I thank you, Mr Walker, for chairing this debate on the important issue of rural bus services in south Devon, and I thank the Minister for his continuing interest in sustainable transport. I want to cover the three areas of the scale of rural transport poverty, the current reductions to services in Devon and, perhaps more importantly, the threats on the horizon: there is a perfect storm brewing for rural transport in my constituency. Finally, I have some proposals, put forward by my constituents as well as by people with transport expertise. I hope to persuade the Minister that doing nothing will be to abandon the transport poor at the roadside. I hope that he will accept an invitation to Townstal in my constituency to meet those who have been hardest hit by cuts to services.

Citizens Advice has found that many low-income families spend as much as 25% of their income on owning and maintaining a car; not through choice but through necessity. In addition, south Devon is one of the most expensive areas of the country, with high housing costs and low earnings, and employment that is often unreliable and seasonal. It has one of the highest insolvency rates in the country, and a high percentage of retired people, who are more likely to be dependent on public transport. It is not only the work that is seasonal; we also have a seasonal population. In summer our population expands dramatically, putting a further strain on services.

It is notable that the more rural an area is, the greater the number of cars and vans per household. Our services have become so infrequent and inconvenient that anyone who can use a car will do so, and those who have no access to a car cannot afford the full fare that is needed for the services to be run on a stand-alone commercial basis. South Hams, for example, has more than 12,000 more cars than households, which only underlines the relative transport poverty of the have-nots. Those have-nots are 14% of rural households in Devon—55,000 people who have no access to a car. Without transport, those people cannot gain access to hospitals, employment, education or even employment agencies or citizens advice bureaux.

The reason for that is clear. Under the comprehensive spending review, the Government grant to Devon county was cut by Â£54 million in 2011-12. Like all councils, Devon has statutory obligations, so it held a good public consultation exercise. However, unfortunately, people who never need to use public transport do not see it as a priority, so it emerged as a relatively low priority.

Anne-Marie Morris (Newton Abbot, Conservative)

Similar cuts have been suffered in my constituency, in Dawlish, on the 178 Newton Abbot to Okehampton service, and on the 361 Bridford to Newton Abbot service. Does my hon. Friend agree that one of the problems is that Devon's settlement from central Government was in a sense not appropriate, because rurality was not taken into account? Therefore there was a particular challenge in funding the bus service.

Sarah Wollaston (Totnes, Conservative)
My hon. Friend makes an excellent point. Devon county council reduced its public transport support budget by £1.35 million out of a total spend of £7.75 million. My hon. Friend makes a good point in noting that that did not recognise the particular challenges of rurality.

As I have said, the real problem is the perfect storm that is brewing, with ever-increasing costs and further reductions in revenue. From April 2012 there will be a 20% reduction in the bus service operators grant which will increase operator costs by 1.5% to 2%. When we consider that our fares are already among the highest in the country, if that were passed on to passengers it could result in a further abandonment of bus transport.

The reduction in operator reimbursement for pensioners' bus passes is also creating a particular problem in Devon, because in Devon 56% of all bus journeys after 9.30 in the morning are made by concessionary travel scheme passengers, which amounts to 30% of operator income. Local experts tell me that a reduction of the reimbursement to operators of 15% translates into a 4% to 5% loss of income; but for more rural operators such as those that are found in Devon it could be as much as 30%, which would be devastating. To those figures must be added the cost of administering the scheme. Devon must spend £12 million on that, which ironically is twice as much as it must spend on supporting bus services to ensure that people can travel in the first place. Devon county council estimates that it has been underfunded by approximately £5 million in the current year on that scheme alone. Many of my constituents wonder whether the ability of some people to travel free is more important than the ability to travel at all for many people of all ages.

On top of those reducing subsidies comes the blow of passenger transport inflation, which the Minister knows outstrips the retail prices index, as a result of increased insurance premiums, increasing staff costs as a result of legislation on part-time workers, increased training requirements and bus adaptations. That is before factoring in the runaway costs of fuel. Seventy bus routes have been affected in Devon. Hon. Members will be relieved to hear that I am not going to name them all, but I should like to mention service 111, which illustrates several points.

