

House of Commons
London
SW1A 0AA

9 July 2010

Dear MP

Buses in your area under threat

We are writing to alert you to a risk to bus services in your area. As part of the spending review, there is a danger that Government support for bus services could be scrapped – and that this decision could be made in the next week or two.

The support under threat is Bus Service Operators Grant (BSOG), which takes the form of a rebate to operators on the fuel duty they pay. This partial tax rebate, which has been in place for over 40 years, supports local bus services across the country. It's the only direct national funding that bus services get. The Government's own assessment of the impact of BSOG is that on average bus use is 6.7% higher, fares are 6.5% lower and services are 7.1% higher outside London than if the funding were completely withdrawn – but these are national averages and a conservative estimate.

The reality is that bus operating costs would rise by around 10%, fares would go up 10%, and bus services would be cut by 10%. As a result, buses would carry 10% fewer passengers for the same level of costs (excluding BSOG) and the same level of revenue as now. Buses in all areas will be hit with rural and suburban areas and services at weekends and evenings suffering the biggest cuts or fare rises.

Buses are important for people and communities. As our enclosed briefing shows, they give people without cars or those (such as many disabled people) who do not have the option to drive access to jobs, training and education, as well as shops and other services. They also offer people with cars a choice in travel, and so can cut congestion. Previous studies for Government have shown that BSOG gives taxpayers high value for money, with every £1 delivering up to £5 of benefits to our communities. Withdrawal of BSOG would undermine this – it would trap people into dependence on cars and add to local traffic problems. Pensioners could find that despite having a pass for free bus travel they would have no buses on which to use it.

Local authorities will not be able to make up this funding – they have to reduce spending themselves, and withdrawal of BSOG would make it more expensive for them to subsidise services. The cost of all local subsidised services would become unprofitable, requiring either 10% more contract payments or service cuts.

The operators themselves could not absorb the loss of this funding. Bus driver and manufacturing jobs would be hit, investment in services cut and small operators in particular driven out of bus operations altogether. We recognise there is debate about future bus funding, for example whether BSOG should go to operators or councils, and whether it should change from funding fuel duty rebates. But we think that simply withdrawing BSOG now will bypass any sensible debate and could tip buses in many areas into a spiral of decline with fare rises, falling patronage and service cuts, which would hit some of the poorest in society.

We would therefore like you to write to the Transport Secretary Philip Hammond asking him to retain Bus Service Operator Grant in his department's submission to the Spending Review. You can also help by supporting Early Day Motion 402, which highlights the risks of scrapping BSOG and calls for this crucial public support to be retained.

Yours sincerely

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