CT&E PDS Panel

Bus QCS Review

DRAFT TERMS OF REFERENCE

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Background

- Introduction: I am Van DuBose. I live in Bath but represent no organization or interest group. I provide informal, voluntary support and advice on Bath urban matters on which I have relevant background, including transport. Thank you, Cllr Bull for the opportunity to speak today
- I would also like to thank Cllr Bull for initiating this Project and to the Project Team for delivering it
- I would like to avoid prejudging the outcome of this QCS Review. However, the Review is both very important and very timely- for several reasons:
  - *It addresses Public Transport, a crucial omission from Bath Transport Strategy*
  - *Our current Bus model is dysfunctional and fails meet our transport policy objectives*
  - *QCS (or its Bus Bill equivalent) can potentially be funded by central government as part of regional devolution- the current bus subsidy falls to us to pay*
  - *Bath has the opportunity to take WoE regional leadership to transform bus services, potentially eventually hosting a WoE Combined Transport Authority*

Framework

- In finalizing the Review Terms of Reference I urge the Task and Finish Group and the Project Team to think carefully about the Review's Purpose and its Objectives
- You will find that if the mission is clear enough the solutions and answers usually become more obvious
- Purpose of the Review:
  - *Not whether QCS addresses the 'problems' with the status quo, BUT…*
  - *To give preliminary consideration to whether a bus quality contract scheme could be superior to the existing unregulated bus service in meeting transport policy objectives in Bath and North East Somerset*
- Objectives of the Review (four high level goals)
  - *Provide a framework for the evaluation of a QCS*
  - *Confirm specific transport policy objectives as criteria for comparing QCS with the existing bus model*
  - *Identify key issues that should be addressed in depth if further QCS investigation is pursued*
  - *Measure precisely the council's current annual net cost of bus services (the 'net subsidy')*
- The Relevant transport policy objectives come from the Bath Transport Strategy and are:
  - *Achieve significant modal shift from cars to buses to address congestion*
  - *Provide effective mobility to stakeholders without cars*
  - *Preserve council control over the net subsidy, either at current level or another specified level*

Key Issues to Address

- Bus Network Design:
  - *Central to the evaluation of QCS is the potentially significant impact of a bus network designed coherently and optimally to achieve explicit transport policy objectives*
  - *The existing bus service is a collection of ad hoc routes selected individually by bus operators without regard to public policy network objectives*
- Fares and Pricing Strategy:
  - *Urban bus operators have not yet embraced the innovative, demand-responsive fare and pricing strategies pioneered by leading airlines (e.g. easyJet) that deliver profound revenue and passenger volume benefits*
  - *In principle, bus services can enjoy the same revenue and volume uplift as do airlines from sophisticated pricing strategies*
  - *The Review must consider the potential impact that technology driven dynamic fares- fares low enough to just fill the buses could have on the financial performance of a QCS*
- Concessionary Fares Regime:
  - *Under a QCS with fixed price bus operator contracts incremental levels of concessionary passengers cause no incremental costs, yet they do create DfT revenue support paid to the QCS operator*
  - *The continued reliable growth in this segment of the bus market makes it a major factor in the financial viability of QCS*
- Financial Analysis Format:
  - *The financial analysis should compare the existing bus model with QCS under a hypothetical range of net subsidy levels*
  - *Methods will be needed to measure the expected impact on transport policy objectives under each scenario considered*
- Embracing Technology:
  - *Continued rapid technology advances make tomorrow's bus service significantly more efficient than today's*
  - *Real time information, automated ticketing, even driverless buses (with smaller buses and higher frequencies), for example, will create huge advantages for a QCS scheme able to take full advantage of technology*
- Scale Economies:
  - *The fixed cost of network design, pricing strategy development, bus contract regimes and overheads need to be spread over a large network to provide optimal value to the public*
- Other Contract Bus Models:
  - *Outside the UK the fixed contract bus model is the norm*
  - *Even the UK bus operators operate under fixed contracts in Europe and the US*
  - *The Review should study the experience of cities that operate contract models to learn from their successes and failures*
  - *Such case studies would also assist in understanding the relationship between the level of net subsidy and achieving transport policy objectives*
- Competition for Bus Contracts
  - *The success of QCS would depend critically upon succe generating vigorous competition among bus operators for contracts*
  - *A competitive environment for contract negotiations depends in part upon having a sufficient number of qualified bidders, including some that do not currently operate in the UK*