

Transport Committee

Oral evidence: [Impact of the coronavirus pandemic on the coach sector](#), HC 1284

Wednesday 24 March 2021

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Members present: Huw Merriman (Chair); Lilian Greenwood; Simon Jupp; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 1–73

Witnesses

I: Graham Vidler, Chief Executive Officer, Confederation of Passenger Transport; Nigel Skill, Managing Director, Skills Travel; Michael Pearson, Transport Manager, TM Travel; and Candice Mason, Director of Business Operations, Masons Minibus and Coach Hire.



Examination of witnesses

Witnesses: Graham Vidler, Nigel Skill, Michael Pearson and Candice Mason.

Q1 Chair: This is the Transport Committee's one-off evidence session on the impact of coronavirus on the coach sector. We are delighted to be joined by operators this morning. We will also have two Ministers before us for our second panel.

The coach sector was worth £19 billion to the tourism economy in 2019. It employed 42,000 people and has been particularly impacted by the pandemic and restrictions.

I ask our first witnesses to introduce themselves.

Graham Vidler: I am Graham Vidler. I am chief executive of the Confederation of Passenger Transport, the trade body for the coach and bus industries.

Nigel Skill: I am Nigel Skill, chairman of the Skills Group based in Nottingham and the east Midlands.

Candice Mason: I am Candice. I manage Masons Minibus and Coach Hire Limited. We are based on the Herts/Beds/Bucks border.

Michael Pearson: I am Mick Pearson. I am the transport manager for TM Travel up in the north-east of England.

Chair: Good morning. Before I proceed, perhaps I could ask if any Members have any declarations they wish to make? I know that Greg does.

Greg Smith: For transparency, I declare that I know Candice Mason, one of the witnesses, who is a constituent, and Masons is a company based in my constituency.

Grahame Morris: In the interests of transparency, similarly I know Michael Pearson. He has a coach operating business in my constituency that I have visited. I have had quite regular contact with him during the course of the pandemic to raise issues of concern to Michael and to the sector generally.

Q2 Chair: Thank you. In a way that comes as no surprise, because members of this Committee have been quite closely involved with the coach sector and the difficulties. We are delighted that you are all before us this morning.

Graham, would you give us an overview, an explanation, as to the value of the UK coach industry to the economy, and also to society?

Graham Vidler: Absolutely. Coaches provide a vital means of transport which ensures that affordable, accessible and environmentally friendly transport is available to everybody across UK society.



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Before the pandemic, British people made about 500 million passenger journeys by coach each year. In the year before the pandemic, in 2019, over 9 million people made at least one coach trip. That includes almost 2 million people taking a holiday by coach; 3.5 million people taking a day trip to a leisure attraction or going to a music festival or a sporting event; and 600,000 children travelling to school each day.

As you said, Mr Chairman, coach is integral to the UK's tourism industry. In 2019, there were 23 million visits to tourist attractions and locations across the country, in total contributing £14 billion to the UK's economy. It is a huge part of the tourist sector.

It is worth saying that those numbers, impressive as they are, do not tell the whole story. Coach is also about door-to-door transport. Some people—perhaps older people, more vulnerable and disabled people—who otherwise would not be able to take a holiday or even go for a day out can do so, because their coach operator will provide door-to-door travel for them.

Coach is the mode of transport that steps in and keeps the nation moving when other modes of transport fall over. When there are rail replacement works or when flights are diverted from one airport to another, coach is the flexible mode of transport that can be there quickly to get passengers to their right destination on time. Coach has played a huge role in the past, both economically and socially, across many purposes for many people across the UK, and it has potential to do so in the future.

Q3 Chair: Thank you, Graham. You have highlighted the importance of the coach sector for the economy. For the three operators, this is your business and the livelihood for the people you employ. I would be very interested to hear your own personal stories as to the effect of the pandemic on your business. Candice, can we start with you?

Candice Mason: Hello everyone, and thanks for giving me the opportunity to speak. Like many businesses, we have been pretty devastated by the pandemic; 50% of our business is made up of private group travel, which includes our local community. We transport the local Mind group, the Mencap group, many local U3A groups, local English language schools, local environmental visits, Age UK and Scouts. A big percentage of our work is educational trips that support the local community and support local children to access educational visits.

Thirty per cent. of our work is made up of home-to-school transport. This is a commercial part of the business. It is not linked to the local authority. It has been difficult to manage turning the tap on and off for that. The last time we took a private group booking out was on 18 March 2020. We also operate our own programme of day trips and holidays. That is about 15% of our business. I would say that 65% of our business could be directly linked to tourism and visiting attractions.



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As of the end of this month, our losses will stand at over £1 million. We have been lucky to be able to access the grant that was issued in the first lockdown. We were able to gain the £10,000 grant. More recently, in January, we were able to gain the £4,500 grant.

