers remain confused as to their eligibility to travel on section 19 services which are generally Demand Responsive Transport (DRT) and not available to the public at large²¹ (as referred to above – Questions 2 and 4).

4.13 Public Transport services in all areas, but especially in isolated and rural areas, generate significant cross sector benefits. For example, old persons' domiciliary care may be reduced by the provision of a service which allows them to shop independently rather than rely on their home help, with subsequent cost savings for the taxpayer. The cost of the help and the benefits to the elderly of their consequential improved mental health and independence are rarely, if ever, passed to the procurer of that service. TWNW has always argued that the LTAs should be able to capture these cross sector benefits.

4.14 LTAs can do much to encourage the establishment of brokerages between the social enterprises they support, so that better utilisation can be made of the many small buses operated by their social services, the NHS's Patient Transport Services, schools within their control and voluntary and

²⁰ The Scottish "Border Courier" carries passengers and local authority files between town halls and public offices in the Tweed Valley. Many health centres in rural areas employ vans to take patients' samples to the relevant hospitals, and could be converted to carry passengers making the same journey – as the Cumbrian "Northern Fells" Bus does. On the Isle of Arran a body with seats used to be placed on a Large Goods Vehicle to collect and return pupils!

²¹ It has been argued that a non car owner in an isolated community is "mobility disabled"! and thus *de facto* belongs to one of the section 19(5)(8) bodies eligible to travel.

other bodies. Indeed there is a duty under Section 88 of the 1985 Act to co-operate which could include arranging brokerages as a way of extracting value for money from all forms of public supported transport services. Not all CT Social Enterprises are entirely Community Bus based, some of the larger ones have branched out beyond the provision of Community Buses with success in operating tendered bus services and even preserved railways²².

6. To what extent should passengers in isolated communities be expected to rely on taxis and other demand-responsive transport services?

4.15 A reliable bus or rail service is generally preferred to demand responsive transport which can either be not available to the public at large or require potential users to pre-register and pre-book. However DRT can be designed to operate more efficiently and at less cost than Registered Local Services and should be supported where no obvious alternatives exist. Given that the usually low volume of passengers is such that a regular service by time or day is unlikely to be best value for money flexible journeys tailored to passenger need can often be more appropriate.

4.16 In such cases the LTA might be encouraged (or required) to fund²³ the operator to accept concessionary passes and/or to subsidise a lower fare but this does raise issues about passenger commitment for a specially purchased service which LTA's need the power to deal with where there is abuse of the service.

4.17 TWNW has already recently given evidence²⁴ to the committee on the potential for using taxis at separate fares to replace some marginal services.

7. What are the main challenges associated with funding transport services in isolated communities? How can these services be made more affordable?

4.18 Bus and rail fares are a critical consideration when discussing public transport in isolated areas where demand is low. Whilst rail fares are regulated, bus fares generally are not²⁵, so it can often be cheaper to make the same trip by train than by bus in rural areas. Station to station rail fares are readily available but bus fares are hard to ascertain in advance of travel²⁶.

4.19 The advent of **concessionary travel** has undoubtedly grown ridership (a goal of the last Government) but obviously cannot do so in places where there

²² Hackney CT has London Bus contracts and previously operated Weardale Railway!

²³ LTAs have powers to extend the national concessionary fare scheme in their areas. Transport Act 1985

²⁴ "Taxi Buses and Community Transport" TWNN October 2011

²⁵ Bus fares were lightly regulated by the Traffic Commissioner before de-regulation by the Transport Act 1985. They had to ensure that fares were "not unreasonable"

²⁶ "Information about fares" TWNN 2009. Some bus operating companies even consider that their fare tables re "commercially confidential"!

are no bus services. Operators and LTAs each cite market distortions and arbitrary disbursement regimes. It is not unusual for LTAs to use discretionary powers to extend concessionary travel to DRT, CT and local rail services. However whilst some LTA's may allow use on rail this is a rarity in rural areas. This leaves pass holders in the country doubly disadvantaged with fewer services and many they cannot use. In some area the only bus is the school bus and the late start of concession allowance sometimes means these cannot be used either. LTA's should be more understanding in allowing special case use by local people of rail services, though we recognise that there are cost implications.

4.20 Travel is highly price sensitive and on the supply side fares will reflect, *inter alia*, amounts of subsidy received. There could be a case, therefore, for some degree of re-regulation of fares, especially in rural areas where often there is a monopoly of one operator offering no choice.

4.21 However there is some degree of control²⁷ over competition and this can have unintended consequences, such as preventing subsidised rural services from picking up or setting down along parts of their route where competition with either tendered or commercial service(s) might arise. The introduction of multi operator ticketing would be helpful in reducing these consequences.

4.22 We hope our submission will be of help to the Committee and we are, if asked, prepared to enlarge on our observations either verbally or in writing.

Thank you for the opportunity to respond

John Moorhouse

Company Secretary

Paper drafted by Paul Fawcett MPhil FCILT

²⁷ by the Office of Fair Trading (Competition Act 1998)
North West Public Transport Users' Forum Community Interest Company trading as TravelWatch NorthWest
Company No. 6181713
Registered Office: 11 Harvelin Park, Todmorden, Lancs OL14 6HX