

Submission to the House of Commons Transport Committee on the Bus Services Bill from Bath & North East Somerset Council

- **Introduction**

1 Bath & North East Somerset Council (B&NES) is a unitary authority in the south-west of England and is part of the West of England economic area (with Bristol City, North Somerset and South Gloucestershire Councils).

2 It works closely with those authorities and the Local Enterprise Partnership on strategic transport issues, through a Joint Transport Board.

3 More than a quarter of bus routes in B&NES cross the boundary into neighbouring LTA areas, so strategic issues can only be dealt with effectively through joint arrangements.

4 Bus patronage in B&NES has grown in each of the past three years (by 10%, 7% and 3% respectively). One bus operator has a very dominant position - with 83% market share in terms of patronage – but there are eighteen other bus operators of various sizes running bus services in the area.

- **The need for the Bill**

5 The bulk of existing legislation dates back to 2000 and 2008, but the major shift to the deregulated market outside London was from the 1985 Act. It is timely to assess the way the legislation works now that the market has matured and developed. It is clear that there are drawbacks and limitations to the deregulated model, despite the innovation and investment it has brought.

6 28% of bus journeys in B&NES are made by concessionary pass holders – a much higher figure than when the current legislation was introduced. It is timely to consider whether the current framework meets their needs.

- **Whether the Bill address the correct issues**

7 The Bill addresses some of the failings of the deregulated model but not all. Some of the problems that occur are:

- (i) Operators are under no obligation to consult bus users prior to withdrawing or changing their commercial services;
- (ii) Such changes can be made at 8 weeks' notice to the Traffic Commissioner and local transport authority (LTA) but there is no similar notice period for operators to notify their customers;

- (iii) Operators are under no obligation to cross-subsidise less-profitable parts of bus services (such as late evening buses) from the daytime operation nor to justify their decisions on what is and what isn't viable – which can make some decisions seem arbitrary to users and LTAs;
- (iv) LTAs are placed in extremely difficult situations when faced with withdrawals of commercial facilities because they all have to make reductions in their expenditure at the present time. In many cases they are unable to restore withdrawn commercial facilities;
- (v) Operators' service planning horizons are far shorter than those of LTAs, who have to take a strategic view – particularly in respect of new developments for housing and employment;
- (vi) Operators focus on their own routes and do not consider their role as part of the overall network.

- **How Advanced Quality Partnerships and Enhanced Partnerships are likely to contribute to the Government's aim of improving services for passengers and enabling a successful commercial sector**

8 The drawback of AQPs is that, like existing QPSs, the LTA cannot require any operator to use any of the upgraded facilities. There are examples of upgraded infrastructure that has become redundant following changes to the commercial route network. LTAs are vulnerable to accusations of having wasted money constructing such facilities. In some cases, provision of improved infrastructure has taken place after a difficult process of engagement with local residents.

9 EPSs have an inherent disadvantage in that they can only be made with support of the majority of operators affected. In an area with one very dominant operator, that company will have an effective veto over any EPS proposal so it will be able to dictate the terms of it.

- **The appropriateness of limiting the automatic right to introduce franchising to combined authorities with elected mayors**

10 There has been speculation recently that the Government will no longer require combined authorities to have an elected mayor as a condition of a devolution deal. Provided that there is some democratic accountability in place in a combined authority, joint arrangement of LTAs or an individual LTA, there seems to be no logical reason why franchising powers should not be available to all. Possession of such powers would strengthen the hand of LTAs in negotiations with bus operators on partnerships.

- **The likely effect of franchising on small and medium operators**

11 It will be in the interests of franchising authorities to ensure a mix of different contract sizes to allow small and medium operators to compete for contracts. Otherwise, they may not get good value for money.

12 There is great uncertainty amongst small and medium operators on how franchising may affect them. This is having a negative effect on the value of their businesses and their outlook. One suggestion to counter this would be to require franchised networks to maintain, as a minimum, the current combined market share of small and medium operators.

- **The effectiveness of the measures relating to open data and how these could improve the accessibility of bus transport**

13 There is no justification for not making data on timetables, fares and punctuality open so that bus users have more information and so that entrepreneurs are able to develop new ways of using it. It may be necessary, however, for bus users to give some direction on what they want.

14 It may be necessary to require LTAs and operators to continue to make data available to Traveline by means of clear directions on the responsibilities of all parties. In the climate of reductions in expenditure, LTAs may question whether their role is a statutory requirement or not.

15 Full implementation of electronic bus service registration would streamline much of the activity involved in registering bus services and producing information, as well as providing a framework for open data.

- **The basis for a prohibition on new municipal bus companies delivering bus services, particularly in non-franchised areas**

16 There is a case for allowing LTAs to set up new arms-length bus companies to act as “operators of last resort” in the event of failure of a contractor or abuse by a dominant operator of their market strength but there would need to be clear conditions attached to such powers to avoid the creation of re-establishment of municipal operations in their former style.

- **Measures in the Bill relating to ticketing schemes and new technologies**

17 Operators have disregarded the erstwhile Competition Commission’s recommended formula for calculating prices of multi-operator tickets in a fair and transparent manner. The prevailing view seems to be that multi-operator tickets should always be priced higher than single-operator tickets. There is a strong case for making use of the CC’s formula compulsory.

18 Operators do not promote multi-operator tickets alongside their own single-operator tickets, and in some cases do not promote them at all, so many of their customers are unaware of the wider choice of tickets available.

19 Development of smart ticketing has been slow and difficult because the priority of the national bus groups has been to develop their own delivery platforms (through various different systems) to retail their own products.

Andy Strong
Public Transport Manager
Bath & North East Somerset Council
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