

To: The Infrastructure, Land and Environment Policy Board

On: 8 November 2017

Report by: Director of Environment & Communities

**Heading: Local Bus Services in Scotland – Improving the Framework for Delivery -
A Consultation, 13 September 2017
Consultation Response**

1. Summary

- 1.1 The Scottish Government has issued a consultation to seek views on means to improve the framework for delivery of local bus services in Scotland. The consultation opened on 13 September 2017 and closes on 5 December 2017.
- 1.2 Three quarters of all public transport journeys in Scotland are made by bus. However, the sector faces significant challenges with the overall number of passenger journeys decreasing and service cutbacks in some places which can leave communities without a public transport option.
- 1.3 Responses to this consultation will help to inform the development of future laws and guidance on bus services in Scotland.
- 1.4 Local authorities carry out their own transport functions and work within their Regional Transport Partnerships (RTP) to deliver public transport. Renfrewshire delivers public transport functions through Strathclyde Partnership for Transport (SPT).
- 1.5 Scottish Government has a responsibility to improve bus services for passengers, and for those who would be bus passengers. However, the existing set of improvement options for transport authorities is considered inadequate and can be inflexible or overly bureaucratic. The Scottish Government is presenting proposals to improve those options, be they improved partnership arrangements, local franchising

or even local authorities running bus companies. Scottish Government also propose to require bus operators to share information on routes, timetables, punctuality and fares.

1.6 Renfrewshire Council is supportive of proposals that ensure there are tools that will help to arrest and reverse the decline in bus patronage and to maintain a sustainable bus network across Scotland and has no objection to proposals put forward in the consultation which are:

- Replacing the Statutory Quality Partnership with the Service Improvement Partnership.
- Local authorities being given the power to franchise local bus services, given the correct consents, checks and balances.
- Transport authorities being able to run their own bus operations or an arms-length bus company given the correct checks and balances.
- Operators of local bus services being required to release open data on routes, timetables, punctuality and fares.

2 Recommendations

2.1 It is recommended that the Infrastructure, Land and Environment Policy Board approve the attached response by Renfrewshire Council to the Scottish Government's consultation on Local Bus Services in Scotland – Improving the Framework for Delivery, 13 September 2017.

3 Background

3.1 Scottish Government has issued a consultation to seek views on means to improve the framework for delivery of local bus services in Scotland. The consultation opened on 13 September 2017 and closes on 5 December 2017.

3.2 The Minister for Transport and the Islands suggests that for many local authorities (or RTPs where relevant), with healthy patronage and a competitive bus market, the best approach may be to continue as they are. Scottish Government will not force transport authorities to adopt any proposals derived from this consultation, but where one is looking for a way to improve its bus services, Government wants to ensure that it has a range of viable and flexible tools at its disposal.

3.3 Buses form a fundamentally important part of the transport system in Scotland. In 2015-16, 409 million trips, 76% of all public transport journeys, were made by bus. Urban areas are better served by more frequent buses when compared with rural areas, owing largely to the 'critical mass' of passengers making services commercially viable.

- 3.4 Passenger numbers have been decreasing over the long term and the industry faces a number of external and internal challenges. The overall decline in Scotland has been dominated by that in the South West, which in turn is dominated by Glasgow and the wider Glasgow region.
- 3.5 80% of bus services are commercially operated with the remaining 20% supported by transport authorities. The bus market in Scotland has matured since privatisation began in the mid-1980s. Competitive competition between bus operators is now uncommon and there are barriers to entering new geographic markets with established incumbents which makes potential competition between operators less effective.
- 3.6 Bus operators compete directly for transport authority tendered services. Competition for local bus service contracts has reduced and where there is less competition, there is the risk of tender prices increasing, which in turn puts pressure on transport authority support budgets.
- 3.7 Bus operators in Scotland received £671 million in revenue in 2015- 16. Almost half (£301 million, 45%) of operator revenue came from Local or Central Government through concessionary travel reimbursement (£189 million), Bus Service Operators Grant (BSOG) (£53 million) or payments from local transport authorities for supported services (£59 million). Passenger revenue (i.e. ticket sales to non-concessionary passengers) accounted for around 55% of operators' revenue (£370 million). In 2017- 18 the reimbursement rate is 56.9% of the cost of the adult single fare for the journey undertaken.
- 3.8 The Scottish Government's agency, Transport Scotland, sets the national policy framework and provides funding to support bus services. The Traffic Commissioner for the Scottish Traffic Area is the independent licensing and regulatory authority. Provided that an operator registers a service with the Office of the Traffic Commissioner they can operate any route they wish to any timetable (subject to certain conditions). Bus operators use their commercial judgement to determine service routes and frequencies.
- 3.9 Strathclyde Partnership for Transport (SPT) is responsible for ensuring that bus services in its geographical area meet local needs. Under the Transport Act 1985, SPT has a duty to subsidise services that it deems to be socially necessary and that would otherwise not be provided commercially.
- 3.10 Renfrewshire Council entered into a statutory Quality Partnership (sQP) with SPT and McGill's buses five years ago to use investment in infrastructure in Paisley to secure improvements in services. The Council set standards which bus services using the council supplied infrastructure had to satisfy. The sQP achieved its goal of raising the standard of bus travel in Renfrewshire.
- 3.11 The Transport (Scotland) Act 2001 also introduced Quality Contract legislation (QCs), which allows transport authorities to introduce local franchising arrangements. They enable transport authorities to specify a wide range of standards such as

