



Transport Committee

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

Wednesday 24 March 2021

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[Watch the meeting](#)

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

Questions 39–73

Witnesses

[II](#): Baroness Vere of Norbiton, Minister for Roads, Department for Transport; and Nigel Huddleston MP, Minister for Tourism, Department for Digital, Culture, Media and Sport.



Examination of witnesses

Witnesses: Baroness Vere and Nigel Huddleston MP.

Q39 **Chair:** We move to our second session. We are very fortunate indeed to have two Ministers with us. I will ask them to introduce themselves.

Baroness Vere: Good morning, everybody. I am Baroness Vere, the Minister for roads, buses and places. Of course, I look after coaches as well.

Nigel Huddleston: I am Nigel Huddleston, the Minister for Sport and Tourism.

Q40 **Chair:** Good morning to you both. I particularly thank you, Minister Huddleston. I recognise that you are in a different Department from this Select Committee, but we are very grateful indeed that the two of you are able to give us evidence today.

I know that you both heard the evidence that came beforehand. It was very compelling. I talked of the 42,000 employees who worked for the coach sector. Of course, 8,000 of those 42,000 have sadly lost their jobs. I want to open by asking you if that was a sad inevitability of the pandemic, or whether there were steps that perhaps could have been taken to better support the coach sector, not just from Government but from local transport authorities.

Baroness Vere: Of course, it is terribly sad that 8,000 people have already lost their jobs. It is the case, fortunately, that the vast majority of people will still be in employment. I think a lot of that is down to the furlough scheme, which I know that coaches have been able to access and have widely done so.

We are in a very difficult situation. We recognise the absolute value of the coach sector. It is incredibly diverse. It has a huge impact on tourism, which is why Minister Huddleston is here. The Government have had to make some very difficult choices. From a transport perspective, we have very much had to focus on public transport and providing public transport for essential workers so that they can continue to make their essential journeys throughout the pandemic.

Looking through the sorts of support available for coach, and what we have done, what has been top of my mind throughout the pandemic is that, whenever anybody had had a hint of needing to take something from A to B, my first choice has always been, "What can we do to help the coach sector?" That is why we work very closely with DFE on home-to-school transport. We continue with rail replacement services, where we use coaches extensively as well.

I recognise that it is a mixed picture in the coach sector. Those who were strong going into the pandemic will come out in a much better position



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than some of the other providers. I recognise that it has not been possible for the Government to save every job and every business.

Q41 **Chair:** Minister Huddleston, tourism is very much your portfolio. We have heard that the coach sector is very much aligned to tourism in its own prospects. How do you feel that your Department has fared in terms of giving it as much targeted support as has been possible?

Nigel Huddleston: There is no doubt that this is a sector that has been hit incredibly hard. Tourism involves getting out and about, socialising and travelling, the very things that this pandemic has either stopped completely or severely restricted. By definition, this is one of the most impacted sectors.

If you look at the support measures we have given, from furlough to loans to grants, it is also, not surprisingly, a sector that has taken up those support measures more than almost any other sector precisely because of that need. I have spoken to a couple of the people who were on the previous panel, and it is good to hear from them today; they have given incredibly compelling evidence. I heard from them today that measures have been taken up by the sector. We also have concerns that some of the measures, in particular the additional restricted grants, have not been taken up or indeed distributed, which is the more important element, in the way that we would like to have seen. I do not think there is any denying that we would like to see improvements. I am sure that we will come on to some of those measures later.

I am more than happy to say this to Candice, whom I have had the pleasure of talking to before. For both domestic and international tourism, the coach sector is a hugely important aspect. It provides great value. It is an incredibly well-packaged product. It is a safe product for customers. It has been in the past and it will absolutely be in the future.

Where coach travel comes into its own is to help expand and extend the seasonality of tourism, and domestic tourism. We have to make efforts to make sure that it is not just a May to September phenomenon. The coach sector is pivotal in helping coastal resorts in particular extend their season through to the winter. That is part of the recovery plan as well. The coach sector is hugely important in that, as well as in the peak summer tourism.

As mentioned by everybody earlier, it is important in filling the gaps where areas of the country are perhaps not well served by planes or trains. The coach sector can especially help there. It is one of the reasons, for example, why Scotland has a disproportionately large coach sector. I can absolutely, hand on heart, say that we will be doing everything we can to support the sector as we grow the recovery, and we are working with the sector to work on the tourism recovery plan as well.

Chair: Thank you for the opener. We are going to touch on the support that has been available and perhaps what more may be available. Before



we do that, let us further explore how important the coach sector is to many of our communities. I will ask Lilian Greenwood to do that.

- Q42 **Lilian Greenwood:** Good morning, Ministers. Baroness Vere, you said a moment ago that the Government cannot save every business. In the previous session, Graham Vidler of CPT said that 40% of the coach industry was at risk this year. What assessment have you made of the potential that level of contraction would have on elderly people, disabled people and perhaps those on lower incomes for whom a coach is the only way to access holidays or day trips?

Baroness Vere: You raise a really important point. Of course, we work very closely with CPT and they are invaluable in being able to gather the data from the coach industry to feed back to us. I am aware that the figures show that 40% are at risk. I highlight the “at risk” element. That does not mean that they are necessarily going to disappear.

From now on, and I think the same would go for Minister Huddleston, my absolute focus will be on a plan to come out of this. Whatever I can do as a Minister to support the coach sector to be as successful in the future as possible, we will absolutely do. I recognise that the coach industry serves, in some circumstances, a very vulnerable demographic. It is hugely valued in the work that it does. My goal is to make sure that as few as possible of those 40% at risk end up failing. Graham Vidler was talking about potential coach deserts. Certainly, I would expect the industry to come back in those places. National coverage of coach operators, which is what we have at the moment, is essential. I would expect the market to come back into those areas because the service they provide is so essential.

