

**SAVE OUR BUSES**



**Report of one-day  
Transport Conference  
8 February 2011**



## Introduction

**C**oncessionary travel is an issue that older people have campaigned on for many years. Since 1997, within the UK, pensioners enjoy similar, but not identical arrangements in Scotland, Wales, England and all of Ireland.

Essentially, we have a local Bus Pass that can be used nationally, but the purpose of the Bus Pass is not to provide a UK-wide bus service. However, it can with intelligence and planning be used for through journeys across the individual countries that make up Great Britain.

However, the cuts in public spending now proposed by the Coalition government put that service at risk. A 20% reduction in the bus operators' grant and even bigger cuts to local government finances, now mean that whilst the Bus Pass is enshrined in law, the availability and provision of services are not. Fundamentally, we have to recognise that a Bus Pass without a bus to get on, is virtually worthless.

This report therefore records the main issues raised and discussed at the most recent Transport Conference organised by the NPC's Transport Working Party, and highlights the next stages of our campaign to protect services and ultimately Save Our Buses.

## The view from local government

**Cllr Peter Box, Chair  
Local Government Association  
Economy and Transport Programme  
Board**

**G**ood transport networks are literally a lifeline for many older people. Our ability to maintain good transport networks will also be critical to the success of our local economies - and to meeting the environmental and social challenges that we all face.

However, achieving this in an age of spending cuts means we must find new ways of making money go further - in turn requiring a radical change to the way in which we plan for transport.

Given the scale of public sector cuts, without radical reform, it is almost certain that services will be reduced and fares will go up. This is because the bus industry is extraordinarily heavily subsidised. Total public subsidy to the bus industry in Great Britain was £2.9bn in 2008/09, which accounts for about 60% - or nearly two thirds - of total turnover of the bus industry.

**T**he government has announced that it is reducing the Bus Operator Grant element of the public subsidy - which rebates bus operators for fuel duty - by 20%. This is equal to 6% of the industry's turnover. This will mean that bus operators are likely to reduce the frequency of some services and scrap less profitable routes altogether as subsidy is scaled back.

It is extremely difficult to predict how the reduction in services and the increase in fares will play out across the country, but rural areas and community transport will be disproportionately affected as historically they have received higher levels of subsidy.

This will have a devastating impact for people who rely on those services to get their shopping, see the friends and families, travel to local amenities and generally stay connected. But under the current system councils have no control over what services bus companies run, or fares they charge in return for that funding.

Cuts to council budgets will also make it impossible for local authorities to continue supporting bus services that the operators withdraw. General funding to councils, from which they support social bus services, has been cut by 28% over the next four years. The funding challenges we face have exacerbated problems with funding the national concessionary fares scheme.

**F**ree bus travel is immensely popular and has benefited millions of older and disabled people – and enabled people at risk of social exclusion to access local amenities and to stay connected to social networks.

Councils fully support the national concessionary fares scheme; but it is a national statutory duty on councils – it is *funded by central government* but locally administered. This means that councils have very little control over it. It is the responsibility of central government to ensure that every council has enough funding to fairly reimburse local bus operators for carrying concessionary travellers at off peak times.

However, for years the scheme has been causing huge problems for councils. The costs of the scheme have increased, but this hasn't been matched by a corresponding increase in national funding. Some councils experienced shortfalls of over £1 million; a gap that had to be made up by the local taxpayer.

From April 2011, county councils will take over responsibility for concessionary travel from district councils, in areas where there are two levels of local government. But despite local government's vigorous lobbying, central government has decided not to use this as an opportunity to fix a broken system. Instead it has cut funding for concessionary travel at the same as bus operator costs are increasing and demand for the free bus pass is increasing.

As a result, the LGA projections suggest that reimbursement costs could increase by 20% in real terms.

**C**ounty councils are currently in the process of negotiating schemes with operators. Our analysis suggests that they will not receive enough government funding to pay for their new duty, even though they are using a new formula that the government said would reduce costs. As a result, councils are warning that they will have to cut funding earmarked for other services and scale

back concessionary travel to off-peak hours to be able to afford to meet their statutory duty:

- North Yorkshire County Council is set to face a shortfall of £4.5million for providing statutory travel – 46% less than was spent by the district councils on the scheme.
- Cumbria County Council has had to scale back free travel to off-peak hours only, because of a £1.2 million shortfall in Government funding.
- Norfolk County Council estimates it is facing a shortfall of between £2.4 million and £4.5 million, even by offering the minimum service of free off-peak travel.
- Even unitary authorities whose responsibilities will be unchanged are also set to receive significant reductions in funding, with Nottingham City Council set to receive £2.4 million less than it needs to pay for concessionary travel – equivalent to a 23% shortfall.