We have had to take out a CBILS loan equivalent to £225,000, which we have to start paying back in June. We are pretty scared about how we are going to be able to afford to do that. We have not been able to reopen parts of the business. We are concerned that it will take a long time to rebuild.

Q4 Chair: Candice, thank you very much for setting the scene. That sounds absolutely impactful. Can I ask the other witnesses if that accords with their own experience?

Michael Pearson: It is very similar to Candice. We have had very similar struggles. We have only received a small amount of grants, especially when they were first announced. To keep up with Government expectations, we had not long got, on hire purchase, three Euro 6 coaches for the greener Britain. The finance alone on those three is £20,000 a month. Any grants or loans that we have been able to get have literally just scratched the surface of the finance repayments on them. It was not enough, basically.

I do not think there is a clear outline for our sector to get going. Last year, when we tried to arrange our own trips or holidays to try to generate an income, another lockdown came or the tier system came and it was all knocked on the head. There is no way of taking the step forward that is needed to get back on top.

Q5 Chair: Thank you, Michael. Nigel, you are a larger operator. You have 115 coaches, I believe, and you are the fourth generation of Skills in the business. I note that Candice is the third generation. There seems to be a pattern. Is your experience similar to the other witnesses?

Nigel Skill: Our experiences very much mirror those of the other witnesses. We estimate that our losses will be somewhere in the region of £3.2 million as a result of the pandemic. A lot of that is down to the fact that we have embraced Government legislation and invested heavily in Euro 6 vehicles. We have invested £19 million since 2016 in Euro 6.

I often hear voiced the view that it is about the survival of the fittest. I suggest in this particular case that that is counter-intuitive. The very businesses that are vulnerable at this time are the ones that have embraced Euro 6 and invested heavily, not only in buying those vehicles but actually operating those vehicles. It is a highly complex and expensive exercise. We have had to employ highly skilled technicians. We have invested £500,000 in our workshop facilities. All of these things are huge costs that we have borne.

The danger is that businesses like ours, Candice's and Mike's—businesses that have embraced this—are the ones that are more vulnerable.



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Businesses that have not taken on board the additional Euro 6 commitments are financially probably in a stronger position. Ironically, it is those that are forward thinking and well managed that are suffering disproportionately as a result. That is where we are. Those are our thoughts at this point.

Chair: Nigel, thank you for broadening that and making that point. It is absolutely key. We are going to discuss in detail support for the sector during the pandemic. Before we do that, I want to bring in Karl McCartney.

Q6 Karl McCartney: I have a quick question for Candice, Nigel and Mick. PC Coaches is a company in my constituency. I have obviously been speaking to them during the past year. The problem they have, much the same as yourselves, is making investments in their own business.

You all have different numbers of coaches, but they tell me that at least 20 of their coaches have not moved during the last year, and they have maintenance and obviously the finance for those. Of your fleet, how many have you not used during the last year as a proportion of your total fleet number?

Candice Mason: We have 19 vehicles. The only vehicles that have moved in the last year have been our school vehicles. We have regularly tried to put vehicles back on the road as the reopenings happened, and then had to take them off as the restrictions and second and third lockdowns happened.

Between April and December 2019—pre-pandemic—we transported just over 70,000 passengers. In the same timeframe in 2020 it was just over 1,000; from a mileage perspective, in the same timeframe, April to December, just shy of 320 miles were travelled by our coaches in that year. Between the same timeframe in April to December 2019, it was 98,000. That was mostly made up of school transport.

We have taken on some additional school work with a private group that started in September, but I am using my high-end vehicles purely to keep them moving. These are really expensive vehicles, in excess of £300,000, and they do not want to be idle for such long periods.

Q7 Karl McCartney: Being a classic car nut, I know it is all to do with brake calipers and so on. The maintenance will go through the roof. Thank you very much for that, Candice. Nigel, can you give us a proportion of what has been moving?

Nigel Skill: During the main lockdown period, out of our fleet of over 100 vehicles, we were operating one minibus. That's all. The whole of the rest of the fleet was standing. When lockdown was eased, we started using about 40 vehicles on school runs. In a way, though, it is almost a double-edged sword. School runs are only morning and afternoon transport. Our business models are predicated on using school vehicles to infill with private hire work. There has been absolutely no private hire



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work at all during all of this period, so it is almost a double whammy for us. We are operating school runs, but not really making money at all. In fact, you could almost argue that we are losing money by doing school runs. It is not helping the situation.

Q8 Karl McCartney: So a third of your fleet was being used, but they were not being used at full capacity at all; in fact, probably not even half.

Nigel Skill: Yes, when the easing of lockdown came, that's it. A third of the fleet. The rest, the high-end touring vehicles, the expensive ones, were standing.