- Q43 **Lilian Greenwood:** I hear what you say, but have you made any assessment as a Department of areas where there is potentially a gap and there is the sort of coach desert that Graham Vidler described? Although over time, if there is a demand, the market will fill it, the evidence from the coach operators, as you heard, was very compelling when describing the way in which vulnerable users are served through having established relationships built up over a long period. That would be quite hard to replicate by a new operator trying to fill a gap in the market. What is your assessment of the dangers of there being unserved markets, certainly in the short to medium term?

Baroness Vere: We have not made an assessment of that. Until Graham mentioned it today, he had not mentioned to me before that there were specific locations or regions that are likely to be harder hit than others. If that is the case, of course we will look at it. My feeling is that coach operators who potentially went into the pandemic with a smaller level of reserves than others are likely to be hardest hit. I am not sure that that has a local or regional dimension. It could be that it has, but we will certainly look at any information as it comes back to us. It is the case that we are not hearing, for example, on rail replacements services or on



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home to school, that there are areas where there are simply no operators able to take up the work that is available.

Q44 Lilian Greenwood: It is somewhat surprising to hear you say that. It seemed quite clear to me that coach operators are, in many cases, very local and have established markets. Do you think you might need to take mitigating action in order to fill the gaps? What are you going to do now, as a result of hearing the evidence this morning, to try to conduct that assessment? What do you think you will be undertaking?

Baroness Vere: I do not think it is right to say that there was a single coach operator in any particular area. That is the point. Whether or not there will be particular local or regional factors that mean that all coach operators in a particular area are suddenly no longer able to function, and given that it would be the case that those vehicles would still exist and there would still be people qualified to drive them, if somebody wanted to come back into the area, because they were able to and had some financing, and regroup those assets with the human resources, they could create a new coach company.

I am always very happy to look at evidence. I will hear things back from the market, in that we simply cannot let out contracts for certain key services that we contract for, but I am not hearing that. I am not sure that this is necessarily a problem that has been evidenced as yet.

Q45 Lilian Greenwood: I took from the previous evidence that it was not contracted services. These are services such as day trips, holidays and working with small local charities or educational groups, rather than contracting to local authorities for school-to-home services or rail replacement, which are a relatively small part of the market, I would say.

Minister Huddleston, are you concerned that this potential contraction or, as we have heard already, actual contraction in the coach industry will impact on travel opportunities for some groups? I would guess that lots of tourist destinations also rely on them for their customers, particularly older people and people on low incomes who perhaps tend to stay in the UK rather than travel abroad. What is your Department doing around these issues?

Nigel Huddleston: There are multiple questions there. First, what is the Department doing? We have been doing everything we can to work with the Treasury to make sure that as much support as possible is hitting the sector, so that many of those entities can survive the immediate crisis. We are then working with the tourism sector across the board on recovery.

We are working on an assessment of exactly how much has been given, but we are talking about billions upon billions upon billions upon billions upon pounds that have specifically gone into tourism and hospitality to keep it through these periods. As I said, that is because the need is there. It has been a particularly hard-hit sector because of the nature of the pandemic.



Going forward, we need an integrated plan. We are working across Government to develop the tourism recovery plan. As you were saying, there is a focus on making sure that tourism is for all, and that means accessibility, as well as making sure that all demographics are covered. We know that certain types of holiday are particularly attractive to certain demographics. As you said, the elderly population in particular loves coach travel, but not exclusively. You are absolutely right that very young people also love coach travel. We all remember the days of Contiki and so on.

There is lots of enthusiasm for coach travel. With the environmental agenda and environmental tourism being increasingly important, it will be even stronger. There is no doubt that the sector has been hit hard. Every time there is a global crisis, whether it is terrorism or a medical crisis, tourism is hit incredibly hard, but it bounces back every single time. It bounces back strong because the global trends in people having more disposable income, both domestically and internationally, are strong. The thing that people really want to do as they become wealthier is travel and go through more experiences.

Coach can play a hugely important part in that growth, particularly as we attract more international visitors from areas of the world that like coach travel. A lot of Indian and Chinese visitors love coach travel. There is also the role that coach travel can play in domestic day visits and school visits, which were mentioned earlier on as well. We want to be pushing more and more. I have spoken to the Department for Education about this. While I am in no doubt as to the serious and terrible impact of the pandemic on tourism generally, and coaches in particular, I am very confident that there will be a future. I am indeed.

Q46 Lilian Greenwood: Can I push you a little further on the coach aspect? Clearly, tourist venues have had an incredibly difficult year, even with the levels of support. They will be looking to bounce back. Has your Department identified a risk that they will not bounce back as quickly as they might because people cannot get there if their local coach operator has gone out of business, and perhaps they cannot access services in the way they have in the past? Is that something you have identified as a risk that needs mitigating or managing?

Nigel Huddleston: Yes. You are talking about multiple risks in supply and demand. On the demand side, we are encouraging the opening up of other sectors. For example, we will be opening up museums, heritage sites and so on. As I say, coach is key to that both for long-term coach travel and for day trips. We will be working with that sector.

On the supply side, we need the coach operators to fulfil the demand that is likely to be there this year for domestic tourism. We are confident that we will have strong domestic tourism this summer, but we need to make sure that it is across the country. Some of the coastal resorts will do very well. Some of the rural areas might do very well. We also need tourists to



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go to the cities, probably multiple cities. Again, the coach sector is key there.

I am sure we will come on to this in more detail, but there are support measures. There will never be enough. There will never be enough for any sector. We all know that. While I am comfortable that we fought as hard as we could to get significant amounts of support for tourism, believe me I would have loved to see even more. However, there are some mechanisms. There are now £2 billion-worth of additional restrictions grants. They are meant to go to the coach sector. Coach sectors should be getting those grants. Local councils should be distributing additional restrictions grants to the coach sector. I have said that in the House of Commons.

I do not want to have a go at the local authorities because they have done an amazing job on coronavirus, but it alarms me that I am hearing that some local authorities have not distributed additional restrictions grants to coach operators. I could not have been clearer. They are meant to be included. They should be getting grants. The latest guidance that was released this week specifically covered group travel and tour operators. I encourage local councils to distribute those grants.

Q47 Lilian Greenwood: What are you doing with your colleagues in the Ministry of Housing, Communities and Local Government to address the problems that you feel you have identified?