In the current public expenditure environment, these are inequities we cannot afford. It should not be the local taxpayer and council services that suffer because central funding is not keeping up with demand for the free pass.

**T**he only way to mitigate the impact of public spending cuts on local bus services is to radically reform the way buses are funded, to give councils and residents a greater say in the bus services provided by operators in return for the billions of pounds of tax-payers money paid to them.

The government should bring together the seven different streams of funding for buses – including for concessionary fares – and put them under the control of local authorities. This would allow the funding to be targeted more efficiently to provide better value for the taxpayer.

Councils would be able to choose which services and routes were supported and could specify coverage in order to support

local economic, social and environmental objectives. We could also integrate school, hospital and social care transport with mainstream public transport better and get more purchasing efficiencies. Our proposed reform would result in savings of £1.3bn.

Councillors should have the powers they need to be able to take decisions on local transport provision, and to be accountable to the people who elected them. Councils are willing to step up to the challenge. Instead we are on the verge of vital local bus services disappearing.

So far the government has ignored our calls for reform.

## The wider case for concessionary travel

**Peter Rayner, NPC Vice President**

Over the last 10 years the NPC has campaigned tirelessly to develop the basic case for concessionary travel. In that time we have moved from half-fare on local buses only to free travel on any bus in England, and likewise in Scotland, Wales and N Ireland.

However, we now face a new challenge, which is not about maintaining the Bus Pass, but the services on which the pass can be used. We already know that the bus service operators grant is being severely cut, alongside similar reductions in Local Authority funding.

In turn, bus companies will begin to look more closely at their costs and consider reducing services. These cuts will not just affect older people, but every section of our society, especially the vulnerable and those who rely on public transport.

Rural areas will be affected, weekend services will be reduced and large estates may see the frequency of their buses changed as operators focus on the main routes. The community services, such as Taxi card, Dial-a-ride, Post Bus, and hospital buses, are also at risk.

That is why we have to make the case for keeping the Bus Pass, and in turn, the services on which we rely. But this case has got to be more than simply a tug at the heart-strings of government; suggesting that older people are just a group that deserve special patronage. This is not a strong argument.

However, by way of contrast, we can show that concessionary travel, and inclusion in society by that travel opportunity, benefits not only the end-user but also society as a whole.

There has been little research into the societal benefits because wherever one examines the present position, governments can be seen to be concentrating on making savings and cutting costs. It needs to be remembered that when cut backs take place it is the most vulnerable that often bear the brunt.

There needs to be greater acknowledgement that the whole community benefits from the inclusion of older and disabled people into the public transport systems and that seamless travel means:

- Transport has a major part to play in allowing disabled people to get to the workplace and to be a full part of society. It enables older people to continue to live in their own homes and participate fully in the life of the community.
- In economic terms the presence of older people in the town centres and precincts is good for local business and brings benefits to the wider community.
- Sustaining the environment by reducing car usage and pollution.
- The presence of older people travelling outside the peak period can improve marginal costs of a service and thus some services are retained in time of cut backs which benefits the wider travelling public.
- Designs of vehicles and terminals need to be made fit for purpose to allow for

seamless travel for disabled and older people with restricted mobility. The improved design for all will however benefit everyone.

**T**he cost involved is the travel undertaken together with the administration of the card reimbursement to bus companies.

Some have suggested the travel card should be means-tested. However, this would not save money as the cost of administering the means-tested system would not only be expensive but bureaucratic and divisive. Many cards issued are not used. Some, who can afford it, still prefer the car for carrying purchases. In the end, means-testing achieves nothing. It is the travel undertaken that has to be paid for.

Within three years even in the least technically equipped society, Smart Card arrangements will enable journeys to be properly recorded and remuneration properly apportioned to bus operators.

