

Written submission from the Community Transport Association UK to the Transport Committee in connection with the inquiry into the funding of bus services in England (outside of London) in the light of the outcome of the Comprehensive Spending Review



1 General

- 1.1 The Community Transport Association (CTA) is a UK-wide charity giving voice and providing leadership, learning and enterprise support to over 1,500 member organisations in civil society which deliver innovative and flexible transport solutions to achieve social change in their communities. The CTA promotes excellence by providing training, e-based resources, publications, advice, consultancy, events and project support on voluntary, accessible and community transport.
- 1.2 Community transport is safe, accessible, cost-effective, flexible transport run by the community for the community. Community transport shows what can be done when people take responsibility for solving their own problems. It mobilises and engages local communities, as it is provided by charities and voluntary organisations (which are often very small and local), and harnesses the experience and energy of volunteers who give freely of their time to help others.
- 1.3 Community transport is about freedom and fairness of opportunity. It provides an essential, responsive service for a wide range of people – often the most vulnerable in society. These are people who cannot use or do not have access to cars, taxis or buses and who depend on community transport to get to the services and the social activities they require.
- 1.4 Community transport is a lifeline in both rural and urban areas. It takes disabled people to work, children to school, sick people to healthcare and older people to the shops. It runs local bus routes and provides transport for a wide range of clubs, voluntary bodies and care homes. People shape the services they want and community transport makes it happen.

2 Summary

- 2.1 We believe that there will be an unfair and disproportionate effect following cuts in BSOG payments to the community transport sector. We would urge the Transport Committee to conclude that the payments of BSOG to community transport organisations are a unique and special case. This should be dealt with separately in any future discussions on payment level or administrative arrangements. These future discussions should be aimed at retaining, in full, the existing level of BSOG paid to community transport operators and separating the administration and auditing of this subsidy for community transport organisations from those that apply to mainstream systems. We suggest that the CTA should be asked to compile detailed proposals for outsourcing from the Department of Transport the auditing and payment of future bus subsidies to not-for-profit operators using Section 19 and Section 22 permits. The possibility

of changing the calculation method to include some elements of 'per-passenger' payment should be also considered.

- 2.2 We believe that reductions in local authority funding are likely to have a significant impact on the mainstream transport provision for those individuals and communities in society who are most vulnerable. However, we strongly feel that with expert advice and guidance local authorities can utilise community transport organisations as part of a solution to this problem.
- 2.3 We continue to believe that the off peak free concessionary fare arrangement is discriminatory because passengers who cannot use mainstream buses are, in many cases, asked to pay a fare for their journey that would have been free had they not been elderly or had a disability.
- 2.4 With regard to the involvement of passengers in designing and specifying transport services, we believe that community transport has an excellent record in achieving exactly this outcome.

3 Reduction in Bus Service Operators' Grant

- 3.1 We believe that there will be an unfair and disproportionate effect of the cuts in BSOG payments when these are applied to the community transport sector.
- 3.2 To support this contention we would first like to draw the Transport Committee's attention to the range of ameliorations that are open to commercial bus operators to deal with this reduction. Commercial operators have several options, they can:
 - 3.2.1 Raise fares – obviously constrained by competitive situations but the Office of Fair Trading (OFT1112con dated August 2009) states '*in many local areas, current competitive pressures may be insufficient to achieve best value outcomes for both bus users and tax payers*'
 - 3.2.2 Reduce service levels – tactical reductions in service frequency or operating hours or days can create savings for operators. Simply changing the area of operation is also a service level reduction for those affected by withdrawal of services.
 - 3.2.3 Use profit margins as a 'cushion' – decisions to raise fares or reduce services levels tend to be taken opportunistically, in the meantime profit margins can be squeezed to wait for these opportunities.
- 3.3 We detail the above comments to illustrate that none of these ameliorations are likely to be available or be used by community transport organisations. The circumstances are:
 - 3.3.1 Raising fares is not an option for many community transport operators because the fares are specified by the local authority funding the route or, in the case where local authority discretionary powers have been used to extend concessionary fares, the passenger does not actually pay.