Q9 Karl McCartney: Thank you for that. Mick?

Michael Pearson: I can say pretty much the same as Candice and Nigel. It was about a third of the fleet. We only used them for home to school. The more expensive Euro 6 vehicles have not turned a wheel since March last year; nothing at all.

Karl McCartney: Thank you for those details, all three of you.

Chair: Let's move to the support that has been available to the sector during the pandemic.

Q10 Grahame Morris: The operators have given us an indication there, but I wonder if we can be a little more specific for evidence purposes as to the support the sector has had, or not had, during the course of the pandemic and the impact that has had on your particular businesses. I know from my personal dealings with Mick Pearson that some of the support that has been available has been at the discretion of the local authority. Not all coach operators have been able to access those grants or that relief.

Mick, what Government support has your business had? What have you been able to access, and has it been sufficient to maintain your business? We know from the briefings we have received how important the coach sector is, not just generally to transport, to aviation, to rail replacement and to airports, but to the leisure and tourism sector. Could you make some reference to the long and short-term effects that the lockdown restrictions have had?

Michael Pearson: When the Government's grants were first announced, they went on the rateable value of your premises. Because we share a premise with another coach operator, at first we were turned down for it. We were not able to get it because they said we were not part of the leisure industry. Once Grahame and Lee got involved, we were allowed it, but we had to share with the other operator. We literally only got 50% of the grants that were available. With the overhead finance payments that we had, as I said previously, it was not even scratching the surface.

We then went to our bank. This was before the bounce-back loan scheme was announced, and the CBILS. We had a £1.3 million turnover pre-pandemic, and we were turned down. It was a straight no. It was only



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when the bounce-back loan scheme was announced that we were able to get the maximum £50,000 allowed by that. Again, with £20,000 a month finance payments we were in a real pickle. We could not stand on our own two feet like we have done for years and years.

I am a third generation coach operator. It is a family thing. We work hard. We normally sustain ourselves, but this was a real kick in the teeth.

- Q11 **Grahame Morris:** Can I interrupt, Mick? In our region, we are quite close to Scotland. The coach operators there are receiving direct support, £150,000 per coach. From the contacts you have had with colleagues north of the border, how has that assisted them when you have not been able to access support and have that level of reassurance?

Michael Pearson: For a start, they will be able to sit and relax about where their income is going to be. Covid, going on for however long, will not worry them as much as it will worry me. They have already been given funds to ensure their survival, whereas we have not. We are still battling on a weekly basis to pay basic bills. Normally, if the pandemic was not here, we would be fine.

- Q12 **Grahame Morris:** Can I ask the same question of Candice? In your answer can you talk about the short and longer-term effects on the sector?

Candice Mason: It is probably worth me mentioning that pre-pandemic we had invested £1.5 million in Euro 6 vehicles and £400,000 into PSVAR—Public Service Vehicles Accessibility Regulations—wheelchair accessible vehicles. That was a debt that we took on and it was manageable. We were able to run a viable business with that. We have been able to access the £10,000 grant, but have continued to pay our rates during the last year. We were able to access a £4,500 grant in January for the December lockdown. We were told we could not access the November grant because we were not a business on a list that was told to close, even though we were unable to operate and any places we would have visited were closed.

We would like the same as Scotland has had, which is a grant against the investments that they have made. We have a finance bill of £25,000 a month, which we have used our CBILS to pay for. We took some payment holidays with our finance company at the beginning, in the first three months. We took a few payment breaks to give ourselves time to plan, but that has cost us £20,000 in interest rates added on. I recently got a quote from a finance company to refinance the entire fleet, and to look at different payment strategies to help with cash flow for the next 12 months, but was told I am a business that is high risk and they will not invest in us any longer.

We have a viable business. We have customers lined up in the background ready to go, but there is a certain amount of lead time. We need to make sure that a venue is ready to take us. We have had some



challenges with venues being prepared to manage group bookings. We then need to be able to market the trip and get it going. At the moment, with social distancing in place, when we can reopen, I can fit 26 passengers on a 53-seat coach. I think I am still looking at another three to six months of working with an unviable business. I believe with our finance costs it will probably take us a year to rebuild and be on a bit more of an even keel. I hope that answers everything.

Q13 Grahame Morris: Thank you. Nigel, are you able to comment on the level of grant support that the large coach operators—even much larger than you, like National Express Coaches—have received in comparison, and how that places them as we emerge from the pandemic and demand begins to pick up again?

Nigel Skill: We are in exactly the same situation as Mick and Candice. We do not have that level of support. We are fortunate, in that we work for National Express and they give us some small level of support, but that does not meet the commitments of the National Express fleet that we operate. It is not particularly significant.

