

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

TRANSPORT (SCOTLAND) BILL

SUBMISSION FROM STAGECOACH UK BUS

Stagecoach is grateful for the opportunity to submit comments in response to the Rural Economy and Connectivity Committee's call for evidence on the Transport (Scotland) Bill.

We are a major provider of bus and coach services throughout Scotland, with principal operations in the following local authority areas: Orkney, Highland, Moray, Aberdeenshire, Aberdeen City, Angus, Dundee City, Perth and Kinross, Fife, North Lanarkshire, North Ayrshire, East Ayrshire, South Ayrshire and Dumfries and Galloway, along with interurban services to Aberdeen, Dundee, Glasgow and Edinburgh.

We are a partner, with Singapore-based Comfort DelGro, in the express coach operator, Scottish Citylink, which operates an extensive network of coach services throughout Scotland and to key destinations in England under the Scottish Citylink and megabus.com brands.

Operating 1250 buses and coaches, we are a major employer in many Scottish communities, with around 3200 staff. Further employment is provided through the supply chain for the business.

Stagecoach is a member of CPT Scotland, and fully endorses the submission made by CPT on behalf of its membership.

We are keen to ensure that all Committee members have a full understanding of the implications of the issues in the Bill, and has been in touch with Committee members seeking the opportunity to have discussions.

PART 1 - LOW EMISSION ZONES

The quickest and most cost-effective solution to our air quality epidemic is to put prioritisation of public transport at the centre of the strategy. Measures to encourage modal switch from car to bus can be transformative. Emissions should be measured on a "per passenger" basis rather than "per vehicle: cars, vans and lorries have a more significant impact on the environment than buses which are carrying significant volumes of passengers. Bus priority measures can deliver 75% fewer emissions per bus passenger km than for car passengers.¹ Buses also reduce congestion. A fully loaded double decker bus can take up to 75 cars off the road.

Assisting bus and coach operators to purchase new vehicles, or to retrofit existing vehicles, while providing priority measures to maximise the benefit of this investment will have a positive impact on several policy objectives beyond air quality.

¹ Professor Peter White, University of Westminster 2015

If Local Authorities encourage modal shift away from the car to more sustainable forms of transport, congestion and emissions associated with car use will fall. The bus sector and bus passengers then benefit from a virtuous circle of falling costs, higher bus frequencies, lower fares and higher patronage. Improving bus accessibility by 20% from this scenario this would result in a 7.2% reduction in social deprivation, a 5.6% increase in people with increased income, a 5.4% increase in employment, a 2.4% increase in adult skills and a 1.4% increase in students attending post 16 education². As such, each LEZ should be part of a wider package of measures to limit car use and support sustainable and active transport. Potential actions include:

- Local Transport Strategies should outline a clear modal hierarchy that informs transport policy and funding decisions.
- Statutory Partnerships between transport authorities and bus operators that commit all parties to further improving bus services through a variety of possible measures including bus priority infrastructure should be encouraged.
- Passenger transport should be considered within local place making to ensure that future developments prioritise access by sustainable and active modes.
- Workplace parking levies should be considered to discourage car commuting into and within LEZs, with workplaces encouraged to provide public transport journey plans to all staff. Stagecoach would support an amendment to the Transport (Scotland) Bill to enable such schemes.
- Following the devolution of certain tax raising powers, the Scottish Government should actively consider the reintroduction of salary sacrifice schemes for public transport season tickets to encourage mode shift with the financial benefit passing to the user.
- The National Transport Strategy should include a focus on tackling congestion and thought should be given to making the Strategy a statutory document to require local authorities to take action.

Essentially, local and national policy decisions should be framed towards meeting the government's air quality targets, tackling the reliance on the private car and increasing bus, coach and rail patronage alongside walking and cycling.

