



House of Commons  
Transport Committee

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**Bus Services Bill**

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**Eighth Report of Session 2016–17**

*Report, together with formal minutes  
relating to the report*

*Ordered by the House of Commons to be printed  
16 November 2016*

**HC 611**

Published on 25 November 2016  
by authority of the House of Commons

## Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its associated public bodies.

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Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

### Committee staff

The current staff of the Committee are Gordon Clarke (Committee Clerk), Nehal Bradley-Depani (Second Clerk), James Clarke (Committee Specialist), Andrew Haylen (Committee Specialist), Daniel Moeller (Senior Committee Assistant), Michelle Owens (Committee Assistant), Simon Horswell (Media Officer) and Estelle Currie (Media Officer).

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## Summary

Bus services are a vital lifeline for local communities. Buses allow individuals to access employment, education and public services, and ensure they can fully participate in society. However, bus passenger numbers are in long term decline. Concerns have been expressed about the impact of deregulation in many places. These include lack of competition, high fares and cuts in services. Local authorities and operators face a number of challenges if they are to provide the affordable, accessible and comprehensive bus networks which communities need.

The Bus Services Bill goes some way in helping overcome these challenges. We welcome the Government's approach in giving local authorities the option of implementing new forms of partnership or franchising, based on what is most appropriate to local needs. However, the Bill as introduced into the House of Lords sets out an unnecessarily cumbersome process for local authorities (other than mayoral combined authorities) who wish to franchise.

The prohibition on new municipal bus operators is one of the most controversial elements of the Bill. We recognise that the Government has legitimate concerns about the risk of a conflict of interest where a franchising authority also owns an operator. However, local authorities should have the freedom to set up an operator if that is the best solution for their community. We encourage local authorities to assess the benefits of partnerships and franchising before they consider setting up a municipal bus operator. We call on the Government to support local authorities in managing any real or perceived conflict of interest which may arise.

The Bill provides an opportunity to transform the collection and provision of information about bus services, empowering passengers and allowing local authorities and operators to better understand their networks. We heard powerful testimony as to the impact that audio-visual equipment can have in improving access to buses. The Government's commitment to bring forward regulations on audio-visual standards for buses is encouraging, but needs to be accompanied with a deadline to do so on the face of the Bill.

We heard evidence of confusing and complicated ticketing in many parts of the country, and are encouraged by the aspects of the Bill which give local authorities the power to introduce simplified systems. However, the Bill should encourage rather than hamper innovation. In this respect, we encourage the Government to work with industry to develop guidance and, where necessary, to play a role in co-ordinating developing technology to minimise unnecessary complexity.

Congestion is a significant threat to the bus industry in many areas. The Department should develop guidance for local authorities on incorporating relevant performance and reporting frameworks into partnership and franchising agreements. We repeat our previous call for the Government to bring into force existing statutory provisions which would allow local authorities to enforce moving traffic offences should they so wish.

We regret that our scrutiny of the Bill has been hampered by the Government's failure to publish key secondary legislation and guidance. It is unacceptable for governments

to place enabling Bills before Parliament without providing a clear indication of how the powers in the Bill will be used in practice. The Government must produce more detailed guidance on the Secretary of State's franchising consent powers and the open data provisions without delay. In future, the Government should commit to publishing all relevant draft secondary legislation and guidance when a Bill is introduced into Parliament.

# 1 Introduction

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1. The Bus Services Bill proposes major reforms to the way in which bus services could be delivered in England outside of London. Introduced in the House of Lords on 19 May 2016, the Bill is due its third reading in the House of Lords on 23 November 2016. On 19 July 2016, we announced an inquiry into the Bill. In this Report, we make a number of recommendations to assist the House of Commons' consideration of the Bill in Committee.