The 111 was a lifeline in my constituency, running from Dartmouth via Totnes station, stopping off at the Torbay shopping area and taking passengers directly to the door of the local hospital. It ran via several villages and was a reliable service. Crucially, it also allowed parents to exercise choice in the matter of their children's school. The loss of the 111 has been devastating. Last week I met Freda Morgan, who, despite being in her eighties, made the trip from Dartmouth to visit her 91-year-old sister in hospital. Previously she would have been able to travel door to door. This time, on the way out she needed two changes of bus and a very long walk up a steep hill—trust me, people in Devon are used to hills, but this was a very long one from the main road. On the way home she needed to take a completely different operator's buses and a different set of routes, including a ferry crossing. The round trip lasted a total of 10 hours. She managed to get only an hour with her sister, and she arrived home completely exhausted.

Mrs Morgan is not alone. I have had similar emails and letters from many other constituents: patients and visitors, parents who now cannot get their children to school—of course we cannot think it is an option to change a child's school half way through their education—and a flood of people who feel trapped in their homes.

Adrian Sanders (Torbay, Liberal Democrat)
One of the answers is to get more people using the buses, so that they become more viable. Surely one of the best ways to make buses more viable is to get them to run on time. Reducing congestion between the hon. Lady’s constituency and mine—I am thinking of the Kingskerswell bypass—would have an enormous impact on bus use throughout Torbay and south Devon, because buses would be more likely to run to timetable.

Sarah Wollaston (Totnes, Conservative)

That is an excellent point. Reliability is a key issue—both reliability in timetabling, and the reliability that means a child who starts at a particular school will continue to be able to get there in the long term.

Another of my constituents, Richard Parnell, made the excellent point with reference to seasonal employment that he has been unable to get to many places because of the changes. Even when he was recently called to do jury service he found it very difficult to attend.

I mentioned bus 111 because it was, in a way, a victim of its own success, showing that the issue is not only cuts to rural subsidies; there is also the perverse impact of the way it has been possible to apply competition to the routes in question, since deregulation under the Transport Act 1985. Some 76 per cent. of bus journeys in Devon are on commercial services and, crucially, Devon county council is unable to consult on changes to commercial services. There have recently been 200 to 300 service changes each year, with only 56 days notice. That leaves little time for those affected to make alternative plans.

Service 111 was operated by Stagecoach under a tender paid for by Devon county council, which allowed Devon to specify the timetable, fares and bus specification. When the tender was due to expire, another operator declared the section between Dartmouth and Paignton to be commercial. To cut a long story short, the service no longer allows people access to employment, medical appointments or school, they might as well be cut off.

Many communities in my constituency have been badly affected. They include Kingsbridge, with the loss of the X64, and Dittisham, Blackawton and Marldon. The county maintains that no community has been cut off but if a service no longer allows people access to employment, medical appointments or school, they might as well be cut off.

We have some wonderful community bus services in Devon. I am sure that my hon. Friends will join me in paying tribute to them and their volunteers; I think of services such as the Coleridge community bus and "Bob the Bus" in Totnes. Devon has also led the way in demand-led bus services such as the fare car scheme, but it would be a mistake to think that they reduce costs, as some are even more expensive.

Gary Streeter (South West Devon, Conservative)

I congratulate my hon. Friend on securing this important debate and on making such a powerful speech. Given that we cannot anticipate much more Government subsidy over the
next two or three years, and given that bus companies understandably do not want to operate unprofitably, does she believe that some improvement could be made if the bus companies, the county council and parish councils and communities were much more involved in consultation about which routes were necessary and which timetables would suit best? Does my hon. Friend believe that there is enough engagement with local people?

Sarah Wollaston (Totnes, Conservative)

My hon. Friend makes an excellent point. As I said earlier, there is no opportunity for such engagement because of changes in legislation after deregulation. I would like it to be restored and I would like to see an obligation to consult more widely. I would also like to see more sensible ticketing arrangements, so that constituents who have to take different routes there and back are able to use a smart card.