Our experience of Low Emission Zones is to date constrained to Glasgow. The Glasgow LEZ initially targets bus emission standards through a Traffic Regulation Condition (TRC). We understand that the Bill should mean that future Scottish LEZs are not introduced or regulated by this means. However, a significant benefit of the TRC method is that the process is overseen by the Scottish Traffic Commissioner. As it stands, there is no such independence in the Bill provisions. Through the Bill a local authority would need to consult and obtain Ministerial approval for an LEZ. The introduction of an independent adjudicator would be a welcome additional step to ensuring that any proposed Low Emission Zone is fit for purpose. We would also support the Bill being amended to include:

² Professor David Begg analysis of University of Leeds, ITS 2016 Report

- A requirement that Local Authorities prepare and publish an impact assessment as part of any LEZ consultation
- Making a public inquiry a mandatory step in the process for any new LEZ scheme
- A 5-Year review of any Low Emission Zone to ensure it is delivering its objectives.

A poorly designed LEZ could undermine what Scottish Government is seeking to achieve. A scheme that puts a disproportionate burden on bus operators will result in service reductions and / or fare increases, resulting in passengers switching to less environmentally forms of transport such as private cars. This would in turn increase congestion, reduce bus running speeds and increase pollution.

Specific comments regarding the Bill:

- The Bill suggests that a driver contravening the rules of a Low Emission Zone can be subject to a maximum of one penalty charge per day. This is a different standard than applies to bus operators, where compliance will be measured per journey. The Bill should look for parity between modes in terms of expected standards, enforcement and penalties.
- We support Scottish Ministers retaining the ability to set emission standards exemptions and penalty charges at a national level. It is also proper that an LEZ cannot be made, amended or revoked without due consultation before final approval by Scottish Ministers
- National rules allow for a consistent approach to key aspects of LEZ operation and consistency is hugely important for the bus and coach industries. Stagecoach and Scottish Citylink have bus and coach services which pass through more than one LEZs or AQMA. Variation in standards between LEZs would lead to an unnecessary cost and administrative burden that could have consequences for public transport users.
- A local authority may suspend the operation of an LEZ for events. It is perhaps counter-intuitive for an authority to remove emission standards and worsen air quality for an occasion where the number of people within the Zone is likely to increase. What event would require the suspension of the LEZ rather than committing to the promotion of sustainable and active transport choices for access to the event? If it is critical that certain vehicles gain access to a site within the LEZ for the purposes of an event could these particular vehicles receive time-limited exemptions for a set period, rather than a full suspension of the Zone?
- We welcome the Bill's intention to ring-fence the money received through penalty charges for the 'achievements of the schemes objectives'. Given the role that bus and coach services can play in reducing congestion, lowering emissions and improving air quality, we hope that the promotion of public transport through measures such as bus priority measures is within the scope of actions that can be funded through the scheme.

PART 2 - BUS SERVICES

Scotland's bus industry remains committed to delivering a modern, green, safe and reliable network of bus services for Scotland's passengers. Passenger satisfaction in Scotland's buses averages over 90% across the country³ and the bus industry has invested over £250m over the last five years in fleets and service improvements. Stagecoach has worked with manufacturers to develop innovative vehicle designs, with two new designs of accessible coaches introduced in Scotland in 2018 in partnership with the Plaxton subsidiary of Alexander Dennis.

Operator investment and hard work has resulted in 2 million more passenger journeys in Scotland between 2012 and 2016. However, there are external factors that are decreasing patronage to a greater degree. Recent independent research by KPMG has shown that 75% of the factors behind dropping bus patronage are outwith bus operators' control⁴.

- Congestion has increased average bus journey times by 10% over the last decade.⁵
- Car ownership and use continues to rise and has reduced bus journeys by almost 15 million in the past 4 years.⁶
- Bus operating costs have increased by 15% in the last five years.⁷
- Longer journey times have turned almost 6 million people off bus journeys in the past four years.⁸

The report by KPMG is informative in setting the context for changes to bus demand and can be accessed at:

https://getonboardwithbus.scot/wp-content/themes/minimum/doc/Trends_in_Scottish_Bus_Patronage.pdf

Practical measures to enable better bus operation are required to grow bus use. The Bill provides a toolkit of regulatory options for authorities to consider, such as partnerships, municipal operation and franchising but regulatory change does not, in and of itself, facilitate patronage growth.

Regulatory change is a "side show", deflecting attention from working together to address the real cause of bus patronage decline, which stem from wider demographic and societal changes, as clearly indicated by the independent research.