2. Buses are an essential part of the public transport system, accounting for 62% of all passenger journeys by public transport and generating significant social, economic and health benefits.<sup>1</sup> Bus services are a vital lifeline, providing people with access to education, employment and public services and keeping them connected to their local communities; a recent report found that a 10% improvement in bus connectivity would result in a 3.6% reduction in social deprivation.<sup>2</sup> Buses can help in tackling urban congestion, getting people to where they want to be more quickly, and reducing the environmental impact of travelling. And they are flexible enough to respond to the changing needs of the individuals they serve.<sup>3</sup>

3. However, the bus services market in England outside of London has been in decline since the 1950s.<sup>4</sup> Since deregulation in 1985–1986, passenger demand for buses fell almost continuously until the mid-2000s, remaining broadly stable since then.<sup>5</sup> This broad trend masks considerable local variation. Commercial bus mileage has decreased by 32% since 1999 in Manchester, while Liverpool City Region has seen a fall of 7% in 2015/16 compared to the previous financial year.<sup>6</sup> Meanwhile, passenger numbers have increased in Oxford, Reading and Nottingham.<sup>7</sup> Nevertheless bus patronage trends in London, where the bus market was not deregulated, stand in stark contrast to the rest of England.<sup>8</sup> There are a number of reasons why the market in London is different from other parts of the country; these are explored later in this report.

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1 DfT, [Transport Statistics Great Britain 2015](#), December 2015

2 Greener Journeys, [The Value of the Bus to Society](#), October 2016

3 Urban Transport Group ([BSB0054](#))

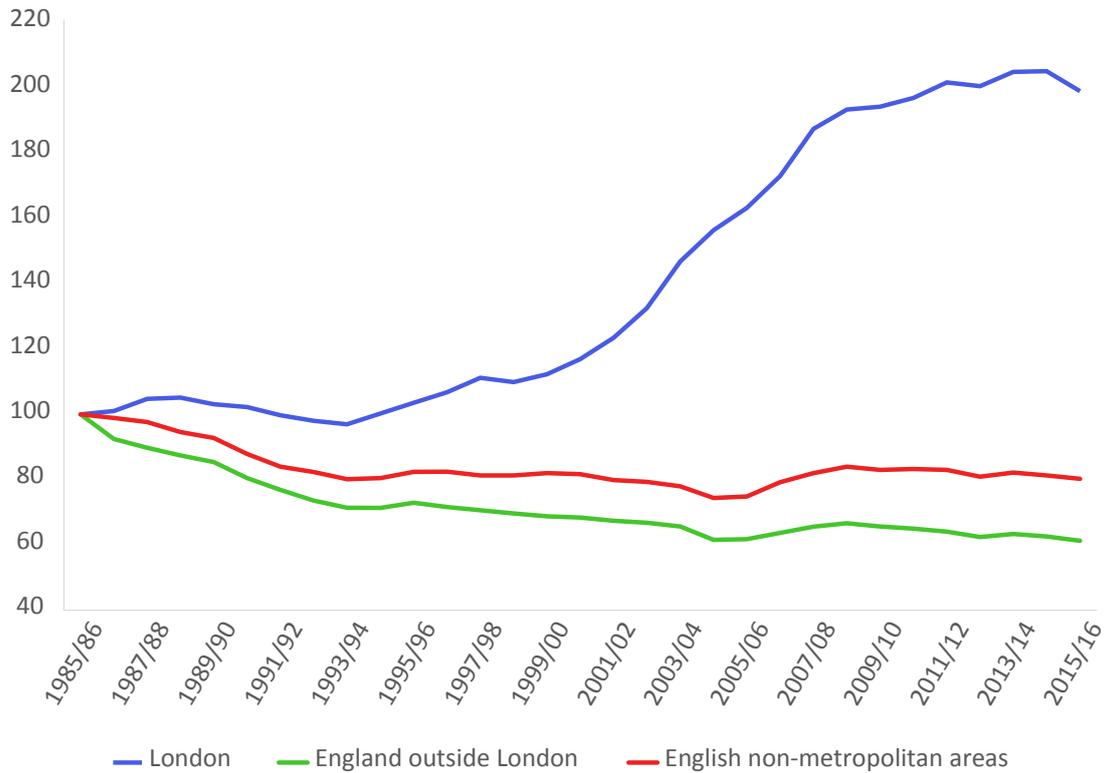
4 DfT, [Local Bus Market Study: Report to the Department for Transport](#), January 2016, p.17