We are grateful for the furlough scheme. That has been a huge help. Without that, clearly we would not be here. We have also applied for and gained CBILS, but that in itself is quite an interesting story. We have a very competent financial controller, and my brother is a chartered accountant who has 200 of his own clients. He has a separate business. We put together a proposal for the bank that we needed £2.5 million of CBILS loans. They suggested that we would have to have that independently audited, so they brought in PWC to audit our business. That cost us £15,000. They came back with the recommendation that we should have a £2.5 million loan.

The bank then decided that they would not advance £2.5 million, but only £2 million. When the third lockdown came, we went back to the bank and said, "PWC recommended £2.5 million, so please can we have the extra £500,000?" They said, "No, you have to have another audit from PWC at £15,000." That is £30,000 so far expended on consultants.

That was completed and they reaffirmed that we were good for that money. At the end of it they came back to us and said, "By the way, we quoted you £15,000. It actually should have been £27,000." In effect, our application for CBILS loans, including what the bank has now decided, which is that they want a legal review of all our securities for another £5,000, has cost the thick end of £50,000. That is to apply for CBILS loans. It is £50,000 that we cannot afford, but clearly we needed the loan to help us secure the future and keep paying for the vehicles we have invested in.

Q14 Grahame Morris: Thank you, Nigel. Graham, do you have a quick response? I am conscious that we have taken up a lot of time on this.



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Graham Vidler: I want to come in very quickly on the Scottish scheme because it is a useful example. It is a very well-designed scheme, and it shows the Scottish Government putting coach at the heart of the recovery of tourism in Scotland. It pays up to £12,000 per vehicle, materially more than equivalent schemes have paid elsewhere in the country. It is tapered, so that it pays more for businesses that have newer vehicles and higher finance costs. It is targeted on businesses with a high proportion of their turnover from tourism, which have been closed during the pandemic just as surely as non-essential retail or pubs have been closed.

It is a really good scheme. We think that applying it in England and Wales as it has been applied in Scotland, and indeed in broadly similar terms in Northern Ireland, would cost between £100 million and £150 million. It would be a real boost to the sector's attempts to start up again over the summer.

Grahame Morris: Thank you very much indeed.

Q15 **Chair:** Before I come to Greg to touch on the support you would like to see, can I just drill in? A lot of those funds were set and you have described how you did not fall within them. There was a further injection of moneys from the Government when the schools returned in the autumn. When I was speaking to my local coach operator, Cordery, the frustration was that the local authorities had given that money to the big five operators. Here was a great opportunity to give an injection that had been lost. I will ask the operators rather than Graham, because I know you represent bus and coach. Candice, is that a fair situation that occurred in Bucks and Herts?

Candice Mason: You have absolutely hit the nail on the head. We woke up as an industry one morning to a tweet saying, "Coach operators, contact your local authority. We are going to start supporting your home-to-school transport." I rang my local authority the very next morning. I am sure they will not mind me saying that they laughed at me down the phone and said, "Candice, we have loads of buses that are not filled, and they are our priority, so we will be going to the bus companies." I believe I heard the figure touted around that actually only about 1,000 coaches out of about 30,000 coaches received any of that funding. I have not seen any of it.

Q16 **Chair:** Mick, was that the same situation with you?

Michael Pearson: Yes, completely. Most of it would have gone to the large bus operator in our area, Go North East. Over the last year, as we have been struggling to pay bills, they have used whatever Government support they have had to buy new fleets of buses. They have also used it to buy fleets of coaches, which is a bit out of the ordinary for those types of operators. They have now started a coaching division out of the support moneys that they have received and are going after work that we would normally have done. We did not get any of that money at all.



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Q17 **Chair:** Nigel, is it the same situation for your company?

Nigel Skill: Yes, likewise. The work we received was subcontracted from the First Bus group. It didn't come direct; it came through them.

Q18 **Chair:** Graham, I know it is difficult because you represent both bus and coach. Obviously, the bus companies have received subsidies from Government to continue to run bus services. That is a separate scheme. Is there a feeling that this could have been better channelled towards the coach sector, which has not had the same level of support?

Graham Vidler: I think the funding for home-to-school services was given to local authorities to support home-to-school provision in their areas. They made decisions about where that money should go. The mistake, potentially, was in presenting it as support to coach operators. It was not support to coach operators; it was support to local authorities in discharging their duties.

We have asked the Department several times where the money ended up, in terms of which operators received it. They have not answered those questions. Surveys of our members suggest that about 20% of it found its way to coach operators, either directly or, as Nigel suggests, through subcontracting.

Q19 **Chair:** When you said you asked the Department, was it the Department for Transport?

Graham Vidler: Sorry, the Department for Transport, yes.

Chair: No doubt we can take that up with Baroness Vere in the second session. Thank you very much for that. Apologies, Greg, I held you up. Let's come to the support that the sector would like to receive. We have touched on some of it.