Provision of local services by local authorities

Certain Local Authorities and Regional Transport Partnerships currently have the powers to operate local bus services. These powers are not always utilised. The Committee should consider why not and reflect that perhaps local authorities do not have desire, nor the expertise and resources, to provide such services directly.

³ Transport Focus, 2017 survey results

⁴ KPMG, Trends in Scottish Bus Patronage, 2017

⁵ Greener Journeys, The Impact of Congestion on Bus Passengers, 2016

⁶ KPMG, Trends in Scottish Bus Patronage, 2017

⁷ Scottish Transport Statistics No.35, 2016 edition, table 2.7

⁸ KPMG, Trends in Scottish Bus Patronage, 2017

Lothian is held up as an exemplar of municipal operation. Lothian is run as an arm's length commercial business and has been successful for a number of reasons entirely unrelated to the fact that Edinburgh Council is a shareholder.

Edinburgh has no competing suburban rail service, the city has a series of bus priority measures in the form of greenways, parking in the city centre is less prevalent and parking charges more accurately reflect the costs of car use, and the bus is widely used by all social classes.

The Lothian model cannot simply be transplanted to other areas of Scotland and be expected to operate as successfully in different conditions. There are English examples that demonstrate that a municipal bus operation faces the same challenges as a commercial operator. Thamesdown Transport was sold by Swindon Borough Council to Go Ahead in 2017 following losses incurred over a five year period. Rossendale Borough Council sold Rosso Buses to Transdev in 2017 due to similar funding problems. Many other remaining municipal companies across the UK are finding the operating environment challenging, with insufficient revenue to invest in the business and, in some cases, supported by the parent local authority retaining ownership of properties or holding the deficit in the pension scheme.

Why would Local Authorities wish to take on the revenue risk at a time when local authority transport spend is reducing across the UK and local authority budgets more widely face increasing financial challenges? The Local Government Association warned in June that nearly half of all subsidised bus routes are under threat because of local government funding pressures.⁹

Bus Service Improvement Partnerships

Stagecoach has a strong track record of working in partnership with local authorities, both through formal partnerships and through less formal, but nevertheless meaningful partnerships.

We are the principal operator of the Statutory Quality Partnership which governs the operation of the Fastlink service in Glasgow, investing in a fleet of environmentally friendly single deck buses for this important link across the city.

We work closely with Fife Council to provide the Park and Ride facilities at Ferrytoll and Halbeath. Recently we have reached agreement with the Council whereby we will meet additional operating costs by paying a fixed sum to access the sites, avoiding the risk that parking charges would be introduced, thereby increasing the cost to the user and inevitably reducing the number of passengers using the facilities.

In England, we are in meaningful partnerships, notably in Liverpool, Oxford and Sheffield.

⁹ <https://www.local.gov.uk/about/news/lga-nearly-half-all-bus-routes-under-threat-because-funding-cuts-local-government>

We support efforts to facilitate partnership working between local authorities and bus operators. This remains the fastest and most cost-efficient means by which to deliver improvements for bus passengers.

The existing model of statutory partnerships (Statutory Quality Partnerships) enabled measurable improvements where they were introduced but it has increasingly become difficult for operators to achieve support from authorities to move any partnership working onto a statutory basis (an example being in the Inverness area where Stagecoach was willing to enter in to a Statutory Quality Partnership being developed by Hitrans, the Regional Transport Partnership, but Highland Council was unable to commit to it). The barrier to local authority commitment has been the requirement to commit funding for infrastructure improvements. Again, this has to raise serious concerns over the ability of local authorities to resource and deliver entire bus networks.

The Bus Service Improvement Partnership model may lead more authorities to pursue statutory partnerships but makes them less equal, given that the Traffic Commissioner will enforce compliance with an operator's commitments under a BSIP but there is no such enforcement of a local authority's commitments. We believe this aspect of the Bill should be strengthened so that a BSIP becomes a genuine partnership, with both sides investing in better bus service provision for Scotland's passengers and being held to account for any failure to deliver on the commitments.

Notwithstanding that, we welcome that local authorities can include measures that can influence the supply of and charging for parking spaces in a BSIP as long as they are sufficiently significant to be equivalent to the measures being invested by operators.