5 DfT, [Local Bus Market Study: Report to the Department for Transport](#), January 2016, p.2

6 Transport for Greater Manchester ([BSB0104](#)); Urban Transport Group ([BSB0103](#))

7 The TAS Partnership ([BSB0072](#))

8 More recently, bus passenger numbers in London have been declining, falling 3% between 2014/15 and 2015/16; see London TravelWatch, [Watchdog calls for London bus performance improvements](#), 25 July 2016

**Figure 1: Number of passenger bus journeys: Index 1985–86 = 100**

Source: DfT, Statistical Table BUS0103, October 2016

## Current framework for bus services in England

4. There are currently two different regulatory regimes for local bus services in England. In the capital, Transport for London (TfL) operates a system of bus franchising, whereby it determines the service specifications such as routes, fares and branding, and contracts with operators to run the services. Only those operators with a contract with TfL may operate services in London.

5. In the rest of England, operators may (subject to minimum safety and operating standards) run services as they choose, with Local Transport Authorities (LTAs) subsidising additional services they consider socially necessary and are able to finance. This can lead to a range of services, fares and branding in any given local area. LTAs can co-ordinate services through partnerships, including those provided for by the Transport Act 2000, as amended by the Local Transport Act 2008. Partnerships broadly take three forms, as set out below.

- **Voluntary partnerships:** non-enforceable agreements between LTAs and operators to improve bus services;
- **Quality Partnership Schemes (QPS):** enforceable agreements where LTAs provide infrastructure improvements for the exclusive use of operators who meet agreed standards of service; and

- **Quality Contract Schemes (QCS):** an arrangement whereby the LTA determines which bus services are provided in the area and puts out tenders for those services. A QCS may be made only where a five part public interest test has been met.

Voluntary partnerships and QPS are relatively common; by contrast, a QCS has never been implemented in practice.

## Bus services funding

6. Funding for bus services comes from passenger fares and a number of different government sources. The Bus Services Operators Grant (BSOG) is paid to operators (and in some cases, LTAs) to allow them to recover some fuel costs, and has the effect of making marginal services commercially viable. The government also funds the English National Concessionary Travel Scheme (ENCTS). This is a reimbursement paid to operators and administered by local authorities for the travel of older and disabled people entitled to free off-peak travel. LTAs may also choose to fund additional concessionary schemes or bus routes.

7. Bus services are vulnerable to cuts resulting from funding pressures faced by LTAs. As noted by the Committee's predecessor, the 20% reduction in BSOG from April 2012 and cuts in LTA spending has caused gaps in service provision.<sup>9</sup> Locally subsidised fare schemes and routes, such as those run by some LTAs for young people or services relied on by rural communities, have borne the brunt of reduced spending.<sup>10</sup> We received evidence that the increased proportion of statutory concessionary pass holders and anomalies in the ENCTS were creating difficulties for both LTAs and operators in some areas.<sup>11</sup> Many LTAs have adjusted to reduced budgets by limiting expenditure on bus services, with one in five supported services being cut back since 2010.<sup>12</sup> The impact has been particularly marked in rural and semi-urban areas where commercial services are less likely to be viable.<sup>13</sup> For instance, we were told that the only regular bus services in the market towns of Appleby and Kirby Stephen in Cumbria (as well as intermediate villages) was being withdrawn two years after the local authority had withdrawn the subsidy.<sup>14</sup>