frequency, fares and routes. Scottish local authorities have not pursued this option because the QC system is felt to be too burdensome to attempt.

- 3.12 A number of local authorities have also publicly stated their desire to run their own buses either directly or via an arm's length company, much like Lothian Buses. It has been fed back to that the existing legislation around this topic is unclear and that inhibits the option of taking this forward.

4 Bus Usage – Challenges

4.1 The bus industry in Scotland is faced with the following challenges:

- Bus patronage is declining in Scotland.
- Bus satisfaction scores have reduced in recent years.
- Passengers expect better information and ticketing offers.
- In rural areas it is becoming increasingly difficult for services to remain commercially viable and hence for the network to be maintained.
- Lack of competition in the market is pushing costs up and making services vulnerable.

4.2 Bus Users Scotland reports that:

- Passengers look for more reliable services, friendlier drivers, bus services that continue to run into the evenings and on Sundays, and better specified and maintained buses.
- Passengers look for clear and up-to-date information about bus services (including fares), at bus stops and stations, and on in-bus audio-visual next stop journey information.
- The standard of printed information available at the stops where passengers board their bus can vary widely throughout Scotland.
- Poor information is often cited as a reason why many non-users are reluctant to try buses.

4.3 There is no single cause for the decline in passenger numbers. The increase in car ownership over an extended period and the recent low cost of car use, and in some cases parking, has had a direct impact on bus patronage. Other reasons include national lifestyle changes such as online and out of town shopping and congestion.

5 Consultation Objectives

5.1 The objective of Scottish Government's consultation proposal is to ensure that there are tools that will help to arrest and reverse the decline in bus patronage and to maintain a sustainable bus network across Scotland. To achieve this they will:

- ensure that there is a flexible and effective partnership framework for transport authorities and operators to work together;
- ensure that franchising is a viable option for transport authorities, while retaining appropriate checks and balances;

- ensure that, where appropriate, transport authorities can run their own buses either directly, or by setting up an arms' length company, with the right checks and balances;
- ensure that operators share information openly so that it is easier for people to take the bus; and
- ensure that, where services are withdrawn, operators co-operate with transport authorities to assist the latter in determining whether and how to provide alternative services.

6 Consultation Proposals

6.1 Scottish Government proposes to make changes to the existing regulatory environment around local bus service provision including:

- Replacement of the statutory Quality Partnership with the Service Improvement Partnership.
 - Firstly, it would not require the transport authority to invest in infrastructure, Secondly, it would extend the range of standards beyond that allowed in the sQP, including being able to agree frequencies on certain routes and/or setting maximum fare levels. Thirdly, it proposes to encourage the development of a genuine partnership approach through joint working from the start and then throughout the partnership.
- Local Franchising.
 - Franchising is a system where the transport authority awards the exclusive right to run a bus route or routes for a set period to the most competitive bidder. The bus service is defined by the transport authority. Tendering is still a competitive process but is competition for the market rather than competition in the market.
 - The aim is to enable it to be used for smaller scale scenarios such as routes or small networks, whilst ensuring that the right checks and balances are in place.
 - It is proposed to remove the requirement to demonstrate that franchising is 'necessary' to deliver the relevant general policies.
 - Scottish Government proposes that transport authorities use an analysis of the options for delivering the transport authority's bus policies based on an outline business case.
- Transport Authority Run Bus Services
 - The Scottish Government has no in principle opposition to transport authorities being able to run their bus services either directly or via an arms' length company, similar to Lothian Buses, subject to complying with relevant competition law.
 - There could be considerable costs involved in such a venture but the option should be available to transport authorities. However, it would be expected that checks are in place regarding affordability, appropriateness and an identifiable decision process. A business case should form part of

any process before any decision on pursuing establishment of a bus company, as would be the case for any other significant decision by a transport authority.