Nigel Huddleston: First of all, as I said, I have spoken in the House of Commons. I know that Charlotte has also been lobbying for this. When the additional restrictions grants, which are a really important part for coach operators by the way, were originally announced, the intention was that they were discretionary. The local authorities had the discretion to award them, but they were meant to go to sectors that had not previously been explicitly covered by other grants. They were also explicitly meant to go to businesses that perhaps had not paid business rates or did not have a specific premise from which they were operating. Again, that fits the coach operator category.

What we found was that over a period of time we were hearing that not all local councils were distributing. Some were; my local council was. I know that Buckinghamshire and others have been. I have heard from a lot of councils that are going out of their way. The amount of money from the additional restrictions grants that has been distributed by individual councils has varied massively between areas of the country.

We have been working to make sure that we get the message out on which sectors should be covered. The Chancellor last week on a Select Committee said, "Guys, we want this money going out of the door, and you won't be getting the top-up money, you won't be getting more, unless we see it." I think now we are seeing the incentives and the push to make sure that the money goes out. As I said, this week in the



guidance we explicitly have group travel and tour operators as one of the categories where the money should be going out. I think that has helped.

This is always the problem. When a grant is discretionary, if you start to put “and it should include X, Y and Z,” because there are so many industry sub-segments, the danger is that every time you include somebody in that, the one that is not specifically mentioned, even though it is not said to be excluded, could be interpreted as not meant to be covered. That is not the case.

Lilian Greenwood: I understand that.

Nigel Huddleston: There is always a balance. I know that Charlotte, myself, BEIS and others have tried to make sure to push it, so that we now explicitly include them. I would like to send the message that it is discretionary, and we should make sure that those who have not had the grants are covered. It will include other sectors that are not explicitly included in the guidance as well.

Q48 **Lilian Greenwood:** In responding to an earlier question, Baroness Vere said that until she heard Graham Vidler’s evidence she was not aware of the potential of there being coach deserts in parts of the country. Is that something that was already familiar to you as a Minister, and something that you will be taking action to look into further?

Nigel Huddleston: Across the tourism sector as a whole, and the provision of all the players in it, we are working as hard as we can to make sure that as many survive as possible. In terms of specific areas of there being coach deserts or deserts of particular offerings, we are still in the situation where we are constantly assessing it. The next few months will be extremely telling. It is important that as many businesses survive as possible. Many are managing to survive at the moment because they have literally mothballed and they are not operating at this moment in time.

Q49 **Lilian Greenwood:** But, as you heard, they are still incurring very significant costs every day, and additional ones, because in June they will have to start to pay back loans without significant income coming in.

Nigel Huddleston: Precisely; that is exactly what I was about to say.

Chair: A brief response, please.

Nigel Huddleston: Just because an entity can open up does not mean they will do so profitably. The next few months are pivotal, which is why we want to make sure that businesses not only open up but can open up profitably. My concern is that swathes of businesses in the tourism and hospitality sector may well be able to open up, but they have massive debt that they need to pay back. They can be opening up and generating cash flow—that might even be possible—but it does not mean that they are out of the woods because they have debt to pay back. I think we have to keep a very close eye on those businesses.



I am not surprised that we have not necessarily seen as many closures of businesses as some people anticipated at one point in time, but that does not mean we are out of the danger zone as we start opening up, because of the massive debt that so many of them have. We will be keeping a very close eye on it.

Chair: Our next section, although we have more than stumbled into it, is support for the sector during the pandemic, and also what further support the sector is calling for.

Q50 **Grahame Morris:** In the earlier session, when we heard from coach operators, it was striking that the sector is principally made up of small family-run businesses operating less than 15 coaches. Many of them have accumulated huge debts and personal liabilities during lockdown.

In response to the very forceful point made by Minister Huddleston about the distribution of local authority grants, there are particular businesses, say, hairdressing, that are either open or closed. They can trade or not trade. However, with the coach sector there was a limited opportunity in relation to school transport or rail replacement services. We heard it was about 20% of their business for some operators and none at all for others. Is that part of the problem with the local authority interpretation of this particular initiative? [*Inaudible.*] Only about 20% of coach operators have been able to access direct financial support from Government during the pandemic. That is not to say that they were not appreciative, and went on record about it, of the furlough scheme, which was available more broadly.

Baroness Vere, was that your intention from the outset? Was the stated aim of Government policy not to include the coach sector in specific support, in the same way that it was provided to buses, rail and aviation?

Baroness Vere: To pick up on the point that you raise, I think 20% have accessed support that was for the leisure industry. Obviously, that is a side of things that I think Minister Huddleston addressed really well around the additional restrictions grants.

Going back to your point about whether there was confusion at local authority level as to whether a business was open or closed, I think it is very clear that what we are intending for the additional restrictions grants—£425 million is available from 4 April—are those businesses that have been impacted, not that necessarily they have been forced to close. I am with Minister Huddleston. I really think that could be, if not a game changer, a significant help to many coach operators. I encourage them to speak to their local authority.

As I said at the outset, coaches have a locus in so many different Departments because they do so many brilliant things. From a Department for Transport perspective, as you well know, we were very much focused on providing public transport for critical workers making essential journeys. That was absolutely right. Like tourism, there



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continue to be billions of pounds of support going into our public transport network.

Coaches provide a very valuable service. It is very important, but during a pandemic it is not essential travel in many cases. Where it is essential travel we have, of course, tried to support it. I would also point out that there are sectors across the economy that are struggling, even within transport. I have had incredibly difficult conversations with the taxi sector, which has had no support. The private hire vehicle sector has had no specific sector support. Indeed, some segments of the haulage market have had no specific support, and they have been impacted, but there is a wide range of economy-wide support that they have been able to access.

Certainly, from our perspective, we have had to prioritise getting nurses to hospital and getting teachers and schoolkids to school because those journeys absolutely had to take place. We have been working with Minister Huddleston and across Whitehall to try to get as much support into the coach sector as possible.

