

OLD GREY MATTER ARTICLE

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Use it or lose it!

With the Government's Autumn 2015 Budget Statement fast approaching, we hear of 30% reductions being offered in three major Government departments, two of which could impact seriously on the worth of the bus freedom pass, namely the Local Government and Transport departments. Campaign for Better Transport is publishing its latest research into Local Authority bus funding before the Government's Spending Round. Initial findings show that the picture is increasingly bleak for buses and bus users across England and Wales. Buses face a double threat as the Government explores options to cut the entire central funding pot, the Bus Service Operators Grant (BSOG), totalling about £400 million. This would mean a 10 per cent reduction in services and whole networks disappearing, leaving people and communities up and down the country cut off completely. As part of the joint NGO campaign, a letter has been sent to Chancellor George Osborne highlighting the importance of buses, not just for pensioners but for young working people and the general economy, calling on Government to take urgent action to protect services.

My own research, from a telephone interview with Steve Wickers, CEO First Buses in Norfolk & Suffolk, shows they are encountering increasing costs of 2-3% per annum which is above CPI, due to demands on labour and materials. Buses are a labour intensive industry and each bus costs on average between £100,000 and £120,000 per annum to run. Extra costs are being encountered through having to be DDA compliant by implementation of the Disability Act. Old single-deckers need converting (to lower the entrance step when the bus stops) by this December, most being done, and double-deckers by the end of next year. Local councils are looking to cut grants now and in the future, this year 2014/15 it was by 3%, as their own central government grant is being reduced.

Somehow, says the CEO, we need to increase the revenue stream to counteract this and produce a profit. The average mix of passengers is 2/3rds concessions and 1/3 paying customers. The concessionary grant comes at between 90p per passenger for urban and £1.20 for rural routes and in between for inter urban. The average amount a paying customer pays for a journey is approximately double this grant. Operators are just not getting sufficient to encourage investment and expand the service. Even if a bus was full of just concessionary fares all year, it would not cover its cost of £100,000 so would not be viable. Also, demand in rural areas is lower and the mix is a real struggle - paying customers are needed to offer the service.

My observation is that without the concessionary fares, the service at present would also be unviable and is being subsidised through use of the bus pass and would otherwise be much reduced. So the answer lies in the company achieving a good balancing mix of passengers with reasonable fare offers for paying customers on desirable routes.

Steve Wickers said he was on good terms with the local authorities he covers and they work closely together to find solutions to maintain and improve services locally despite the authorities having their hands tied by central government having to budget for future cuts.

The overall message coming through all this still seems to be – Use it or Lose it – especially in rural areas!

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