

promoting quality public transport.....

31st December 2010

Response to the House of Commons Transport Committee Inquiry into Bus Services after the Spending Review

1. Introduction

1.1 TravelWatch NorthWest (TWNW) is an independent organisation representing users of all forms of Public Transport in NW England.

1.2 TWNW has made a number of responses to DfT and HOCTC in which since 2008 we have tried to address various potential scenarios and how they might impact on the bus industry. Most of these effectively rehearse the questions asked in this present call for evidence. The general theme of our responses has been to caution against reducing the overall level of support for unremunerative but socially desirable registered local bus services.

1.3 There are a number of strands of evidence in our previous responses¹ which we briefly summarise in an **annex** to this paper. References are made to these strands in our current response to the specific issues the HOCTC has selected for this inquiry.

2. The impact of the reduction in Bus Service Operators' Grant, including on community transport.

2.1 TWNW supported the extension of BSOG to **Community Transport** operators² on the grounds that they are increasingly used to provide public passenger transport and was subsequently pleased to note that (as we anticipated) the Local Transport Act 2008 now provides useful relaxations on the use of large Community Buses and smaller 'Permit minibuses'³ to provide registered local services. As there are similar relaxations on the provision of 'taxi bus' services it seems logical to argue that they too should qualify to receive BSOG.

¹ All these can be read at www.travelwatch-northwest.org.uk/consultations

² "Local Bus Support – Options for Reform" TWNW Response to DfT consultation May 2008

³ with eight or less passenger seats

2.2 The **local bus market is imperfect**. It is contestable “on road”⁴ but it is **not transparent**. Passengers are generally better off without “on road” competition. Where it exists they have great difficulty in ascertaining the fares for their intended journeys, which can, and often do, vary between different operators on the same route. Interavailability of tickets and integration of timetables is usually minimal. The creation of statutory Quality Partnerships or Quality Contracts (Local Transport Act 2008) could help to address this, but progress on establishing these is painfully slow.

2.3 Local Transport Authorities (LTAs) can have no certainty that when a service is deregistered this is because it has become non commercial. It may rather be that the operator in **tactically deregistering** hopes to win the subsequent tender for its replacement – always assuming the LTA wishes to and can afford to support this.

2.4 The market is also becoming increasingly **oligopolistic** resulting in fewer tender bids and at **inflated prices**.

2.5 A number of anti-competitive practices persist. “Spoiling registrations”, to run just ahead of an incumbent operator, and **predatory pricing**, are common strategies intended to increase market shares and ultimately remove competitor(s).

2.6 Inevitably any reduction in BSOG will impact on operators. In such a competitive climate it will not be difficult for them to disguise some, or all, of the above strategies as being commercially unavoidable.

3. The impact of the reduction in local authority grant support to bus services and other changes to the funding of local authority bus schemes and services by the Department for Transport.

3.1 Any reduction in LTAs’ funds for supporting non commercial routes is likely to result in service reductions, either total or at off peak times such as evenings and Sundays. LTAs’ financial inability to “buy back” such deregistered services might force them to seek more imaginative funding sources and more innovative solutions. Small scale initiatives such as the use of **taxi buses** at off peak times can sometimes be best value for money (BVM).⁵

3.2 The Coalition Government’s proposed consolidation of the plethora of revenue support mechanisms into a ringfenced single pot could be helpful. There are suggestions⁶, which could usefully be pursued, of including BSOG and funds to cover re-imbursement for Concessionary fares in these pots and

⁴ “Local Bus Market” (response to OFT) TWNN June 2009

⁵ “Calculation of reimbursement to operators for concessionary bus travel” Response to DfT by TWNN November 2010

⁶ “Tendered Network Zones” ATCO 2009

of then paying them to the LTAs. This would have the effect of making many networks almost entirely non commercial and of giving the LTAs greater control through a tendering and franchising regime making competition almost entirely “off road” and “for the market” rather than “in the market”. Greater **reliability and network stability** might also result.

3.3 Suggestions ⁷ that the level of support for local bus services could be linked to patronage should take account of how this could disadvantage rural services. A better suggestion might be to link funding to performance, but this must be predicated on complete transparency of operating data and also upon Traffic Commissioners and their executive arm VOSA being adequately resourced. There would need as well to be a statutory duty on operators to disclose relevant data.

4. The implementation and financial implications of free off-peak travel for elderly and disabled people on all local buses anywhere in England under the Concessionary Bus Travel Act 2007

4.1 There is a strong likelihood that the overall grant ⁸ to LTAs to cover the reimbursements they make to operators to compensate them for their “revenue foregone” will be reduced. There may well be a National formula based re-imbusement in England ⁹. Although this could have the twin merits of correcting alleged historic overpayments and of reducing the number of operator appeals care must in this case also be taken to ensure rural transport services are not discriminated against.