Q20 **Greg Smith:** I will start by digging a little bit deeper around the issue of debt gearing. The evidence you have given in writing and this morning shows that the coach sector, either through the purchase of vehicles or other things that ultimately the state has asked you to do—taking on debt to upgrade vehicles to PSVAR standards—is in a different place from a lot of businesses for whom maybe their debt gearing was not as high, and CBILS or a bounce-back loan could easily see them through, as opposed to adding to an existing, very high burden.

To help the Committee understand a little bit more, given the level of debts that you have, both from existing agreements—purchase of Euro 6 and upgrades for PSVAR—plus, for those of you who have CBILS, the CBILS repayments, and for those with bounce-backs, the bounce back-repayments, could you give us some detail as to what level you need to be operating, compared to your previous operations, in order to be in a realistic, viable place to service that debt and still be a viable business? Inherent in that question is: how much does your business need in support in order to bridge that gap? Constituency first. Let's start with Candice.



Candice Mason: We need to be able to turn over at least the £25,000 a month to finance the coaches. That would be a good starting point for us. Obviously, we would like to keep a roof over our head moving forward as well, so a bit more would be beneficial. The £225,000 we borrowed on the CBILS runs out in June. It literally runs out; there is no more of that money. I have a pretty tight deadline to start bringing some income into the business. I would be able to provide you, after this meeting, with specific facts and figures around at what point our forecast would allow us to bounce back. I do not have that to hand at the moment.

Q21 **Greg Smith:** Thank you. Can we go to Nigel next?

Nigel Skill: It is a very interesting question. Likewise, I can provide you with more complex figures after the meeting. One of two positives to note is that we operate a coach tour and holiday programme. The bookings for that have been extremely brisk. That is one of the main planks of our recovery. In fact, when the first lockdown eased, we took a tremendous amount of bookings. There was a great surge in bookings, which, unfortunately, we had to refund when the third lockdown came in. That was obviously a difficult situation.

If there is a road map that is clearly charted and stuck to, it will be an important help for us. As I mentioned, we operate for National Express. They are starting to schedule services, albeit at a very low level, at the end of this month. We expect that that, as in previous easings of lockdown, will ramp up fairly quickly.

The problem is that there is such a lot of uncertainty at the moment. The only certainty we have is that we have to keep paying back the finance that we have in those vehicles. That clearly is our biggest concern. We have to keep paying 20% furlough as well, which, for a big organisation like ours, is a big cost when there is very little money coming in. I can give you more specifics, but that is a general overview of the situation we are in at the moment.

Q22 **Greg Smith:** Thank you. Mick?

Michael Pearson: It is very similar to Candice and Nigel. I can provide the Committee with figures after the meeting, but I do not have them to hand. Our outgoings are pretty much the same. We have our bounce-back loan to pay back in June. We have £20,000 a month coach finance that we pay for the higher-end vehicles. We have to pay 20% PAYE to top up the furlough. I would have to get back to you at a later date, but it is very similar to the other two witnesses.

Q23 **Greg Smith:** Perhaps I could shift the question slightly. We have the reopening road map. I totally understand what is being said about the long lead times to get bookings in. Obviously, for those of you that do international travel there is a much bigger question mark over when that can restart.

If we park for one minute a direct financial support package, although



clearly from the evidence you are saying that you need a financial support package and we will take that as read, what other incentives could there be, be it tax breaks or a coach equivalent to Eat Out to Help Out? What could the Government do to ease your bounce-back as the road map kicks in and as people are able to do day trips again, and you are able to take people to the Great British seaside or wherever it may be? What would have the biggest bang for the buck? Would it be something around VAT? Would it be something around a pay per use grant, like Eat Out to Help Out was? What would really help you? Perhaps Graham could give a sector-wide answer first, and then we can come to the individual companies.

Graham Vidler: Any of those things would be helpful. A scheme along the lines of Eat Out to Help Out would clearly help to stimulate demand. VAT relief would help as well. Fundamentally, what is needed to accompany any financial incentive is clarity and consistency around the road map out of lockdown.

Members tell me that every time a Minister stands up and says something positive about the prospects of vacationing in the UK this year, their phone starts ringing with customers who want to make bookings. Every time a Minister stands up and says, "Maybe you won't be able to go on holiday in the UK this year," their phone rings with the same customers cancelling those bookings. A bit of consistency will both build confidence in customers that they can book for the future and help repair the finances of coach operators, who can be certain that come June, July and August—the months when the industry typically makes almost all of its profit—they will be able to serve their customers.

I think that is absolutely fundamental. So, too, is a clear path through the social distancing review that we are expecting in June. It is important that coaches are able to operate at their full capacity. Operators have taken huge steps to make sure that they are operating safely for both drivers and staff. It is really important that the social distancing review does not open up the rest of the economy and leave coaches behind in a situation where you can only half-fill your vehicles. Nobody can run coaches profitably in those circumstances.

