

PE1626/D

Scotland's Regional Transport Partnerships submission 17 February 2017

Benefits of bus usage

Bus usage provides significant benefits for bus users and society at large. Bus users benefit from access to jobs, training, health facilities, shopping and leisure opportunities while society benefits from decongestion, reduced pollution, lower accident rates, improved productivity and the stand-by value of bus networks. The bus industry also generates revenue and feeds this back into the Scottish economy through the supply chain and consumption expenditure by staff.

Vulnerable and socially disadvantaged groups in society are most reliant on bus networks; this includes low income households; young people in education, or trying to enter the job market; older people; disabled people; jobseekers; and women. Bus services are key to providing access to opportunity including providing the jobless with access to work; young people to education and training; and providing a way out of social isolation for older and disabled people.

Deregulation and public sector involvement

The current system of deregulation of the bus industry was introduced in Great Britain in 1986. Greater London was excluded and instead bus service franchising was introduced progressively from 1985.

In London, Transport for London, which is accountable to the Mayor, specifies in detail what bus services are to be provided. TfL determines the routes, timetables and fares as well as the vehicles to be used including the livery. The services themselves are operated by private companies through a competitive tendering process. There is no on-road competition.

Although in theory Scotland has a competitive market, in reality, most bus services are provided by five large companies which rarely compete against each other (First, Lothian, McGills, National Express and Stagecoach) and tend to have local monopolies.

Transport authorities can work within partnership with bus operators through a voluntary Quality Bus Partnership (QBP) scheme to improve the quality of local services and facilities though there is no statutory framework to prevent competing operators providing services on the route or in the area covered.

The Transport (Scotland) Act 2001 introduced powers to implement statutory QBPs. A statutory QBP specifies facilities to be provided by the transport authority (e.g. bus priorities, information, etc.) and the standard of local services which operators are required to provide, such as vehicles with a minimum Euro engine rating. Key within the statutory scheme is that to use the facilities, bus operators need to satisfy the standards of service set by the transport authority. The Scottish Government published Statutory Quality Partnership Best Practice Guidance in 2009 to promote

take-up of SQPs. Guidance was also published in 2009 on Bus Punctuality Improvement Partnerships (BPIP).

The 2001 Act also enabled the establishment of Quality Contracts (QC) where transport authorities would determine the local services in the area covered by the QC. It was intended that the QC would be subject to tendering and the successful tenderer would have the exclusive right to operate the local services to which the contract relates.

There have been a number of voluntary Quality Bus Partnerships across Scotland and four SQP's covering: Inverclyde; Ayr & Prestwick; the Fastlink bus rapid transit scheme; and Glasgow. These 4 were instigated by SPT, the Regional Partnership for the west of Scotland. An earlier SQP covering Paisley has completed. No QCs have been awarded anywhere in the country.

Although transport authorities have no direct control over commercial services, they play the leading role in the development of Local and Regional Transport Strategies, which set out the overall transport strategy and identify future public spending priorities. They have direct responsibility over transport infrastructure, including bus stops, bus priority facilities and, typically, bus stations. Transport authorities also have a general duty to promote integrated transport and provide impartial public transport information. Transport authorities have been at the forefront in promoting integrated, multi-modal ticketing; the introduction of smartcards and real time information systems; and specification and funding of low emission vehicles.

The bus industry receives considerable public sector financial support through transport authority local bus service contracts, concessionary fares reimbursement and Bus Service Operators Grant. Further to this, operators indirectly benefit financially from the extensive information about bus services made available to the public including printed timetables, real time information, telephone inquiry services and online journey planners.

Bus patronage has declined over the last ten years at the same time as demand for other modes of travel has increased. The number of passenger journeys on local bus services declined from 460 million in 2004-05 to 414 million in 2014-15. The comparable number of journeys on ScotRail services increased from 64 million in 2004-05 to 92 million in 2014-15, while car usage also rose from 33,674 million vehicle kilometres in 2004 to 34,399 million vehicle kilometres in 2014. By way of contrast, patronage on local bus services in London increased from 1,802 million in 2004-05 to 2,364 million in 2014-15.

It is apparent that deregulation is failing to allow the bus to meet its full potential and achieve strategic outcomes around economic growth, social inclusion, climate change and environmental sustainability.

Options for more effective bus services

There is clearly a need for greater public sector involvement in the planning of bus services either through enhanced partnership working by establishing SQPs or by replacing deregulation with franchising.

The low take-up of SQPs shows that consideration needs to be given to making it easier for transport authorities to encourage more formal partnership. Additional powers could be granted to enable transport authorities to require bus operators to enter into SQPs. Similarly there is a need to reduce the requirements for the introduction of QCs or more wide ranging franchising.

This would allow transport authorities a choice to either work with existing operators that are providing good quality services through SQPs or, where it is considered more intervention is needed, to implement QCs or franchising.

The benefits of QCs or franchising by replacing on-street competition with for-the-market franchising competition would be:

- single, integrated local transport networks under one brand and one simple ticketing system which could ultimately cover a wide range of modes from bus to rail and from cycle hire to car clubs, eliminating complex cash fares structures which slow down boarding times
- the ability to cap and regulate fares and deliver good value concessionary schemes
- contractually guaranteed vehicle and service standards, e.g. on fleet age, emission levels, cleanliness and reliability
- more local accountability as bus networks are planned by democratically accountable transport authorities, properly consulted on with local communities
- better consumer rights
- better value for money for the taxpayer through more efficient use of subsidy and less leakage into profit taking
- pooling available subsidy into a single pot to buy a single outcome which is more efficient than using separate funding streams to buy unclear outcomes as is the case under bus deregulation
- ensuring the network responds more quickly to the changing nature of settlements, such as putting bus services into new developments from day one and better provision of orbital routes
- ensuring that bus services are provided as part of wider integrated public transport networks – where each mode can play to its strengths.

Removing on-street competition, or the threat of it, would enable transport authorities to address issues that deter non-bus users from travelling by bus. A study undertaken for Nestrans, together with Aberdeen & Grampian Chamber of Commerce and First Group, in 2015 identified that reducing bus journey times and the perceived cost of travel by bus could generate modal shift from the car.

Franchising of public transport is now the policy norm in Britain and across Europe. Bus services in London and rail services across Great Britain, including ScotRail, are provided in this way.