- Scottish Government proposes to legislate to enable transport authorities to be able to run bus services directly and/or to be able to set up arms-length companies.
- Open Data
 - Clear, high quality and up-to-date information is essential for the smooth running of bus services. Alongside members of the public (both bus users and non-users) who seek to understand the services available to them, accurate information is important to inform bodies such as transport authorities in supporting their local bus services.
 - The quality of information available to passengers in Scotland is continuing to advance, however the current system is not subject to regulation, and there is a risk that any future changes to the way operators share information could result in a reduction of the current levels of service.
 - In order to build on existing voluntary arrangements Scottish Government proposes to make provision to require the operators of local services to provide information on routes, timetables, punctuality and fares for public access.
 - Scottish Government proposes to bring forward legislation to ensure that authorities have the power to obtain the information about revenue and patronage of services being de-registered where required. While some operators are already providing this to local authorities on a voluntary basis, legislation on this issue will ensure compliance across Scotland, and address those matters identified by the Competition Commission.

7 Summary of Renfrewshire Council's Response to Consultation

7.1 Overall the Council's response to this consultation supports proposals that ensure there are tools that will help to arrest and reverse the decline in bus patronage and to maintain a sustainable bus network across Scotland and has no objection to:

- Replacing the Statutory Quality partnership with the Service Improvement Partnership;
 - Local authorities being given the power to franchise local bus services, given the correct consents, checks and balances;
 - Transport authorities should be able to run their own bus operations or an arms-length bus company, given the correct consents, checks and balances;
 - Operators of local services should be required to release open data on routes, timetables, punctuality and fares.
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Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning**
Community Care, Health & Well-being – Potential to cut emissions
Greener – The bus is seen as sustainable transport mode
Jobs and the Economy –Linking residents with jobs
4. **Legal** - None.
5. **Property/Assets** - None.
6. **Information Technology** - None
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - None.
9. **Procurement** – None.
10. **Risk** – None.
11. **Privacy Impact** – None
12. **CoSLA Policy Position** – None

List of Background Papers

Local Bus Services in Scotland – Improving the Framework for Delivery - A Consultation

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Response Form

Respondent Information Form

Please Note this form must be returned with your response.

Are you responding as an individual or an organisation?

Individual

Organisation

Full name or organisation's name	RENFREWSHIRE COUNCIL
Phone number	0300 300 0300
Address	RENFREWSHIRE HOUSE COTTON STREET PAISLEY
Postcode	PA1 1BR
Email	ES@RENFREWSHIRE.GOV.UK

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference: -

Publish response with name

Publish response only (anonymous)

Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

No

Consultation Questions

The consultation questions are listed below. Respondents are asked to give an answer to the questions put on our policy proposals, this is typically to say whether you agree with them or not, and to explain that answer in a comment. There is a separate section at the end which looks at likely impacts.

Partnerships

Question 1 - Do you think that legislation (either via the existing sQP model or another) is required to secure the benefits of partnership working?

Please answer Yes or No .

Please explain your answer to this question: -

Renfrewshire has had a positive experience and outcome working with SPT and the local bus providers through entering into a sQP five years ago to use investment in infrastructure in Paisley to secure improvements in services. The Council set standards which bus services using the Council supplied infrastructure had to satisfy. The sQP achieved its goal of raising the standard of bus travel in Renfrewshire.

Question 2 - Do you feel that statutory Quality Partnerships as defined in the Transport (Scotland) Act 2001 provide the right framework for partnership working?

Please answer Yes , or No

Please explain your answer to this question: -

The present regulations allow bus companies freedom to set routes, frequencies and fares. These key metrics should be tools that are available to transport authorities to fulfil bus policy. Similarly, bus routes can be withdrawn immediately, leaving council infrastructure redundant. An alternative framework is needed with more policy powers available to the transport authority.

Question 3 – Do you agree with our proposals for Service Improvement Partnerships as outlined in pages 32-35?

Please answer Yes or No .

Please explain your answer to this question: -

The Service Improvement Partnership would enable the transport authority to invest strategically in infrastructure and a range of standards would put policy tools in the control of the authority by being able to agree frequencies on certain routes and/or setting maximum fare levels.

Question 4 – If a new form of statutory Partnership is introduced, do you agree that statutory Quality Partnerships as defined in the Transport (Scotland) Act 2001 should be replaced (i.e. they would no longer be available as a tool for LTAs)?

Please answer Yes or No .

Please explain your answer to this question: -

sQPs have proved unpopular throughout Scotland, although Renfrewshire has used it effectively. If an agreed alternative which enables more effective outcomes and partnerships is provided, then, the sQP should be replaced.

Local Franchising

Question 5 – Do you think that local authorities should have the power to franchise bus services (either via Quality Contract or another system)?

Please answer Yes No .