4.2 Although LTAs and operators will doubtless complain of “rough justice” and the creation of “winners and losers” the above is probably the best compromise in the short term. However as **smart ticketing** and other operating data capture and sharing spreads the possibilities of more accurate and fair reimbursements will increase. In particular LTAs’ complaint that re-imbusement is based on journeys made rather than passengers’ residence would be addressed.

4.3 Even so, in the short term, operators will either claim to have experienced, or possibly will have done so, financial loss as a consequence of the provisions of the Concessionary Bus Travel Act 2007. They will also, with justification in some cases, claim that full fare paying passengers are being “crowded out” on some services with consequent revenue loss, forcing them (despite allowances in the reimbursement formula to compensate for additional costs such as extra capacity) to consider deregistrations.

⁷ “Local Bus Support – Options for Reform” TOWN Response to DfT consultation May 2008

⁸ Including the special grant to “atypical authorities” 11/2010

⁹ as in Scotland and Wales

4.4 Overall, any reduction, either intended or consequential, in funding LTAs and through them operators for their statutory requirement to offer free concessionary bus travel can only have a similar effect to the possible reductions in BSOG *et al* considered in response to the two earlier questions.

5. How passengers' views are taken into account in planning bus services, and the role of Passenger Focus in this area.

5.1 TOWNW has long argued for strong regional, multi modal passenger representation¹⁰. We welcomed the provisions of the Local Transport Act 2008 section 74 which enabled the extension of Passenger Focus' (PF) remit from rail to cover also bus, coach and tram services. We argued in our evidence to the HOCTC that there should also be a standardised countrywide complaints handling procedure.

5.2 However PF does not is not currently resourced to take this on and we are now concerned that following the comprehensive spending review it may be downsized and/or some of its functions shared with the mono modal Office of the Rail Regulator (ORR) or even Consumer Focus¹¹.

5.3 TOWNW is technically the descendant of a statutory SubCommittee of the Rail Passengers Committee for NW England¹² and is able to give regional input to the now national Passenger Focus. Bus Users UK (BUUK) is an industry funded non statutory organisation which handles complaints on a voluntary basis and refers those unresolved to a Bus Appeals Tribunal. Like the TravelWatch network¹³ BUUK's geographic coverage is incomplete¹⁴.

5.4 There is thus demonstrably an unfulfilled role for some aspects of bus passenger representation in the regions which voluntary organisations such as ourselves would be willing to assume given the necessary funding and statutory authority.

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¹⁰ evidence of NW Public Transport Users' Forum (NWPTUF is now TOWNW) to HOCTC May 2006

¹¹ *aka* Citizens' Advice Bureau – "Rail Magazine" 1/12/2010

¹² The NW Public Transport Users' Forum was a statutory sub committee (Transport Act 2000) of the RPC for NW England and eventually became TOWNW, a Community Interest Company.

¹³ Covering the statutory London Travel Watch and some English Regions.

¹⁴ Ditto – and extending into Scotland and Wales

Annex

| Date | Issues | Strands |
|----------|--|---|
| Nov 2010 | Calculation of reimbursement to operators for concessionary bus travel | Possible overall reduction. A national reimbursement formula could reduce appeals. Formula should ideally not discriminate against rural services and should be based on where passengers' reside rather than where their journeys commence. |
| Oct 2010 | Local Transport Funding | Inability of LTAs to support deregistered services Case for consolidated single funding pots to embrace also reimbursements for BSOG, Revenue Support, and concessionary travel "make up" |
| Sep 2010 | Transport and the Economy (response to HOCTC Inquiry) | Economic regeneration should not be sole criteria Revenue support imperative, imbalance with capital spending. Deregistrations making networks unstable. Small scale interventions can be good Value for Money (e.g. use of taxi buses) |
| May 2010 | Improving bus passenger services by regulation | Deregistration and tactical withdrawal of commercial services causing network instability. |
| Oct 2009 | Extending the remit of Passenger Focus | Regional multi modal representative model advanced Bus passenger complaints handling confusing and currently inadequate. |
| Jul 2009 | Administration of concessionary travel | Top tier LTAs should be Travel Concession Authorities. [Accepted] Need to reduce numbers of operator appeals |
| Jun 2009 | Local Bus Market (response to OFT) | Quality partnerships and Contracts. Market contestable on road but not transparent – fares information not generally available before travel. Diminishing "off road" competition. Industry now oligopolistic, competition for the market replacing competition in the market. Fewer tenders and prices inflated. Predatory pricing and tactical registrations. |

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| Jan 2009 | Eligibility for concessionary travel | N/a |
| May 2008 | Local Bus support | Approval of payment to LTAs and extension to Community Transport services. Linking to passenger trips more disadvantageous to rural services than linking to passenger/kilometres. Linking to performance depends on availability of transparent data and resources for monitoring. |
| May 2006 | Bus Services across the UK Evidence from NWPTUF to HOCTC | Inter alia, argued for a "Voice for Bus Passengers" The argument accepted and legislated for in Local Transport Act 2008 |