Given inclusion in society, be it with free IT access or travel on transport systems, older people (who are the fastest growing sector of society) and the disabled will not be tomorrow's problem, but part of the solution.

To see concessionary travel only in terms of a cost and not a benefit is the error.

## The view from government

**Norman Baker MP  
Transport Minister**

**T**he Coalition Government is committed to protecting the concessionary bus travel scheme – we made this clear in the Coalition Agreement and the Chancellor reconfirmed this commitment in the recent Spending Review.

The scheme is of huge benefit to millions

of eligible people allowing free off-peak travel anywhere in England and providing older and disabled people with greater freedom and independence and a lifeline to their community.

The concession enables older and disabled people to access facilities both within and outside their local area and helps them to keep in touch with family and friends. It also provides new leisure opportunities so that when visiting other parts of England on holiday, eligible people can travel free on local buses at off-peak times and it encourages those people to visit popular tourist destinations which will bring benefits to the wider economy.

Around £1bn a year is now being spent on concessionary travel. The recent change to the age of eligibility for the scheme will help with the financial sustainability of the scheme.

**T**he Government is aware of how precious this benefit is to older and disabled people, which is why we are focusing our efforts on assisting local authorities to find efficiencies through reforms to the administrative and reimbursement arrangements for the scheme rather than cutting back on the entitlement.

The funding settlement for local authorities from the Department for Communities and Local Government (DCLG) is challenging and concerns have been expressed about the potential impact on local level discretionary concessions as a result of the administrative changes. It is not the intention of the change in responsibility to have any impact on the additional entitlements offered by local authorities.

Nearly 80% of bus services outside London are commercially run so don't rely on direct funding from councils. There has been no cut in the financial support we provide for these services this year.

It's part of the localism agenda that local people will now be able to hold their local authority to account if they disagree with decisions they have made.

## Discussion

**Future of concessionary passes:** It was agreed that any attempt to means-test or remove the concessionary travel bus pass would require legislation, and was therefore unlikely at the present time. However, the NPC would remain vigilant.

**Fight at local level:** Various examples were given as to how local bus user groups could have an impact on fighting cuts to services in their areas.

**Rail:** In Derbyshire, the County Council was withdrawing the half-price rail fare concession ('Goldpass'). The NPC was trying to get the government to commission a £10,000 study to prove to ATOC (Association of Train Operating Companies) the value in deeming bus passes as entitling 11 million over 60s to railcard concessions (1/3 off).

**Are bus operators overcharging?:** Smart-card technology (as used in the West Midlands) was the key to eliminating fraud and overcharging of local authorities. The government was now reducing the general % level of local authority reimbursements to bus operators to 37% of full fare - this together with next year's cuts in the bus operators' grant would lead to route and network cuts.

**Free travel gets a bad press:** For some time the national and local media have been criticising and undermining the provision of free travel for older people. The NPC always tries to counter these inaccurate reports and urges local groups to do the same.

**Grants for local sustainable transport:** Delegates confirmed that councils could bid for grants from £560m fund, for cycle facilities, bus priority measures etc, but it is not clear if this really is new money.

**Value of older people's voluntary work:** It was felt that the government in its calcula-

tions took no account of the monetary value of older people's voluntary contributions to society, nor did they show any understanding that a viable public transport network was needed to enable older people to get to their places of voluntary work.

**Bus route extensions:** When these are sought by public groups to be extended by 100 yards or to go into a hospital ground, we are told that it cannot be done and the contracts cannot be amended. But who does the bus service serve - the needs of the ill, young and older generation, or the pockets of bus operators?

## Campaigning

The NPC continues to call for:

- Maintenance of existing services and opposition to proposed cuts in routes or frequency.
- A UK-wide travel scheme that enables pensioners and disabled people to travel on buses, coaches, trams, tubes/metro and local trains free of charge.
- Alternative free travel services such as dial-a-ride, community buses and taxi-card systems in those areas where existing bus and train services are limited.
- The Bus Pass to be recognised as proof of age in lieu of a Senior Rail Card, that will then entitle the holder to discounted rail fares.
- The introduction of Smart Card technology across the bus network to ensure the fair reimbursement to bus operators, based on accurate costs.

**For further information, or to inform the NPC of what is happening to transport services in your area, please contact NPC Walkden House, 10 Melton Street, London NW1 2EJ.**

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