Please explain your answer to this question: -

Transport authorities, in their Local Transport Strategies, promote public transport as an important policy tool with the ability to take polluting private cars off the road network and to reduce congestion, yet they have no control over where buses run, how often, over what period or the fares charged unless it is a tendered supported service. A franchise arrangement puts powers to specify the bus service in the hands of the policy makers and enables the bus to serve the public, including those on lower incomes or in isolated locations. Transport authorities do influence a degree of control by the provision of socially necessary services, Scottish Government subsidy also makes up a proportion of the rest of the private bus operators' income. This transport authority funding along with Scottish Government funding could be used to support franchising arrangements in the way public authorities would wish, to support local economic and environmental needs.

Question 6 – Do you think that the existing Quality Contracts require change to make franchising a more viable option?

Please answer Yes **X** or No .

Please explain your answer to this question: -

The reluctance of local authorities to engage with Quality Contracts would suggest that they require change to make them a more practical option.

Question 7- Considering the information on our proposal on pages 38-42

Question 7(a) – Do you think that there should be any consent mechanism for an authority to begin the process of assessment for franchising?

Please answer Yes , or No **X**

Please explain your answer to this question: -

A local transport authority is in the best position to understand its requirements for improvements to its bus service network. On the basis that the assessment will draw its own conclusions on the viability of a franchise arrangement, there seems little need for another body to consent to assess for franchising. It is an assessment and not implementation of a franchise.

Question 7(b) – Do you think that there should be a requirement for independent audit of the business case for franchising?

Please answer Yes **X** or No .

Please explain your answer to this question: -

In order to provide evidence of value for money, affordability and the proper spending of public money, an independent audit will determine if the authority is acting in its own interests or against any competition legislation.

Question 7(c) – Do you think that there should be an approval process beyond that of the local authority itself, before franchising can take place?

Please answer Yes **X** or No ,

Please explain your answer to this question **including (if yes) what kind of approval process:-**

For the purposes of double checking what would be new legislation, an independent panel should approve the submission. This would ensure the decision is taken for practical and economic reasons in supporting local policy.

Transport Authority Run Bus Services

Question 8(a) – Do you think that transport authorities (including ‘model III’ RTPs) should be able to directly run bus services?

Please answer Yes .No **X**

Please explain your answer to this question: -

Transport authorities should be given the same opportunities as any other organisation to directly run bus services if appropriate to local circumstances.

Question 8(b) – Please describe the circumstances in which this might be appropriate: -

Where the transport authority is not the local roads authority, say in the case of Strathclyde Partnership for Transport.

Question 8(c) – What, if any, safeguards do you think should be put in place to ensure that no operator has an unfair advantage in a deregulated market?

Please explain your answer to this question: -

Appropriate governance and legislation would support fair and transparent bus operations.

Question 9(a) – Do you think that transport authorities (including ‘model III’ RTPs) should be able to set up arm’s length bus companies to operate local bus services?

Please answer Yes **X** No .

Please explain your answer to this question: -

Transport authorities should be given the same opportunities as any other organisation. This should not limit the ability to set up an arms-length company to run bus services if appropriate to local circumstances.

Question 9(b) – Please describe the circumstances in which this might be appropriate: -

Where there is a lack of local bus provision.

Question 9(c) – What if any safeguards do you think should be put in place to ensure that no operator has an unfair advantage in a deregulated market?

Appropriate procurement and governance arrangements.

Question 9(d) – What, if any, checks and balances do you think should be put in place for a transport authority looking to set up an arms’ length company to run buses? Please explain your answer to this question.

Appropriate governance would support decision making

Open Data

Question 10 – Do you agree with our proposals to require the operators of local services to release open data on routes, timetables, punctuality and fares in a specified format?

Please answer Yes **X** No .

Please explain your answer to this question: -

If the transport authority is to use bus as a policy tool and be accountable to the public for the efficiency of the operation, then statistics on its operation must be made available for comparison year on year or between different operators. Decisions on contract extension or withdrawal can then be based on performance statistics with real significance.

Question 11 (a) – Do you think that data provided by operators should be stored in a central data hub?

Please answer Yes **X** or No .

Please explain your answer to this question: -

Consistency of information collection.

Question 11(b) – if you do not support the use of a central data hub how do you think data should be stored/ made available? :-

N/A

Question 12 – Do you support proposals for transport authorities to have the power to obtain, information about revenue and patronage of services being deregistered, and where appropriate disclose this as part of a tendering process?

Please answer Yes or No .

Please explain your answer to this question: -

This information would inform transport authorities as to why a service was deregistered and allow informed planning to support the pursuit of replacement service provision.

Other

Question 13 – Please provide any other comments or proposals around the regulation of bus services in Scotland that were not covered in the above questions.

No comment