Increasing the flexibility of the existing framework, while retaining a commitment for some form of reciprocal action from the transport authority for any investment or improvements made by operators, is the optimal result.

If the barrier to partnerships is a lack of expertise and resources at the local authority level, the challenge should be to convince authorities of the wider benefits of investing in bus services, to set outcomes around improving operating conditions and enabling modal shift to bus, and to provide and ring-fence the resources to enable this.

Local Service Franchises

Stagecoach is fundamentally opposed to the introduction of franchising of local bus services. Any existing perceived unmet need can be procured by a local authority through the existing mechanism for tendering socially necessary services, or discussed with local operators to see if revisions to the commercial network can fill the need without any recourse to the public purse.

It is very clear that franchising is not a panacea to current bus patronage trends.

London is frequently cited as an example of a successful franchising model. However, the demographics, level of car ownership, available funding and political will vary greatly between Scotland and London:

- Scotland is 50 times the size of London but has roughly half the population of the UK Capital. As such, population density in Scotland is 68.9 persons per km² compared to 4,543 persons per km² in London. Buses function most successfully in areas of high population density.
- Car ownership is higher in Scotland with 0.44 cars per head of population compared to London's 0.3 cars per head.
- 41% of Londoners (3.1m people) have no access to a car.
- Public funding per capita for buses is £21.29 for Scots and £71.67 for Londoners.

London has adopted a series of supportive policies such as the adoption of red routes, the introduction and expansion of the congestion charge, investment in buses and staff, fare subvention, and parking charges that apply across residential, retail and commercial areas of the city. Historically, the London network has only covered 75% of its costs through fare revenue and has required massive taxpayer support.

Despite this investment and ideal operating conditions, bus patronage in London has declined by 3.7% over the past two years. Transport for London (TfL) has a £1bn budget deficit (see the Guardian, 12 February 2018) due to falling government subsidy and falling passenger numbers. Cuts have been earmarked for 32 of its franchised routes.

Fundamental difficulties would apply in implementing a franchising scheme in Scotland:

- Current spending levels on bus support bear no relationship to any measures of 'need', nor to stated objectives; effort is concentrated on gap filling with few authorities defining their network requirements. Bus support is unlikely to increase against the backdrop of growing budgetary pressures across Scotland's local authorities¹⁰.
- Many local authorities have a very low level of expertise or involvement in the local bus network and have no quantified strategy on service or fare levels.
- Local authorities have no recent history of controlling the bus network. As such, a franchised approach would therefore entail entirely new risk and responsibility which may be disproportionately large compared to the authority's overall – and shrinking – budget.
- There are no indications that the transport officers within most authorities have any desire to introduce franchising or that local authorities will prioritise budget spend to increase bus services and lower fares. Franchising may be appealing in the short term to councillors for political reasons and could result in pet projects being supported rather than delivering overall improvements to the local bus network.

¹⁰ Accounts Commission, Local government in Scotland: Financial overview 2016/17

- Available funding will inevitably be channelled to local authority services which the authorities are legally required to provide, rather than to discretionary areas such as bus services, increasing the prospect of service reductions and fare increases.
- Transport for Greater Manchester (TfGM) are budgeting £11.5m this year alone on planning for franchising, the equivalent of 46 new double deck buses. Which would have the greater impact on improving bus services?

Local bus service support is vulnerable to public spending cuts as it is deemed a 'discretionary' service. In recent years, many local authorities have reduced their funding support for non-commercial services when facing a tough financial environment, resulting in extensive cuts to tendered services. At least one rural authority, Moray Council, took the decision in 2013 to withdraw all support for local bus services.

As budget pressures increase is it really the time to hand over control of bus service provision to local authorities? Bus services could face:

- a) Starvation of investment – leading in the longer term to poorer quality, a drop in reliability and higher costs.
- b) Reductions in revenue funding – leading to the withdrawal of services and/or excess fare increases.
- c) Exploitation of local services as a revenue-generating activity – with an authority looking to supplement budget cuts through excessive fares increases.