Q24 **Greg Smith:** I totally hear the request for consistency. Can I ask you for a comment on not just consistency from Government? I know that as lockdown measures started to be eased last summer, and things like day trips could happen, although people were reticent, some venues and attractions interpreted the rules differently from others. I can give you an example—let's not name who owns it, but there are not that many of them—where one stately home would take group bookings but another would not. That frustrated a lot of operators. How can we get consistency across the attractions and venues that coaches take people to, as well as from the Government?

Graham Vidler: That is an important element. As you say, it arose last summer when we were trying to book trips and tours. It is arising again



now. As we look forward to bookings in June and beyond, there are still venues saying to members, “We can’t accept you for a booking until the review is concluded and we know with absolute certainty that we can do so.” I think that is causing operators real issues. Candice might want to comment on that specifically because it is something she has raised with me.

Q25 **Greg Smith:** A perfect segue to Candice.

Candice Mason: I want to lay out a picture. The vast majority of my customers, but not all of them, use coach travel to go to venues because they do not drive. They are often more mature. I am sure they will not mind me describing them as that. Some of them have not left their home since March. They want to travel with us because they know us. They are confident that we will keep them safe, and that we will plan things for them that make sure that they are protected. Some of them are very nervous about coming back out. I like to go to great lengths to make sure they feel reassured. I have tried to pick venues that would reiterate that for us and make our customers feel safe. I have found that the smaller independent venues, often family-run, are happy to have those conversations with us. Some of the bigger venues find it very difficult.

I understand that they equally have difficult challenges and things going on. They are often running with reduced staff, but they are not even engaging in conversation with us. That is frustrating. I cannot then reiterate to my customers how we are doing it in a productive way. I booked things towards the end of last year in preparation for this year. I am having rates increased by £5 a head. I am being told that there are no more group rates, which again I understand but it feels like we are being blocked from being successful. It is quite a frustrating experience.

Q26 **Greg Smith:** What sort of incentive would work best for your company? Would it be a flat VAT reduction? That has had a big impact for hospitality, for example.

Candice Mason: VAT will not make much difference to us, to be honest. It doesn’t really touch the sides. I have been asking, since the very first lockdown, for somebody from Government to please stand up and say—it will take 30 seconds and won’t cost anything—“Coach travel is really great. It is really green. You can have a really fun time. It is really safe.” It is not like public transport where you have groups of people getting on and off all through the day. It is the best way you could possibly travel.

I saw pictures last year of miles and miles of cars going into the Lake District. We, as an industry, could have completely solved that problem if the Government had just got up and said, “You know what, go on a coach trip. It is a really traditional part of our heritage. Have some fun.” I would love an Eat Out to Help Out on coach trips; I have to add that.

Q27 **Greg Smith:** Let’s call it Day Out to Help Out. Thank you for that answer.



Michael Pearson: I think a lot of this, as well as the financial side—yes, we need financial support—is exactly as Candice says. The Great British holiday, the coach holiday, is a massive thing. It always has been. I actually started in this walk of life as a part-time coach driver taking different generations to different places such as the Emmerdale trip and stuff like that. It is a totally different experience from a continental holiday. You go away and get friendly with people. Especially for the older generations who, as Candice says, have been trapped in their homes since March last year, if we could get a message across to them from Government to say how safe coach travel is and get them back on board, it would be a massive stepping-stone to recovery for our sector.

Q28 **Greg Smith:** That is really clear. Thank you so much. I am mindful of the time, but, Nigel, do you want to add anything on this section?

Nigel Skill: I support what both Mick and Candice say. We need a positive message about coach travel. The other thing that we need to do is this. We all agree that we need a low-emission coach fleet across the UK. For those of us who have been investing in a low-emission fleet, it is all well and good, but, as Candice has already touched on, we are now finding difficulties because we are viewed as a high-risk industry. Clearly that has to be overcome if we are to continue with our investment programmes to clean up the coach fleet so that we have the vehicles to go into the low-emission zones that are spreading all over the country. I see that as a huge issue. Some sort of support in that particular area to give the finance companies, or whoever, confidence to advance funds to us, and help us and support us is vital.

Chair: Thank you very much. Candice, you touched on accessibility for certain members of the community who need to get away. We are going to drill a little bit further into that.

Q29 **Lilian Greenwood:** Good morning to all our witnesses. We have heard your powerful evidence about the impact that the pandemic has had on your businesses. We have also received evidence that some 110 coach operators have been forced to cease operations.

