

Report To: Environment and Regeneration Committee

Date: 5 September 2013

**Report By: Corporate Director,
Environment, Regeneration & Resources**

Report No: ERC/ENV/IM/13.168

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Subject: Consultation on Bus Regulation (Scotland) Bill

1.0 PURPOSE

1.1 To seek Committee's approval of the proposed response to the above consultation.

2.0 SUMMARY

2.1 This briefing report presents the proposed response by Inverclyde Council to the Consultation on the proposed Bus Regulation (Scotland) Bill, a private members Bill which is being progressed through the Scottish Government by Iain Gray MSP.

3.0 RECOMMENDATIONS

3.1 It is recommended that the attached responses to the 8 questions asked in the Consultation by Iain Gray MSP on the proposed Bus Regulation (Scotland) Bill are submitted as Inverclyde Council's response to this Consultation.

Ian Moffat
Head of Environmental and Commercial Services

4.0 BACKGROUND

- 4.1 Iain Gray MSP sets out in his Consultation into greater bus regulation (Bus Regulation (Scotland) Bill), how bus services in Scotland have seen continued decline in recent years, reaching a ten year low in 2010/11. Although numbers of passengers were very slightly up in 2011/12 overall passenger numbers have dropped by 8% in the last five years.
- 4.2 Bus passengers still account for the largest number of public transport trips in Scotland, with 439 million bus journeys in 2011 compared to 81 million rail journeys. Current subsidy per rail passenger is estimated at 21 times the subsidy per bus passenger.
- 4.3 In Scotland bus services were deregulated in 1985 along with the rest of the UK (except London) and in 1989 bus companies which formed the Scotland Bus Group were privatised.
- 4.4 Thereafter the market entered a period of instability as operators sought to gain commercial monopolies. Today there are essentially just 4 large bus companies in Scotland. Whilst competition in the bus industry is settling, the travelling public still face regular timetable changes and reductions in service.
- 4.5 In 2001 the Transport (Scotland) Act 2001 provided a framework for Local Authorities to improve bus services through Statutory Quality Partnerships and Quality Contracts. Renfrewshire was the first Council in Scotland to deliver a Statutory Quality Partnership in central Paisley to improve the quality of services and reduce air pollution in central Paisley. There are now 4 Quality Partnerships nationally. No Council has progressed a Quality Contract which effectively allows a Transport Authority to regulate the bus industry in their area. It is considered within Local Government that the main reasons a Quality Contract has not been progressed is due to the need to prove that the industry is "failing" before this options can be pursued. In practise, this is very difficult. Inverclyde Council is currently working towards a Statutory Quality Bus Partnership.
- 4.6 Significantly, the bus industry receives significant public subsidy (we believe that for some bus companies this could be as much as 50% of turnover) through Bus Service Operators Grant (BSOG) and Concessionary Travel. Yet, Transport Authorities have no control over bus routes and timetables.
- 4.7 Iain Gray MSP proposes a Bill that would give Councils (and SPT) the option to "Franchise" bus services in their area. The power would be optional and provide an additional piece of legislation to help Local Authorities improve bus services for the public.
- 4.8 Franchising is essentially regulation of bus services in the same manner as currently happens in London. It would enable bundles of routes or areas to be specified in terms of networks and timetables and tendered to a private operator for a fixed time period.
- 4.9 Powers are also proposed to increase the effectiveness of the Traffic Commissioner's office.
- 4.10 Iain Gray MSP anticipates that in consequence of additional bus legislation, Local Authorities could be able to deliver more stable bus networks and potentially grow the passenger base as has been the case in London.
- 4.11 The draft responses to the 8 Consultation questions are presented as Appendix 1 to this report. SPT have responded to the Consultation in their role as strategic transport body. The Inverclyde Council's response will require to be submitted by the deadline of 30 August 2013.

5.0 PROPOSALS

- 5.1 That appendix 1 is submitted to the Scottish Government in response to the Consultation on the Bus Regulation (Scotland) Bill.

6.0 CONCLUSIONS

6.1 Appendix 1 provides a positive response to the questionnaire however recognises that a more detailed analysis of the proposal and the associated costings will require to be considered in due course.

7.0 IMPLICATIONS

7.1 There are no known implications to this proposal at this stage.

Bus Regulation (Scotland) Bill proposal by Ian Gray MSP, May 2013

Consultation Response from Inverclyde Council

August 2013

The questions for consideration contained within the document are laid out as numbered in the Consultation with responses following each question, indicated by R.

1. Do you support the general aim of the proposed Bill? Please indicate 'yes/no/undecided' and explain the reasons for your response.

R Yes - Inverclyde Council supports the general aim of the Bill. We welcome the proposal for the Bill for a number of reasons including, the belief that it would lead to a better integrated public transport network, curtailment of 'trimming' of services that currently take place, the potential to replace the Bus Quality Contract concept that has proved difficult to achieve and would realise infrastructure-related benefits that could be derived from the greater degree of control over bus operations that such a Bill would allow.

In addition, although bus operations are 'commercial' and driven by the private sector, in reality more than 50% of an Operator's income in an area like ours can come from subsidy. This is from a combination of Bus Services Operator's Grant (BSOG), Concessionary Travel and direct route subsidy from SPT. In these circumstances it would make sense for local authorities and central government to have more direct influence on services. Rail franchising has been a good model in this respect, where the experience with First Scotrail has been that we can achieve agreed timetables which 'fit' with what communities and government seek, combined with significantly increased passenger loadings.

2. What would be the main practical advantages of the legislation proposed? What would be the disadvantages?

R The main practical advantages include the consistency in services and routes that the proposed Bill would bring, ease of use for the public, the better coordination of routes and Council funded infrastructure.

3. In what ways do you envisage reregulation being used to improve bus services?

R One aspect would be, through the franchising arrangements as described in the proposed Bill, would potentially allow local bus networks and bus timetables to be specified by the Local Authority. This would bring route stability and possibly assist with the provision of non-commercial, socially necessary services. In addition, transparency relating to passenger loadings (denied to Councils up to now because of commercial sensitivity) would allow comprehensive monitoring to be undertaken leading to robust strategic policy decisions.

4. How can community transport be better utilised to serve local communities and particularly low passenger volume routes?

There is currently a financial and resource burden associated with the delivery of community transport. It could be that suggestions contained within the proposed Bill could ease this burden and lead to a more streamlined delivery of services.

5. Do you agree that the Traffic Commissioner should be able to impose greater financial penalties on operators who a) fail to meet the terms of the franchise or b) walk away from the franchise altogether?

R It is our view that the Traffic Commissioner should be able to impose greater penalties on Operators who fail to meet their obligations.

6. What is your assessment of the likely financial implications of the proposed Bill to you or your organisation? What other significant financial implications are likely to arise?

R Inverclyde Council is not in a position to respond in detail to the financial aspects of the proposed Bill at this stage. Further work needs to be done to establish what the wider financial implications would be.

7. Is the proposed Bill likely to have any substantial positive or negative implications for equality? If it is likely to have a substantial negative implication, how might this be minimised or avoided?

R Regulation is likely to bring positive benefits for equality due to the potential flexibility to specify quality and the extent to which buses integrate with other transport modes.

8. Do you have any other comment or suggestion that is relevant to the need for or detail of this Bill?

R An essential component of economic growth is the existence of a reliable, well used sustainable transport network. By providing a robust legislative platform on how services are delivered, managed and monitored, significant wider benefits to economic growth are potentially deliverable.