Q51 Grahame Morris: I would like to put a similar question to Minister Huddleston in relation to the tourist elements. Evidence we heard from the operators, and that has been submitted to the Committee, is that coach operators make about 80%, four fifths of their income, from tourism-related bookings.

As you said, Minister Huddleston, it is not just to the seaside but to market towns and visits to the theatre, to shows and so on. That is the biggest chunk of their core business. Why is it, given that the coach sector is such an essential foundation for a successful tourism industry, that it has been excluded from the specific support that you were able to negotiate from the Treasury?

Nigel Huddleston: There are many parts of the tourism, hospitality and leisure sector that have not had specific support as such. In another part of my portfolio, we have had the sport winter survival package, for example. That was £300 million, topped up recently by another £300 million. That is a tiny proportion when compared to the total amount—the billions and billions—that the tourism sector, including the coach sector, will have got from the furlough scheme and the other schemes in place.

We have also had the VAT cut in tourism. Indirectly, the coach sector will benefit from that, and certainly in the recovery in the next few months. By the way, the Treasury estimates that is £4.7 billion. When people say, “You do not have specific support for the tourism sector,” there are 4.7 billion examples of why that is not the case.

There is quite a lot of support going into the sector, and it will benefit, because some businesses that are taking advantage of the VAT cut will be able to survive, or they will be passing it on to the end user in the form of lower prices, and therefore stimulate demand. That goes for the



attractions that we visit, and the food and beverages that people will be consuming. All of that should make the overall proposition for tourism better, of which the coach sector is an important part.

I heard you say earlier, or somebody mentioned, that you had had to lobby the local council in order to give the money to the sector. It sounds like you were successful, but you should not have had to do that. That should not have happened. We should not have had MPs lobbying. With huge respect to local government, because they have done an amazing job and proved their worth to an incredible degree during coronavirus and given incredible value for money as well, something went wrong there. It was not going out in the way that we intended, but hopefully we have corrected that now and provided the incentives. As the Chancellor said, you are not going to get the top-up until you spend the money. There is now an incentive to get that money out.

It is fair to say that we would have all loved that money to go out earlier, but I think we are in a better position now. As I said, in the overall tourism ecosystem, a lot of money and a lot of Government support has gone into it. The coach sector has benefited, but not every sub-sector has had specific additional support.

Q52 Grahame Morris: That is not in dispute, Minister. The coach sector has not. This is a reasonable question given the cross-departmental mix of responsibilities. Do you think it is a factor that the coach sector, which is so vital to the tourism and culture sector, falls between two stools? It falls between DCMS and Transport. Has that had any bearing on the decision not to provide specific support? There is the same set of circumstances in Northern Ireland, Wales and Scotland, but the Scottish Parliament and the devolved Assemblies have decided to provide that support. Do you think that has been a reason why it was not forthcoming in our case in England?

Nigel Huddleston: By the way, I talk to the devolved Administrations all the time. We have regular meetings on tourism. Specifically yesterday, I spoke to Wales. I will be speaking to Fergus this afternoon, so we talk all the time.

Different Governments in the nations have taken different approaches to distribute some of the money. As I said, it is a £2 billion mechanism. That dwarfs some of the money that we have been talking about in some of the devolved Administrations. The mechanism we chose to give additional support to some of the other sectors that have had "specific support" in the nations is the tool that we chose in the UK. There is a significant amount of money still available to them.

On the cross-departmental aspect, we have a fantastic champion for the sector in Baroness Vere. She has done a huge amount of sector engagement over the last few months. She leads on coach and buses, but we work co-operatively across Government. As a relatively new Minister, I have to say that I have been incredibly impressed by the



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cross-Government co-operation in multiple areas during the coronavirus pandemic. In some ways, it is quite useful when we have conversations about coaches or others that you have a champion, yes, in the Department for Transport but also in BEIS, in DCMS, in the Department for Education and in other areas where there is strong interest and support for the sector. It is useful having multiple Ministers piling in and saying, "Look, can we make sure that they are mentioned in a more overt way?" As I say, I would not want to underestimate the powerful champion we have in DFT already in Charlotte.

Grahame Morris: I am going to hand back to the Chair because other Members want to get in on the issue of support that is available elsewhere but not in England.

Chair: Thank you. I will hand straight over to Greg Smith to continue.

Q53 **Greg Smith:** Thank you, Chairman, and good morning to the Ministers. Can I dig a little bit around some of the evidence we have heard about the debt gearing of the coach industry? A lot of that, for noble reasons, is because of things that the state has asked them to do. The clear ones we have heard about are upgrading fleets to Euro 6 standards as part of the green agenda, and indeed around PSVAR, which has left many coach companies in quite considerable debt.

The bulk of support that seems to have been available to coach companies, and we heard evidence that not everyone was successful, was CBILS and the bounce-back loans. From a Department of Transport perspective, Baroness Vere, do you accept that there is a unique circumstance around the coach industry, given the level of debt they were already in, and that it will be a challenge for them to come out of this crisis in a way that is viable and profitable as soon as other companies that were not so debt geared going into the pandemic were?

To come back on an answer you gave Lilian Greenwood earlier, is it not the case in the transport sector that it is not necessarily the case for coaches that the strongest going into the crisis will be the strongest coming out? The strongest were the ones that took on the bigger risk of Euro 6 upgrades and took on greater debt to buy cleaner and greener new vehicles. Is that something in the Department of Transport's thinking?

Baroness Vere: Good morning. When I was referring to the strongest going in, I was thinking about those with the greatest headroom in their balance sheet. Obviously, depending on how one has chosen to finance new coach purchases, one might asset finance them or purchase them with a straight up-front payment. I think it remains the case that those will be the strongest coming out.

While I accept that there will have been additional gearing that was necessary during the pandemic to enable the business to survive, the key thing to make sure that that debt is affordable is to do everything we can



to support the recovery. That is why we have a really positive story around coaches and what they are going to do in the future.