I am surprised by the number of pass holders in Devon who say that they would rather pay a small amount per journey, or even pay an annual administration fee, than suffer reduced services. They understand the financial realities to which my hon. Friend Mr Streeter refers. Experts in local transport tell me that an annual fee of around £30 would cover the administration costs—the £12 million that I spoke of earlier—which is twice as much as Devon is spending on subsidising the extra costs. Such a fee would still represent outstanding value for money. I hope that my hon. Friend the Minister will consider it.

Another excellent question is why foreign vehicles can use our motorways for free when we pay so much to use theirs. Why cannot we have a system like that in Switzerland, where vehicles have to pay for and display a motorway pass even if they use the motorway for only one weekend? Could we not do likewise? The equivalent for British nationals would be the tax disc; we could ask all foreign trucks and cars to pay a smaller amount for the pleasure of using our lovely motorways. Others have suggested increasing vehicle excise duty for high-emission vehicles to subsidise public transport. However, we know that such measures would not directly benefit local rural services unless the increased income were directly allocated to councils and ring-fenced for sustainable transport.

My own suggestion would be to consider giving councils greater powers to require out-of-town supermarket users to pay to park. The money could be reimbursed in store if necessary, but the levy could be used to subsidise local rural services if it was appropriate for the area. It would be a form of localism to allow local people to decide on the matter. It would also help redress the imbalance that blights our rural high streets, which are often subject to high parking charges.

I hope that the Minister will think again about the cuts to bus service operator grants. However, I make a special plea on behalf of community buses: could they use red diesel? I hope, too, that the Minister will reconsider the unforeseen consequences of deregulation, referred to earlier, particularly the impact that it has had; on top of the cuts, it has devastated rural services. I also hope he will meet me to discuss some of the red tape and additional costs faced by community buses, which provide an invaluable service. I have already referred to smart cards. Again, that would make a huge difference. I stress that none of us feels that doing nothing should be an option.

Finally, as a small plea to another cyclist, may I ask the Minister to consider amending the legislation to allow buses to have bike racks? It happens in European countries but not here; that is another example of UK legislation exceeding that of the EU. I understand that
regulations prevent buses from carrying front bike racks—that is what local operators tell me—but if we allowed rural buses to carry bike racks, the services could become more commercially viable in the summer. We all know that there is not an endless pot of money, and that would make a big difference to areas such as mine, which are trying to introduce green transport.

Norman Baker (Parliamentary Under Secretary of State (Regional and Local Transport), Transport; Lewes, Liberal Democrat)

I thank my hon. Friend Dr Wollaston for arranging this debate and for packing a great deal into 16 minutes. I thank our quartet of Devon MPs for saying roughly the same thing about their bus services.

I know well from my constituency that buses are a lifeline for many people in rural areas, providing access to jobs, schools, health care and social activities and the rest. Good bus services contribute to the Government's key transport priorities of cutting carbon and creating growth, not least by allowing access to employment opportunities. Other benefits of removing car traffic from our towns would include reduced noise pollution and improved air quality.

Because of the value that the Government attach to bus services, we are committed under the comprehensive spending review to continuing our financial subsidy of bus operators. It is worth pointing out that the many newspaper stories suggesting that the bus service operators grant would be cut altogether proved to be erroneous. We value the support that we give to bus companies and bus operators.

The bus service operators grant—the BSOG—remains untouched for this financial year. However, as my hon. Friend the Member for Totnes said, it will be cut by 20% from next April, thereby giving bus companies about 18 months notice of the change. Department for Transport calculations suggest that will bring about a change in fares of about 1%. Bus operators are on record as saying that the scale of changes and the notice that they have been given make them hopeful of being able to incorporate the change to the BSOG without affecting fares.

Sarah Wollaston (Totnes, Conservative)

Given the rurality of services in Devon, local experts in the county council estimate that for us the change would be between 1.5% and 2%.