Candice, you started to talk about the likely impact of a contraction in the industry on your customers. I would like to explore that a bit further. Are you seeing that contraction? What impact do you think it will have on travel opportunities for some of the people who choose to use coaches? They may be older customers, as you said; disabled people, because all coaches are going to be PSVAR accessible, unlike some of our trains which still are not; and people who are on lower incomes. I guess the coach will be much more affordable for those who cannot afford to run a car or are put off by train prices. What impact do you think it is having on them? As we are going local, I will start with Nigel in Nottingham.

Nigel Skill: We operate tour programmes. We have a large number of people on our database. Throughout the pandemic, our reservations staff have been keeping in touch with them. The phone call from us is probably the only phone call they are getting in weeks and weeks.



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Clearly, we are offering a community service. The impact of that on the local community is huge.

Q30 Lilian Greenwood: Candice, what do you think? If coach operators have gone out of business—you can tell me whether this is right or not; they tend to be well known in their local area—are there going to be some parts of the country where there is no longer a coach operator? Do you think it will leave some people without an option?

Candice Mason: Yes, I do. That is a huge risk that we run. There are a couple of aspects that I want to make you aware of. More recently, when the age range of our customers were invited to go for their vaccinations, I genuinely could pick handfuls of customers. I was thinking, “How on earth are they going to get to some of the centres?” They use coach travel because they do not drive or are nervous to drive, or they do not have family locally. We started ringing around some of our customers and providing transport for them. Without us doing that, they would not have been able to get to their vaccination. It is not just about a great day out; it is about the extra things that we do to support our local community.

A few years ago, the local town had a problem with water. We took over one of the coaches stacked up with water and supplied it to people. We run a regular lunch club trip, which is specifically designed for people with very limited mobility, or who have found themselves recently widowed and are trying to build confidence in going out again. That has proved to be one of our most successful ventures.

For me, it is as much about earning money as it is about providing for our local community and making sure that we give back to them. We support the local Mencap and Mind groups. We support several local children’s charities with their annual summer holiday events. I think there will be big portions of the country that will really struggle without coach in their life.

Q31 Lilian Greenwood: I am guessing that those relationships have been built over a long period. For some of those vulnerable users you have just alluded to, there would be a nervousness. I am sure if there is a gap in the market someone will try to fill it, but it might be more difficult if you do not have those established relationships of trust.

Candice Mason: We have built those relationships over 30 years. The Mencap group have been travelling with us for donkey’s years. They would not even dream of using somebody else because, to them, that is the safest way to travel. We are part of their family and they are part of ours.

Many of my customers do not use train travel because of getting to the train station. We are quite local to London, so if you were catching a train to London, once you have got there it is very difficult to get from the station to a location. If they go on a coach, they are picked up almost from the end of their road and delivered right to where we are going in



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the local cities. I think there would be a massive loss, specifically for my community, and I am sure the rest of the country.

Q32 **Lilian Greenwood:** Mick, is there anything you want to add from your perspective and from your experience?

Michael Pearson: It is totally the same as Candice, to be honest. I normally found, more as a driver, that you would see the likes of low-income people and the elderly going on day trips and overnight trips. I remember speaking to an elderly couple who had gone down to Blackpool for a week. They said it was cheaper for them to take a few of those per year. It was cheaper for them to go away to Blackpool on a full-board basis and have five days away from home than it would be for them to stay at home, feed themselves and heat themselves for a week. They were continually doing it. It is totally the social aspect—a young mother and her child, in a very lonely place, going away and meeting other people. It is a huge part of the community.

Q33 **Lilian Greenwood:** Thank you, Mick. Graham, you will have an overview as the confederation. Are there places where they are losing their local coach operator, and what impact do you see that having on groups? Colleagues have talked a bit about the impact on older people and disabled people. Lots of young people use coaches as well, because they are affordable, and they have been hardest hit during this pandemic. What is your sense of the impact on some of those groups, who perhaps would find other forms of transport unaffordable or inaccessible?

Graham Vidler: Our members tell us that about 40% of the industry is at risk this year if we do not see a material upturn in customer demand. A lot of the industry could collapse this year. When it collapses, as you rightly say, it collapses locally. It is family-run businesses deeply embedded in communities.

The risk is that you end up with coach deserts and areas of the country where communities cannot access the rich network of services that coaches typically provide. It is all the things the operators have talked about. It is the door-to-door transport. It is the invaluable school trips for younger people. It is supporting local disability groups. Those things will go. People will identify other gaps in the market, come in and fill them maybe, but the things that have been built up over many years—the relationships and the deeply embedded community ties—will be lost, and are being lost already. At the moment, we see dozens of coach companies failing. If that becomes hundreds, clearly we have a much wider problem across the country with more of those deserts popping up.

Chair: Thank you very much. You have touched on what the coach sector has tried to do to green itself, and whether you have received incentivisation on that basis through the pandemic. I will hand over to Gavin Newlands on a very similar theme.