Turning to other things, you raised what the Government have, in some cases, mandated and what in other cases has been part of a general move within the country to lower-emission buses, improved air quality, and so on. The upgrade to Euro 6 is something that is not going away. It is going to continue, and we would expect coach companies, when they refresh their fleets, to look for the lowest emission vehicles possible. That is because they are the vehicles of the future, and they are the ones that will be able to go into clean air zones for no charge. Therefore, while it has never been mandated that a coach company needs to buy Euro 6, it certainly is something we would encourage because that is the direction of travel, so I think it makes good business sense.

I would also like to touch on PSVAR, which is something that was mandated by Government. It was mandated by Government 20 years ago. For some reason, many coach companies took heed of the regulations and did the right thing, and some did not. This is not a new requirement. It has been around for 20 years. We have helped the coach sector by providing temporary exemptions for the PSVAR, particularly for vital home-to-school transport. On the flip side of that, I think we want to recognise that it is right that a disabled child should be able to travel to school on the same vehicle as somebody who is not disabled. There was a clear ambition behind those regulations about equality and accessibility.

I have one last point, because I can see that you are desperate to come back. In the recent bus strategy, we have committed to a review of the PSVA regulations, to make sure that they are fit for purpose. I am also very conscious that we get a fair amount of pressure from disability groups to make sure that we try to maintain equality and accessibility as much as we can.

Q54 **Greg Smith:** I appreciate that answer. Please don't get me wrong: I was not knocking. I even said there were noble reasons for things that the Government asked the sector to do. I was trying to look at it through the lens of a sector that has been asked to do certain things for good reason, mandated through PSVAR, which had its ultimate deadline just before the pandemic for coaches to be compliant. We know that the reality in the world is that people generally work to a deadline rather than well ahead of it. It is looking through the lens of an industry that had to become indebted to meet those challenges, while many other businesses were not given challenges that would be at very high cost. It put the sector in a different place. I am not saying that other businesses did not struggle. Of course, lots of businesses have struggled through this pandemic, but this is a sector in a particularly high debt environment because of those various factors. There are good reasons why they were done.

What I am getting at, therefore, is how the DFT can recognise that USP of the coach sector when it comes to whatever representations you need to make to the Treasury—I accept that all paths lead to the Treasury on



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these things—in order to get something that will mean more coach businesses survive than not as we restart.

Baroness Vere: I accept that what both Minister Huddleston and I will be doing over the weeks and months ahead, as he rightly outlined, is to take the temperature of the sector as it recovers and the ability to repay debts that are incurred. It may be that the cash flow will simply not be sufficient over that time.

In terms of debt repayments, it is the case that for CBILS you can extend your debt repayment from six to 10 years. From our perspective, the first port of call must be your finance provider, to see if you can make any arrangements with them. Of course, there is guidance from the Financial Conduct Authority that might be helpful. I am very keen to hear, probably via CPT, of specific areas where the current system is not working. There is an opportunity with the recovery loan scheme. If you do asset finance on a recovery loan scheme, it is repayable over six years. By the time Minister Huddleston has his recovery plan in place, six years is a reasonable time over which to repay.

Every coach company will be different. They will have made purchase decisions, particularly asset purchase decisions, at different times in their lifecycle. It is not the case that everybody, just before the deadline, suddenly decided to buy lots and lots of new vehicles. As a vehicle expires, one buys a new one. You do not replace a vehicle that is not close to the end of useful life.

Q55 **Greg Smith:** Thank you. In the Budget we heard from the Chancellor lots of great packages for the recovery, one of which was the restart grants. Do you expect coaches to be in receipt of those restart grants?

Baroness Vere: Coaches will not be eligible for restart grants. The alternative, of course, is the additional restrictions grant. I think Minister Huddleston has gone into quite some detail as to how those will and should be distributed, particularly given the new guidance that has gone out to local authorities for the latest tranche, which is available from 4 April.

Q56 **Greg Smith:** Given some of the evidence that we heard in the earlier session—I appreciate that you were not able to hear all of it—do you think there is a case on the gap with the additional restrictions grants, where there is this lottery we talked about earlier about which councils have been good and which have not been so good for the coach sector on that? We heard that one company had a £1 million loss for the last year, and another company has a £3.2 million loss for the current tax year. The additional restrictions grant is good. It is a solid scheme, but it does not come close to touching the sides of what coach companies actually need to survive.

Before we come on to talking about the reopening and what we can do to support the coach sector with the reopening, which I agree is the most important part right now, how can we marry up that gap between the



size of the figures we are hearing from the companies, having to pay out on finance and other things, and the actual level of the additional restrictions grant?

Baroness Vere: It is never going to be the case that Government will be able to step in and replace 100% of the revenues lost in the coach sector. It is not a feasible way of spending taxpayers' money. When you talk about the gap and what we can do, I absolutely encourage all coach operators to get in touch with their local authority straightaway and explain their position. It will be at the discretion of the local authority, but I hope that they would recognise the importance of the coach sector to some of the more vulnerable groups, as Lilian was saying earlier, and therefore would prioritise support for the coach operator because it is good for their local community as well.

We want less of a postcode lottery. I think we would all agree with that. But at the end of the day, when you are a national Government, you often rely on the brilliant work of local authorities. In this case, we must do that, but what we can do is to reiterate again and again how we would like local authorities to act.

Q57 **Greg Smith:** Thank you. Can we turn, as quickly as I can manage it, to the reopening? We heard evidence from some of the companies that they faced challenges—certainly, last summer—when some venues, even though they legally could, were not accepting group bookings or coach companies bringing guests to their venues.

Minister Huddleston, how can we be confident that, as we reopen this time, guidance will be issued? We heard the request from Candice Mason for Ministers to say that coaches are safe. It goes through to the practical reality on the ground of ensuring that venues know that they will be able to accept group bookings, and that in fact the Government will encourage them to take group bookings. How do we solve that for this reopening?

Nigel Huddleston: We have various mechanisms for that. Obviously, there is public messaging that we can do. We also have the Tourism Industry Council. There is the Heritage Council, various councils and industry/Government stakeholder bodies. Those will be a vehicle for us to get messages out as well.