Norman Baker (Parliamentary Under Secretary of State (Regional and Local Transport), Transport; Lewes, Liberal Democrat)

I hear what my hon. Friend says. The Confederation of Passenger Transport UK said that it was hopeful of incorporating the change without affecting fares or services; I hope that reassures her on that point. I shall deal in a moment with local tendered services, which I suspect are more of a problem for my hon. Friend's constituents.

The Government are committed to reducing the budget deficit that we inherited, and every sector has to play its part in that. However, Transport Secretary and I are determined that buses should continue to receive their fair share of funding. We want to encourage more people to use buses, and to make bus travel more attractive in whatever way we can, given the financial envelope within which we have to work.
The Government spend more than £1.2 billion a year on concessionary travel and bus subsidy in England, outside London, of which £15 million or thereabouts is spent in Devon.

We remain particularly committed to the concessionary travel entitlement in England for the 11.5 million eligible older and disabled people. I hear my hon. Friend’s suggestion of introducing a small charge to help finances. I can only say that the Prime Minister has made plain the importance that he attaches to the present arrangements—that the concessionary travel arrangements continue to be free for those entitled to them. That obviously remains the Government’s policy.

My Department recently issued new guidance to local transport authorities to help them ensure that bus operators are reimbursed for carrying eligible passengers on a “no better off, no worse off” basis. My hon. Friend referred to the concessionary travel reimbursement arrangements, but the essential legislative requirement that bus companies should be no better off or no worse off has not changed. All that has happened is that the Department has issued new guidance to enable local authorities better to deliver the requirement. They are not obliged to follow that guidance, although they may do so if they wish; but they are obliged to comply with the legislation, which has not changed.

Adrian Sanders (Torbay, Liberal Democrat)

I raised this matter under the previous Government and suggested, through parliamentary questions, that the cost of a national scheme would be less than lots of local schemes. Will the Minister consider that as a way in which we can reduce the costs overall? It seems crazy that different local authorities pay different rates for the same service.

Norman Baker (Parliamentary Under Secretary of State (Regional and Local Transport), Transport; Lewes, Liberal Democrat)

There is a national arrangement in place in Scotland, which was considered. Responsibility was moved from district councils to county councils, which helped to bring some consistency to services and reduce some of the overheads. However, we have to balance that with our need to pursue a localism agenda, which both coalition parties firmly support. To have a national scheme would counter that and go against our direction of travel.

When the Department was considering the new guidance for the concessionary travel scheme, we took representations from the bus operators and local councils. I then personally amended the guidance to ensure that it reflected the particular challenges of operating in a rural area.

I recognise that the recent local authority funding settlement has been challenging and that in some areas, local councils have responded by taking the axe to local bus services. That badly hits rural areas such as Devon where supported services make up a much higher share of the total than in metropolitan areas. The formula of the Department for Communities and Local Government, which allocates money to local councils, incorporates a sparsity factor, which should help areas such as Devon.

The Department is also committed, through the local government resource review, to looking at the entire way in which funding takes place and local moneys are raised from the local taxpayer, and that process is ongoing.

I am naturally concerned when I hear that vulnerable people with few other transport choices have lost their only bus service, or that children have reduced public transport access to the school of their choice. Those are serious and unwelcome developments. As
my hon. Friend says, fewer than a quarter of all journeys in Devon are made on supported services. That means that more than three quarters are made on commercial services, which are unaffected by changes to council income or changes in council policy.

When difficult decisions are to be made on local bus services, I am clear that they should be made at a local level and not in Whitehall. The Government set out in the local transport White Paper their commitment to ending top-down decision making and one size fits all solutions. That means that we will see different decisions made in different places across the country depending on the priorities given by elected local members in those areas.

Some councils have taken an almost slash and burn approach to bus services, while others such as East Riding have percentage cuts in single figures. They have been more careful about making decisions that affect bus users. I note that Devon county council has cut its budget for supported bus services by 17% this year. In a consultation that it held called “tough choices”, which I welcomed, savings on bus services were one of the top three areas that were identified by 60% of those who responded. I accept the point that my hon. Friend makes that those who do not use buses will be more likely to identify them for cuts than those who use them. Nevertheless, it was an attempt by the county council to validate the decisions that we are taking, and that is entirely helpful. Other areas have consulted and reached different conclusions. Cornwall, for example, has chosen to keep its morning peak-time concessionary travel entitlement on a countywide basis.

