



Little Owl Farm, Halebourne Lane, Chobham, Surrey GU24 8SL

Email: info@uk-coa.co.uk

Tel: 0333 7333 222

**Urgent Support Required for the Coach Industry
in Response to Escalating Fuel Costs**

Dear Minister,

On behalf of the UK Coach Operators Association (UKCOA) I would like to draw your urgent attention to the escalating impact of fuel costs on the coach industry, and to seek targeted Government support to safeguard a sector that is vital to the UK's economy, connectivity, and social mobility. As this appears to be an on-going situation which may last for the foreseeable future, we believe that this is the right time to air our concerns.

As you will appreciate, fuel is not simply another input cost for coach operators; it is one of the most significant and least controllable elements of our cost base. Recent increases have been both sharp and sustained, with many operators reporting rises of 30% or more compared to previous baselines. In real terms, this is translating into additional weekly costs of several thousand pounds per operator, often with no immediate mechanism to recover those costs.

As you know, the structure of the coach market makes this challenge particularly acute. A substantial proportion of coach work is delivered under fixed-price contracts, including home-to-school transport, rail replacement services, and other publicly procured work. These contracts are typically agreed well in advance, with limited or delayed provisions for cost variation. As a result, operators are being required to absorb significant fuel increases for extended periods, sometimes months, before any contractual adjustment can be realised, if at all.

At the same time, the private hire market, which might otherwise offer some flexibility, is highly price sensitive. Operators attempting to introduce fuel surcharges or adjust pricing are already reporting reduced demand, particularly from schools and community groups, which adversely deprives the most disadvantaged in our society. In many cases, journeys are simply not taking place because they are no longer affordable.

The cumulative effect is a perfect storm: rising costs, constrained revenue, and very limited flexibility. This is placing severe pressure on cash flow and business sustainability. Operators are increasingly being forced to consider difficult measures, including reducing fleet sizes and headcount, delaying investment in newer, cleaner vehicles, taking on additional borrowing, or withdrawing from certain types of work altogether.

It is important to stress that this is not a marginal issue affecting a small number of businesses. As I know you are aware, the coach sector underpins a wide range of economic and social activity. It provides essential transport for education, ensuring that thousands of students can access schools and colleges every day. It supports the tourism and events industries, moving large numbers of people efficiently and sustainably. It enables access to employment and leisure, particularly in areas where alternative transport options are limited.

Moreover, coach travel remains one of the most environmentally efficient forms of passenger transport. At a time when Government policy is rightly focused on decarbonisation and modal shift, it is critical that the sector is not weakened by cost pressures that are beyond its control.

In light of these challenges, we urge the Government to consider (or in many cases reconsider) a package of targeted, practical measures to support the industry through this period of volatility:

1. Temporary Fuel Duty Relief or Rebate

Fuel duty represents a significant proportion of overall fuel cost. A temporary, targeted rebate for coach operators would provide immediate and meaningful financial relief, helping to stabilise businesses and protect services. Even a partial rebate would have a substantial impact on operator viability.

2. Reduction in VAT on Fuel

Introduce a temporary reduction in VAT on fuel to 10% for coach operators. This would provide immediate and transparent cost relief at the point of purchase, improving cash flow and reducing the financial burden on operators. As fuel is a high-volume, unavoidable cost, a VAT reduction would deliver consistent and measurable support across the sector.

3. Extension and Flexibility of Support Mechanisms

Existing schemes such as the Bus Service Operators Grant (BSOG) provide valuable support but are limited in scope. We would encourage consideration of extending eligibility, at least on a temporary basis, to include a broader range of coach operations, particularly essential services such as home-to-school transport and rail replacement.

4. Reform of Public Sector Contracting

In the medium term we believe there is a clear need to review how public sector transport contracts account for fuel price volatility. Introducing more responsive and transparent fuel adjustment mechanisms would reduce the financial exposure faced by operators and ensure continuity of service delivery.

5. Greater Transparency and Oversight in Fuel Pricing

Operator members of the UKCOA have raised concerns with us about the speed and scale of fuel price increases, and whether reductions in wholesale costs are consistently passed through. Strengthening oversight and transparency in the fuel market would help build confidence and ensure fair pricing.

6. Policy Certainty on Fuel Duty Levels

Clear and consistent policy on fuel duty, including avoiding further increases in the short term, would provide operators with a degree of stability and support forward planning in an otherwise uncertain environment.

We fully recognise the broader fiscal context and the competing demands on public finances. However, the measures outlined above are targeted, proportionate, and time sensitive. They would not only support the immediate sustainability of the coach sector but also help preserve the wider economic and social benefits it delivers.

Without intervention, there is a real risk of contraction within the sector, leading to reduced service availability, increased costs for passengers, and diminished access to transport for communities and schools. Once lost, capacity in the coach industry is not easily or quickly replaced.

We would welcome the opportunity to discuss these issues in more detail (over and above our regular meetings) and to work collaboratively on solutions that ensure the resilience and long-term sustainability of the coach sector.

Kind regards,

A handwritten signature in black ink that reads "Peter Bradley". The signature is written in a cursive, flowing style with a long tail on the final letter.

Peter Bradley (on behalf of the UKCOA Board of Directors)

Managing Director

UK Coach Operators Association