I agree with you, and I think Candice said earlier, that it is very important to get the message out that the public transport systems and the coach operators we are working with abide by guidelines and guidance; they are implementing protocols and therefore they are safe. If they were not, we would not have allowed them to operate, and we will not allow them to operate. It is important that people understand that coaches are a safe form of operation.

In terms of managing overall flows into properties, whether it is, for example, a heritage site, the National Trust or some big property, we have to accept and understand that they have some logistical constraints, particularly as we start to reopen over the next few months, in managing



their car park operations and the volume of staff they have. We need to be encouraging but not entirely prescriptive and saying, "You must do X, Y and Z." We have to accept and recognise that there are individual property level logistical constraints and issues to overcome.

We will certainly be encouraging as much free, fair and open access as possible. I will be doing everything I can to make sure that those messages are sent out. I am aware of some particular problems last year. In some cases, when you delve into the details, you can understand why. There were literally problems with turning around the traffic, or the volume of traffic and all the other issues. It was not just coaches that were sometimes restricted. It was vans and even certain cars. There are occasional, individual logistical considerations that may not always be apparent. In terms of the overall messaging, yes, we will be sending that out through various DCMS bodies.

Q58 **Greg Smith:** Do you think there is scope in the DCMS to look at some sort of scheme for the summer and beyond that explicitly promotes coaches? If we accept that the coach industry is so important to tourism, but that, from the evidence we heard earlier, a lot of companies are struggling, is there some scheme that could encourage coach travel for tourism?

Nigel Huddleston: That is a fair comment. You can see behind me that I am a great fan of the Great campaign and all the work that VisitBritain and VisitEngland do as well. They are aligned to the overall Great campaign, which is both domestic and international. We will be conducting an assessment of the marketing and promotional activities, working very closely with VisitBritain and the DMOs, which play an important role across the country in marketing and promotion. It is a fair point to make. Let's make sure that coaches are included in that.

A lot of the previous promotional activity was very outdoors based, for obvious reasons, last year. This year, we need to recognise that we need to promote cities more and individual indoor attractions. As I say, where possible, let's get coaches in the mix as well. I am happy to work with the industry on that. I cannot make any promises at the moment, and it is not necessarily all down to my individual decisions on these things, but I will definitely make the points to the ALBs and others overseeing some of the promotional campaigns, and work with Charlotte and others to make sure that we put coaches in the push as well this year. I think that is fair and important.

As I said, it is important as well that it is not just for the summer. One of the key things in the opening and reopening is to get the season extended. We have lost a huge amount of tourism over the last year and a bit. We can make up some of that by a big push to extend the seasons. People could have shoulder holidays outside the peak seasons. Coaches can be pivotal to that, so let's make sure that we all work together to make that happen as well.



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Chair: Thank you. Gavin had suggested that we might get Karl McCartney in, but I am not sure that Karl is here. It was a nice idea, Gavin, but one slight pitfall. On that basis, let's go to you, Gavin, and perhaps we will bring Karl in afterwards, or I will cover that.

Q59 **Gavin Newlands:** No worries. I tried to be nice to Karl McCartney, but it's the last time I do that, Chair.

Baroness Vere, you said that the best way of supporting the sector is to open it up and get it moving again, similar to the argument colleagues put about aviation support. You also said it would be an unrealistic use of public funds, or words to that effect, to cover 100% of revenue lost by coach companies. That is a fair comment. Nobody is really asking the Government to cover 100% of funds.

I am wondering what English coach operators make of those answers when they look at the support available, as has been mentioned this morning, in Scotland, and indeed to a lesser extent in Northern Ireland. Minister Huddleston said that he talks to the devolved nations all the time, and that in fact he will be talking to Fergus later on today.

As far as I am aware, Fergus Ewing, the Scottish Tourism Minister, asked at the start of this year or at the tail end of last year, if the UK Government would introduce a national scheme to support the coach sector. That was declined, which is why the Scottish scheme was put in place. Why was it declined?

Baroness Vere: Obviously, that is not my remit. I will let Nigel answer that.

Nigel Huddleston: I can tell you that there is not a conversation I have with my devolved counterparts without coaches being a key part of that conversation. As I said, not every sub-sector has had specific sectoral support, for a whole variety of reasons. Many of the sub-sectors that have not had specific sectoral support are among the biggest in take-up of other national supports, including furlough schemes and so on.

Of course, there are Barnett consequentials to a lot of the measures that the Westminster Government make. In Scotland, they have decided to use some of that money in a particular targeted way. In the UK, the mechanism that we chose for a lot of the support for the coach sector, in terms of grants, was the additional restrictions grant, the so-called discretionary grants. Different nations, quite understandably, and we all respect this, take different approaches for different reasons.

Let's be somewhat humble and honest. In England, we have a very clear road map out of coronavirus. We have very clear dates, at least aspirational dates, for when we will open up. That is not the case in Scotland. A lot of my stakeholders say to me that the one thing they really want is a road map so that they can start to plan.

I do not like the playing one Government versus another game. We understand the need, for a whole variety of reasons, to take slightly



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different approaches sometimes. I do not think any Government has cracked it 100%, or 100% satisfied their sector. Believe me, the one key ask I have had from the tourism sector over the last few months is financial support in the form of VAT cuts, an extension to furlough and those schemes in aggregate to help the sector, combined with the road map and clarity of a route out. That is what we have been providing.

We will never be able to give every single sub-sector 100% of what they want. You haven't in Scotland—let's be honest about it—and we won't in England. We take slightly different approaches.

- Q60 **Gavin Newlands:** Just to clarify, it is not really me saying that, but the sector itself. We now have a road map with aspirational dates, and so on, in Scotland. That is by way of an update, just to correct you on that specific point.

It is not just me asking the question. We heard from the witnesses in the first session that the CPT and operators are all asking for the Government to introduce a per vehicle grant scheme, which exists in Scotland and Northern Ireland. I appreciate your answer of a moment ago, but what assessment have you made of the potential merits of that specific proposal itself?