Moving from a deregulated environment to a franchised regime would be subject to as yet unquantified, but inevitably significant, transitional costs. Will operators be compensated for what amounts to business confiscation? What happens to existing bus depots, staff and pension provisions should an operator lose out in the franchising process? Operators could be left with significant future pension liabilities with no business to fund them. The Bill lacks the requisite detail to answer these questions. However, they are so fundamental that leaving them unanswered renders it impossible to reach a conclusion as to the likely impacts of this section of the Bill, but intuitively we anticipate significant negative consequences.

In fact, the impacts of franchising may well begin before any such scheme has been introduced. Should a Local Authority voice an intention to pursue a franchising model then this understandably triggers a degree of uncertainty among the commercial operators who may find that they lose the right to run their existing network of services. This uncertainty will inevitably postpone investment and other commercial decisions. While it may be possible to legislate to limit a commercial operators' activities in the run-up to a franchised network with regards to service deregistrations, drivers and other staff cannot be compelled to remain to operate the service as it draws to an end, and operators are likely to be unable to operate a full level of service as a result.

Franchising won't lead to practical improvements in bus services that can't already be delivered under the current policy and legislative regime, particularly where local authorities and bus operators cooperate through statutory partnerships. It will distract from the

fundamental issues of congestion, improving day-to-day performance, modernising ticketing and ultimately delivering the best possible service for passengers.

Moreover, bus franchising could result in current bus operators having their businesses shut down if they don't win a franchise when local authorities put these out to competition. Franchising could result in local authorities effectively confiscating a business which has been built up over many years at the owners' own risk, potentially even without compensation. To us, that seems morally wrong.

Provision of Service Information

The release of patronage and revenue data is best discussed by an operator and an authority on a case by case basis to avoid the possibility of transport authorities making excessive requests for data in every instance of deregistration. Additionally, the value of open access to punctuality data for bus passengers or transport authorities is questionable. The circumstances regarding the availability and use of this data should form part of future discussions with the Scottish Government and transport authorities.

In relation to the passenger information aspects of the Bill, we support data being made available to the public on routes, timetables, and fares. We are a member of, and support Traveline Scotland, a passenger information partnership between transport operators, central and local government. Traveline Scotland compiles the Scottish national public transport database, and makes this available openly as part of a UK national data set, which is in turn utilised by many passenger information systems.

We would hope the work of Traveline Scotland could be built upon to prevent duplication of effort, ensure high quality information is offered, and to provide consistency of data formats for passengers.

Where operators may face new obligations around data provision (such as real-time or fares data), adequate notice should be given in advance of these obligations coming into force. Such a change could be significant in terms of technical expertise, time, people resource and cost.

We support data being made available openly in relation to routes, timetables, and fares in agreed formats, and through a central data hub. Comprehensive raw data on bus service routes and timetables is already released openly by Traveline Scotland through their participation in the Traveline National Dataset, and through other Scottish voluntary measures.

Specific Comments regarding the Bill:

- The provision of local services by local authorities should be on the same basis as the provision of services by a commercial operator, in so far as that there should be no drop in operational standards. This includes all the criteria relating to Operator Licensing.

- Whilst we welcome the scope for parking supply and pricing to be relevant measures, as drafted the Bus Service Improvement Partnerships model removes the obligation for an authority to invest in infrastructure improvements that existed within the Statutory Quality Partnership model, while the aspects of bus operation that can be targeted for intervention are increased. This disincentives operator involvement instead of encouraging cooperation on an equal footing.
- When an operational service standard is not met with a BSIP, the Bill gives the Traffic Commissioner the right to cancel the registration of the service. There is no comparable action that can be taken against an authority that fails to meet its obligations within the partnership. Again, this is a one-sided approach. The Traffic Commissioner should be given powers to apply sanctions to local authorities who fail to deliver on their commitments.
- The Bill does not provide any clarity around pension arrangements, TUPE or other such practicalities that the introduction of a franchise may trigger. Members of the Committee must be made aware of the costs and impacts associated with the imposition of a franchising model. The experience of the only attempt to introduce an equivalent intervention in the market in the UK, under a Quality Contract in North East England, was demonstrated to have inaccurate financial modelling and assumptions, and would have had a devastating impact on bus passengers had the robust approval process not identified the shortcomings.
- The release of revenue and patronage data should form part of discussions between an operator and an authority, and be decided on a case by case basis, should a service be varied or cancelled. This should lessen the likelihood of transport authorities making excessive requests for data in every instance of deregistration.