It is up to Devon to prioritise its spending as it sees fit, and it is not for central Government to intervene in that matter. How much it spends on buses, roads and libraries is ultimately a matter for Devon county council. Rather than telling councils what to do, my focus instead is on encouraging bus companies and local transport authorities to work together to deliver improvements that make the bus a more attractive option. They need to improve reliability and produce smarter and more integrated ticketing to which my hon. Friend referred; reasonable fares and understandable timetables. She will be aware that an application has been made to the local sustainable transport fund in respect of smart ticketing. Decisions on the outcome of that particular application will be made shortly.

I am also keen that local authorities make the most efficient use of their resources. It is a good idea that there is a maximum efficient use of the vehicles that a council may have. We still have cases in which there are adult social care vehicles in one box, public transport vehicles in another box and school buses in a third box, and they are all run by different departments of the council. These days, councils, which need to make efficiency savings, should eliminate those sorts of duplications and that silo mentality. I am not clear what the position is in Devon. I hope that it has identified savings such as that to be made. None the less, those sorts of practices can still be found in local councils up and down the country. Therefore, local councils have a job to do to ensure that they get the best value for money.

My hon. Friend also mentioned community transport. I accept that that is not a panacea for any reduction in bus services, but it can be a useful facility for particular individuals with special needs or for small communities where a bus service would not be practical. We are keen to build up the capacity of community transport organisations, which is why I recently provided local authorities with Â£10 million of extra funding. Devon county council was given a grant of Â£425,000 for that purpose. I was pleased to learn that the council has maintained its community transport budget in recognition of the important work that such organisations do at a local level.
I pay tribute to Devon Wheels 2 Work scheme. It is an excellent example of a not-for-profit organisation that provides vital links to education, work and training by loaning motorbikes and scooters at subsidised rates. Other examples can be found across England, and it is exactly the sort of grassroots activity that I would like to see more of and to encourage.

Let me now pick up on some of the points that were made. My hon. Friend made reference to route 111. As she will understand, I am not familiar with that route. However, it is a matter for Devon county council to judge whether or not it is one of the routes that it should support. It is sometimes the case that routes to hospitals are difficult to justify commercially. As people move in and out of hospital, it is difficult to build up a regular clientele for that particular service. It certainly seems that some people have been significantly inconvenienced by the withdrawal of that route, and I hope that she and her colleagues will be able to persuade Devon county council to think again.

As for the integration between the transport authority, Devon county council and the bus operators, I have noted my hon. Friend's point about 56 days' notice for changes. That is something that I am currently looking at. No decisions have been made, but it is something that is on the radar. It is up to Devon to decide whether it takes advantage of the terms of the Local Transport Act 2008, which facilitates quality partnerships or even quality contracts. If Devon wants to get more of a handle on bus services, there are powers in legislation available to use should it wish to do so.

My hon. Friend raised other matters that do not fall under the Department for Transport. She will be interested to know that the Under-Secretary of State for Transport, my hon. Friend Mike Penning is introducing proposals for HGV charging, which will, for the first time, capture foreign lorries in terms of what they have to pay to use our motorway network.

My hon. Friend seemed to want to go wider into road charging and almost edged into the Lib Dem manifesto from the last general election, but that is not presently Government policy. She also came up with some interesting ideas on red diesel and hypothecation, which are matters for the Treasury and not the DFT. However, her comments have been noted and I will ensure that they are passed on to the relevant officials at the Treasury.

My hon. Friend also raised an interesting idea, which has been around for some time, about out-of-town supermarkets. I can see why she has raised that matter, and I will make sure that her comments are passed on to colleagues at the Department for Communities and Local Government, who have the lead responsibility for that matter.

I do not have an answer on buses with bike racks, but I will drop her a line to let her know what the legal position is and how we view the matter. Finally, if my hon. Friend wants to bring up some of her constituents to discuss matters, I will ensure that a slot is made available in my diary for her to do that.

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