Q34 **Gavin Newlands:** As a Committee, we have touched on modal shift and trying to change behaviours in the wider transport sector. Graham, what



effect might an increase in coach journeys have on carbon emissions overall?

Graham Vidler: Our estimates are that if you could get 15% more journeys by coach, it would take about 47 million car journeys off the road and save half a million tonnes of carbon dioxide. It is a huge shift towards decarbonisation by nudging and encouraging, through some of the simple promotional things that Members were talking about earlier. We need some people to choose coach journeys instead of the car.

Q35 **Gavin Newlands:** We have obviously yet to see the decarbonisation plan from the Government. What conversations have you had, as a representative body, with the DFT on that issue?

Graham Vidler: We regularly remind Ministers and officials at the Department for Transport of the role that coach and bus, because we represent both, can play in the decarbonisation agenda. Some of it is about continuing to make our fleets even greener, but much more of it is about persuading a relatively small number of people to leave their cars behind for a relatively small number of journeys. For example, if you look at the latest report of the climate change committee, modal shift on shorter urban journeys to bus and on longer journeys to coach is an absolutely fundamental part of the road to net zero.

Q36 **Gavin Newlands:** We have already touched on the support schemes available in Scotland. If we are trying to make the fleet greener, as you mentioned, if you combine Euro 6 and Euro 5 coaches, around 67% of the UK fleet is Euro 5 or Euro 6, but in Scotland that figure is 82%, which is a significant difference. That comes with costs. The finance costs per day in Scotland are roughly 43% higher for coaches than they are in the rest of the UK. The Scottish Government have recognised that with their support scheme, with £12,000 for Euro 6 and £9,000 for Euro 5. All of that is extremely welcome, and you are obviously calling on the UK Government to do something similar. How can we incentivise more coach operators to switch to Euro 6?

Graham Vidler: Let's bear in mind that about one in five vehicles is already Euro 6. What is needed to drive further switch to Euro 6 are two things. There must be financial support, whether it is for retrofitting Euro 4 or Euro 5 vehicles or to buy new vehicles. There must also be more availability of retrofit solutions from manufacturers, which in turn will come as and when Government stand behind funding for those solutions. Sadly, one of the main retrofit providers went into administration last week, so that market is getting smaller at a time when it should be getting bigger.

One of the challenges we face is with clean air zones being built up in a local patchwork. There are many coach operators left outside a clean air zone that nobody wants to support in making the transition. If you are responsible for a clean air zone in Bath, for example, you may well want to support local operators in updating their fleets to Euro 6 standards, but



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you have very little incentive to do so for operators coming to your city from the rest of the UK. That is why we need a national clean air fund, rather than individual local authority administered funds.

Q37 **Gavin Newlands:** I will come to Candice and Michael on that last point about incentivisation towards Euro 6. Plenty of operators have invested heavily in Euro 6. If there were to be an incentive brought in now, they would be adversely impacted because they have already made a huge investment and would potentially be losing lots of money. Do you think it should be, at least in part, retrospective so that support would come to your sector for Euro 6?

Candice Mason: If we all had a magic wand, wouldn't we wave that over the industry? Yes, that would be wonderful. I am based just under an hour outside London; 40% of my work enters the low emission zone. We have single-handedly and independently, with no support or whatever, invested £1.5 million in Euro 6 vehicles.

I understand that if you are an operator that resides in one of those low emission zones you have been able to access local authority grants, but if you are just on the outskirts you are not eligible. Again, we are already in a disadvantaged position just based on our postcode. What I think we need is more consistency across the industry for everybody to be able to access that, and a value on the coach industry.

I would like to start thinking about investing in electric vehicles, but obviously given the impact of the pandemic those sorts of things will have to be thought about. It is a shame that, in a world where we are trying to become a little greener, I am having to make decisions that, financially, are too difficult for us to do at the moment.

Q38 **Gavin Newlands:** Michael, briefly, if you had a magic wand what would you do?

Michael Pearson: Exactly the same as Candice, to be honest. We have invested £1 million in Euro 6 vehicles. If we had known that the pandemic was coming, we probably would not have done it. We just have to think of the future. If there was a pot of money or a fund we could apply to nationwide, rather than just by postcode, that would be a massive help.

Gavin Newlands: Thank you very much.

Chair: We do not have a magic wand either, but we have two Ministers coming up next. Thank you very much indeed for giving us such full evidence. You have represented the sector quite beautifully. We recognise not only the impact it has had on your business, but what you have been doing during the pandemic to assist your customers and the community. That has shone through.

That said, we wish you all the very best in your future endeavours, and to your workforce as well. We look forward to taking some of the evidence you have given us to the two Ministers in our next session. Thank you.