Nigel Huddleston: As I said, it is quite difficult. Once you have a scheme in place, and we have a scheme in place through the ARGs, it would be very difficult to say, "Okay, let's just park that and scrap it." We have explicit guidance now that it should include coaches and tour operators. We could not then say, "We'll park that and do something else instead," because there is a risk of double dipping and all sorts of things.

I think we have to respect the fact that, with money that comes from central Government and then the Barnett consequentials, different approaches are taken in different countries. As I said, for a variety of reasons, that is the case. I will not knock the scheme in Scotland. I have a very good relationship with Fergus and I think they have done a very good job. No doubt, tourism is a top priority in Scotland, as it is in England, or else we would not have cut VAT, for example. I think we just have to recognise that sometimes different schemes are adopted in different parts of the UK, and different nations take a different approach. I am very keen that we keep the messaging going out so that coach operators take advantage of as many of the schemes we have available as possible. Scotland has taken a different approach, and I respect that.

- Q61 **Gavin Newlands:** Perhaps we could move on to carbon emissions and future support for the sector. Baroness Vere, at the moment 67% of the coaching fleet in the UK is made up of Euro 5 and Euro 6 coaches. In Scotland, that figure is 82%.

Given the conversations we have just been having, there is no doubt that the sector itself will be very short of cash. Those that survive and come through this period will be very short of cash and, moving forward, there will be very little investment in Euro 6 coaches until balance sheets



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recover. What plans do the Government have to try to support the move to Euro 6 coaches? As we have heard, one coach journey can keep up to 50 cars off the road. How are we going to encourage coach travel itself, and also the move to Euro 6 coaches?

Baroness Vere: It is a really important point. It is one that we will have to monitor over the period of the recovery phase to see how coach operators are able to respond to their passengers coming back.

There is a natural turnover of vehicles anyway because vehicles get to the end of their useful lives. With certain sectors of the coach industry, having comfortable and relatively modern coaches is important. As they are replaced, and replace much older vehicles, they are likely to be more modern in their emissions as well.

As you know, the Government have a real focus on decarbonisation and, allied to that, improving air quality and indeed noise. From our perspective, it is very much a case of monitoring the situation to see how much investment is being put into coaches in the future, and to see whether intervention is required. It is not something that we are considering immediately, because I think that getting the coach sector back on its feet is the No. 1 priority. That is what I am focused on.

Q62 Gavin Newlands: To be clear, you are open at the moment to the potential of looking at this issue if you see that investment is not forthcoming from the industry, which I and others suspect it will not be for some time. Is it something that you are open to, moving forward, but not right now?

Baroness Vere: It would be something that we would look at in the wider mix of decarbonisation and air quality. There are bigger fish to fry, if I am frank, in terms of trying to decarbonise other sectors more quickly. What we will probably do is focus on those first.

There are lots of elements to this. Another element, and another reason why I have been monitoring what is happening in terms of investment in the coach industry, is the bus and coach manufacturers. I have had a number of conversations with them over the past year. I have been working on the bus strategy with them, very much looking at how we can get zero emission buses on the road. The extent to which we are seeing a return to orders from coaches will be very important for the bus manufacturers. There is a synergy across the sector.

I am not going to say that in two years' time we will definitely look at what we can do to help the coach sector decarbonise or improve emissions from their vehicles. What I am saying is that I am not ruling it out.

Q63 Gavin Newlands: Thank you. I think I have made my feelings fairly clear on the acceleration of funding for zero emission buses and coaches, so I will not go back into that.



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The CPT has advocated the introduction of road pricing to discourage private car use and to incentivise people on to coach and bus. What assessment have you made of the merits of road pricing?

Baroness Vere: I am afraid you would have to ask Her Majesty's Treasury. Of course, there are many things that we need to consider. You are absolutely right that, as we shift to zero emission vehicles and the impact on VED, looking at road pricing will have to be one of the many things that are considered by the Government.

In terms of encouraging modal shift, which is what I think we are also talking about here, and the ability of coaches to encourage modal shift, we absolutely need to continue to do that. That is at the heart of what the Government have been doing in active travel and in buses. I have been working with Minister Huddleston on promotional material for coaches as we go into the recovery. That is really important. There are lots of things we can do. I do not think there is a single magic bullet for modal shift, but certainly encouraging people to use more efficient and greener ways of travel will be key in the years ahead.

Q64 **Gavin Newlands:** You mentioned the transport decarbonisation plan. When might we see it?

Baroness Vere: Soon.

Gavin Newlands: I tried, Chair.

Baroness Vere: Soon. It is doing very well.

Chair: A follow-up there, Gavin, would have been "What is the definition of soon?" but you missed that one.

Gavin Newlands: I have been in Westminster too long to ask that question.

Baroness Vere: I would just say shortly at that point.

Q65 **Chair:** We look forward to its imminent arrival, in that sense. Can I mop up with a few quickfire questions?

To set the scene, the coach sector, as we heard this morning, feels as if it has been a sector that has fallen through the cracks. There has been a huge amount of Government support, but it has been one of those sectors—taxis are another—where there has been great incentivisation and encouragement from Government to invest in new technology that helps us to get greener and cleaner. Of course, they then have higher costs, and their market has collapsed. It is a market that may be more reluctant to come back.

It is with that in mind that I want to put the following. Are you involved in the rules as to what social distancing requirements on coaches will be? Can you give a glimpse as to how that could impact coach travel?

Baroness Vere: I absolutely am, because of course our safer travel guidance is applicable to buses and coaches. We update it as soon as we



possibly can. Obviously, we cannot provide vehicle-by-vehicle information. Each operator has very clear guidance as to what they should be looking at. They need to do a risk assessment, and then they can figure out how many people they can get on their vehicle, depending on households, and so on.

They have done it successfully in the past. They did it when we were in slightly fewer restrictions last summer. Of course, they will be working on doing that again. One of the four reviews that is happening as part of the road map is on non-pharmaceutical interventions such as social distancing and face coverings. We are working very closely with that, because that will impact coaches as well and the number of people they can get on coaches.

Q66 Chair: Are they likely to be treated in the same manner that aviation is, where there isn't social distancing in terms of seats being screened off?