- 3.3.2 As community transport operators do not make a profit there is no particular advantage gained by reducing service levels because any remaining service still needs to be economically viable. In the case of services operated at the behest of the local authority, reducing service levels are only possible with their agreement.
- 3.4 Based on the above, we believe that any reduction in BSOG payment to community transport operators will cause either operators to withdraw from contractual arrangement to provide services (an outcome we would expect where the operator is using accurate management accounting and is closely monitoring costs). Alternatively, we suggest that some community transport operators may become insolvent and, therefore, close. This is a more likely outcome for smaller organisations that are without the staff to analyse costs accurately or in cases where operators are unable to withdraw from local authority contracts because of severe penalties that are common in, for example, home-to-school local authority contracts.
- 3.5 We would urge the Transport Committee to conclude that the payments of BSOG to community transport organisations are a unique and special case that should be dealt with separately in any future discussions on payment level. These future discussions should be aimed at retaining in full the existing level of BSOG paid to community transport operators.
- 3.6 The administration of BSOG for Transport Act 1985 Section 19 permit vehicles is different from mainstream public transport operators. BSOG is only paid for a journey which is wholly or mainly used by specified classes of passenger.
- 3.7 We are aware that the Department for Transport has introduced measures to encourage smart ticketing and has a longer term ambition that any bus subsidy should be paid on a 'per-passenger' basis. We believe these two issues fit together and when all buses are fitted with smartcard readers, this will provide the auditing system to changeover to the different payment calculation.
- 3.8 We believe that the Transport Committee should be aware of the relatively high cost of these card readers and the associated back-office equipment and should conclude that such readers would be a waste of money for community transport vehicles.
- 3.9 We would also urge the Transport Committee to conclude that because BSOG payments to community transport are a unique and special case that the administrative arrangements should be considered separately from mainstream bus operator arrangements. Future discussions should be aimed at separating the administration and auditing of this subsidy from mainstream systems. We specifically suggest that the CTA should be asked to compile detailed proposals for outsourcing from the Department for Transport the auditing and payment of future bus subsidies to not-for-profit operators using Section 19 and Section 22 permits. The possibility of changing the calculation method to include some elements of 'per-passenger' payment should be also considered.

4 Reduction of funding to local authorities

- 4.1 We believe that reductions in local authority funding are likely to have a significant impact on the mainstream transport provision for those individuals and communities in society who are most vulnerable. By the very nature of local decision making it will be biased towards the greater quantity of people needing a service rather than the depth of the needs of a minority. We can only imagine that low utilisation bus services will be cut and the number of subsidised routes reduced. Typically this will mean:
- 4.1.1 Evening and weekend/Sunday services will disappear, leaving people who do not have access to a car, living in isolated communities and suburban housing estates, without the transport to continue their employment or carry on an active social life.
- 4.1.2 Bus routes to remote areas will be cut having similar effects on employment, social infrastructure and on longer term health and wellbeing.
- 4.2 However, we would seek to persuade the Transport Committee of our strongly held view that local authorities can engage with community transport organisations as part of a solution to these issues.
- 4.3 Several local authorities are already doing so and we would highly commend several actions we feel make a positive contribution to this engagement:
- 4.3.1 We are aware that an PTE has funded additional training for local community transport operators to allow members of their staff to obtain qualifications and other experiential learning aimed at creating viable organisations to bid for local service delivery
- 4.3.2 We are aware that a local authority has supported a community transport organisation to apply for grants and loan funding to set up networks of other operators delivering services across an extensive area of a county.
- 4.4 We do, however, feel that additional help, expert advice and guidance is usually necessary for both local authorities and community transport operators to make this opportunity a reality.
- 4.5 Of particular note in any proposal to make community transport part of a solution are the changes introduced in the Local Transport Act 2008, which allows not-for-profit operators to more easily run scheduled and demand responsive local public transport services under a Community Bus Permit (Transport Act 1985 – Section 22). The latest report from the Traffic Commissioners shows that the annual number of applications for these permits has risen.

5 Concessionary Fares

- 5.1 The Community Transport Association has long held the view that fairness and equity would be demonstrated if the elderly person's free off-peak concessionary fare arrangements were formally extended to include dial-a-ride and similar services. Passengers use these services simply because they cannot walk to the bus stop or cannot board a mainstream vehicle. We continue to believe that current situation is

discriminatory because only passengers who cannot use mainstream buses are asked to pay a fare for their journey that would have been free had they not been elderly or had a disability

6 Passenger involvement in bus service planning

- 6.1 With regard to the involvement of passengers in designing and specifying transport services, we believe that community transport organisations have an excellent record in achieving exactly this outcome. Most community transport organisations are governed by trustees drawn from the community they exist to serve and it is not uncommon for organisations to undertake extensive surveys to establish transport needs.

CTA UK - 4th January 2011