PART 3 – TICKETING ARRANGEMENTS AND SCHEMES

The term 'Smart' should be understood in its widest context: it reflects modern and evolving payment methods rather than the traditional plastic Smartcard. The provision of a consistent smart payment option, available on all the main public transport modes across Scotland, provides the opportunity to join up journeys across modes, in an easier way than has been the case previously. It should form part of a range of products that make the payment for public transport simpler and easier, with the customer ultimately choosing the product(s) which meets their travel needs best.

Bus operators in Scotland have been working in partnership with Transport Scotland, Regional Transport Partnerships and local authorities to introduce bus-to-bus integrated smart ticketing schemes and products in the main urban areas of Scotland. Such schemes are already operating in Aberdeen City and Shire, Dundee and Glasgow, with Edinburgh to follow on. Also in the East of Scotland, in an area stretching from Dundee down to Berwick on Tweed and across to areas around both Perth and Stirling, One Ticket offers a range of differing products, available on-line and on mobile, as well as paper ticketing options, covering bus-to-bus and bus-to-rail travel across this large area.

It is intended that the smart ticketing schemes being introduced in the main urban areas will expand geographically, as well as linking up with the other public transport modes, i.e. rail,

ferry, tram and underground etc., in the future. Also, contactless payment is already available in many parts of Scotland. As such, compliance is not an issue for bus operators who are already providing smart ticketing schemes more quickly and at less cost than would be the case if introduced by local or notional government. The prospect of modal integration is currently being delayed by the rail and ferry – two franchised modes who are failing to match the pace of investment and delivery of the bus sector.

The significant developments achieved by the bus industry are generally not understood or fully recognised.

Specific comments regarding the Bill

- The proposed National Smart Ticketing Advisory Board may have value in overseeing the progress of national smart ticketing. However CPT believes that ownership of ticketing schemes should be retained by operators.

PART 4 – PAVEMENT PARKING AND DOUBLE PARKING

We support the provisions for prohibiting pavement parking and double parking while welcoming the ability for local authorities to make exemption orders for areas where they determine the prohibition will have negative knock on effects for other road users and the local area.

Specific comments regarding the Bill:

- The Bill allows for vehicles to be exempt from parking prohibitions for a period of 20 minutes. The impact of a double parked vehicle on a bus service may put the operator in breach of the window of tolerance specified by the Traffic Commissioner. This could lead to the situation whereby a bus operator is censured for late running while the owner of the vehicle that caused the bus to be late by obstructing traffic faces no penalty charge.
- Local authorities must take account of the potential impact on bus services in residential areas where motorists are currently in the habit of parking on pavements. The reduction in available road space may make it impossible to continue some existing routes, or could cause delays to services as bus drivers negotiate parked cars. Additional double yellow lines on bus routes can mitigate this concern.

PART 5 – ROAD WORKS

We support the provisions of the Bill related to Road Works and the Scottish Road Works Commissioner. The ability for the SRWC to investigate and penalise those undertakers who are falling short in terms of quality of works should generate improvements in this industry and ensure that works are carried out to a higher standard, in terms of quality of work and the timescales of the work.

The Bill lacks detail on the timescales by which the Scottish Road Works Register must be updated to state that any works have commenced or completed. This remains a critical point for bus operators who all too often find out about road works for the first time when encountering them.

Road works have a major impact on public transport. The Traffic Commissioner's annual report states that "Road works and congestion continue to bedevil the reliability and punctuality of bus services... It is essential that buses run to time and route and that any obstacles to such are kept to a minimum or actively mitigated."¹¹

The Bill could be viewed as failing to enable this should the SRWR continue to be rendered ineffective by allowing a huge degree of flexibility for companies and authorities to update what is effectively an electronic register that can be accessed remotely and immediately.

¹¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730781/201718_TC_annual_report_FINAL_270718.pdf