Baroness Vere: They will be treated in the same way that buses are. The aviation sector is rather different. It has different types of ventilation systems. We look at it very much as a multi-person road vehicle. We try to treat all of those vehicles the same.

Q67 Chair: If that is the case, and as bus operators have been given funds on the basis that it is harder to get as much passenger ticket pricing through because of social distancing, can the coach sector lobby for equal treatment on that basis? Obviously, that is one of the key asks from before. They have not really had the same access to grants that the bus sector has had.

Baroness Vere: I think we are possibly going round the same group of houses again. Obviously, the bus sector gets money for PPE and to support the empty capacity that necessarily has to happen on public transport. The coach sector has access to the additional restrictions grant, which of course can help with the gap.

Q68 Chair: Perhaps one of the frustrations is that as additional tranches of Government funding have been made available to assist with the reopening of schools, as we talked about, that is money that could have gone into the coach sector to give them a boost, and perhaps has not gone as far as they would have hoped.

Mr Vidler gave evidence that it appeared from surveys that only 20% has gone into the coach sector as opposed to bus. We have already talked about bus and the support it has had. What more can be done to persuade local transport authorities or local education authorities—often the same body—to support the coach sector?

Baroness Vere: It is a two-pronged approach. Certainly, whenever I am talking about funding, particularly when we were doing the DFE funding, I was very clear that I hoped that local authorities would put it into coaches. I also recognise that it is not up to the dead hand of Government to tell local authorities exactly how to spend their money,



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particularly into which mode to put their money. Each local authority has different framework contracts set up, some with coaches and some with local bus companies that could provide the same service.

We worked hand in hand with the Department for Education on that funding. We will continue to do so. Obviously, from my perspective, I would very much like for as much as possible of that funding to get into coaches, but I recognise that it is up to local authorities to make that decision according to their need.

Q69 Chair: Indeed, and I recognise that the concept of devolution is that you do not tell local government what they should do with moneys. Equally, your bus strategy, which is about to come out, relies on local authorities throwing themselves into the concept of bus, in that particular situation. If they do not, the strategy flounders.

If Government are to have a strategy, and are going to support the coach sector, there needs to be some way of cracking down on local government and ensuring that they understand the value of this industry. I would gently ask that perhaps more can be done, while recognising that devolution exists, to show a bit more support. For example, have you written to every single local transport authority or local education authority to ask them to think about how that money can be used to support the coach sector?

Baroness Vere: I can say yes, I have written to every single local transport authority about the usage of that money. I said it was up to them, but that they should consider using coaches.

Q70 Chair: The last question I want to ask was put well by Mr Vidler. It strikes me that the coach sector, being a private sector, does not want a handout. It just wants to crack on and get on with business. Very shortly, 99% of the mortality risk in this country will have been vaccinated.

The point Mr Vidler made is, "Every time a Minister says something positive about future direction, we get bookings. Every time a Minister says something negative, that same customer cancels the bookings." What work is being done across Government to make sure that there is a positive but realistic attitude and that, particularly with talk of a third wave in Europe, we do not have people crushing demand and optimism in a sector that has been so badly hit by the pandemic?

Baroness Vere: I accept that sometimes people can make statements that might impact the sector as a whole. I think that is because we are living at this current time in very great uncertainty. However, I think we have a clear road map. I have done a huge amount of engagement with the coach sector, and I intend to continue to do that. Indeed, I am meeting them next month on their coach strategy, which I think is being launched next week. I will be working with them on that.

I promised Candice, when I spoke to her, that I would do a visit with her. Indeed, I think I am going to get my entire private office on to a coach.



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We are going to go somewhere fun, to show how brilliant coaches are and the sort of accessible and comfortable journeys that they can provide. It is very much about Ministers working with the sector going forward and highlighting what they do. That is absolutely what I intend to do.

- Q71 **Chair:** Minister Huddleston touched on the number of Ministers who had been involved. You could fill a coach on that basis alone, but missing from that list were Treasury Ministers. If we find that there are more restrictions and that the coach sector cannot operate as it did in 2019, they should at least be given some support to compensate for what will ultimately be Government-led restrictions, if the rest of the economy is able to open up. Will you be able to bring a Treasury Minister on your trip? Are you engaging with them on a regular basis? Is there one Minister in Treasury who is the go to for both of you to be able to lobby for what is obviously your support for this sector?

Baroness Vere: It is the case that the officials engage with the Treasury on a frequent basis, on coaches, and indeed on all modes, whether they have had specific support or not. I do not think a specific Treasury Minister has responsibility for coaches. Certainly, from my perspective, I mostly deal with CST, who deals with our transport spending at my rather humble level of government.

I will certainly invite the Treasury Ministers to join us on this great bus trip. In all seriousness, it is up to us now, and I think Minister Huddleston would agree, to promote tourism in general and how you get to the places that you want to get to. Coaches are a really important part of that, but they are also important to local economies, as well as in getting children to school, rail replacement and all of the things that they do. No one wants to see coach failing. We have to do absolutely everything we can to give it a good future.

- Q72 **Chair:** Thank you. I have just had a message through. With regard to the guidance on the new restart grant, which we touched on, it apparently specifically and without explanation excludes coach tour operators from eligibility for the grant. That is at page 10.

Baroness Vere: That is what I said.

- Q73 **Chair:** So that is absolutely the case; they are excluded.

Baroness Vere: Yes. They are excluded from restart grant funding. They are not eligible. They are included on additional restrictions grants, where it refers to group travel and tour operators.

Chair: Thank you for clearing that up. That message came through from one of our members. I hope that has clarified it.

We have gone over time, and my apologies for taking so much of your time. Your passion and championing of the sector is absolutely apparent. Obviously, we have heard from the sector, and you will have heard from them as well, how hard they have been hit.



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We hope that you will continue to do everything you can to lobby across Government to give them more of a lift, and that when we unlock and the restrictions end, which I certainly hope they will, the sector rises once again. Thank you both for being with us, for giving us so much evidence and for all the support you have shown so far.