## Bus passenger experiences and priorities

8. Passenger experiences of bus services are a mixed bag. It is true that many services have high passenger satisfaction levels.<sup>15</sup> However, we also received evidence indicating the serious impact that reductions in bus services and the collapse of bus operators were having on those groups who rely on buses and, in some cases, whole communities.<sup>16</sup> We

9 Transport Committee, Fourth Report of Session 2014–15, [Passenger transport in isolated communities](#), HC288

10 See for instance, The Intergenerational Foundation ([BSB0015](#)); Mr Malcolm Logan ([BSB0086](#))

11 See for instance Dales & Bowland CIC ([BSB0008](#)); North East Combined Authority ([BSB0009](#))

12 Campaign for Better Transport ([BSB0040](#))

13 See for instance Age UK ([BSB0085](#)); Association of Colleges ([BSB0068](#)); Bus 4 Burton Campaign Group (B4B) ([BSB0090](#)); Campaign for Better Transport Bristol and Bath Travel to Work Area ([BSB0050](#))

14 Dr John Disney ([BSB0100](#))

15 Wellglade Limited ([BSB0091](#)); [Q63](#) [Robert Montgomery]

16 Age UK ([BSB0085](#)); Association of Colleges ([BSB0068](#)); Bus 4 Burton Campaign Group (B4B) ([BSB0090](#)); [Q55](#) [Dr Disney]

were told of a lack of competition in some areas leading to unhealthy outcomes such as the withdrawal of more marginal Sunday and evening services.<sup>17</sup> And we heard how increasing fares in some areas are making bus services less attractive to passengers without a concessionary pass.<sup>18</sup>

9. Transport Focus, the transport consumer watchdog, published research in May 2016 to understand bus passenger experiences and priorities. It found that 91% of bus users and 85% of non-bus users agreed that having a good bus network is important for the local area.<sup>19</sup> It also identified the following top five priorities for improvement:

- (1) Better value for money from bus journeys;
- (2) More buses arriving on time at the bus stop;
- (3) More journeys on buses running to time;
- (4) Buses running more often than they do now; and
- (5) More effort being made to tackle any anti-social behaviour.<sup>20</sup>

10. It is also worth noting 54% of bus users and 28% of non-bus users in the Transport Focus survey said they would consider making more journeys by bus. In addition, we received evidence suggesting ways in which buses may be made more accessible to some groups, including those with visual impairments or learning disabilities.<sup>21</sup> This suggests that there is potential for the bus services market to grow if LTAs and operators are able to deliver improvements.

## Overview of the Bus Services Bill

11. The Government has brought forward in the form of the Bus Services Bill legislative proposals to reform bus services in England. The proposals will not affect services operating wholly within Scotland, Wales, Northern Ireland or London. Announced in the 2016 Queen's Speech, the purpose of the Bill is to:

- Give elected mayors and LTAs the power to improve bus services for the people who use them;
- Give mayoral combined authorities London-style powers to franchise local services; and
- Make data about routes, fares and times available across the country to app developers to give passengers better information about how to make the most of local bus services.

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17 Dr John Disney ([BSB0100](#))

18 Urban Transport Group ([BSB0103](#)); North East Combined Authority ([BSB0009](#)); TravelWatch NorthWest ([BSB0055](#))

19 Transport Focus, [Bus passengers have their say: Trust, what to improve, and using buses more](#), March 2016

20 Transport Focus ([BSB0018](#))

21 See for instance, Guide Dogs ([BSB0082](#))

12. The Bill was introduced in the House of Lords on 19 May 2016. The main provisions of the Bill as introduced into the House of Lords are as follows:

- The creation of two new forms of **partnership**:
  - **Advanced Quality Partnership (AQP)**: similar to the QPS, except that the LTA can fulfil its obligations through service-based initiatives instead of purely infrastructure improvements;
  - **Enhanced Partnership Schemes (EPS)**: a new form of partnership working. The authority and bus operators agree shared standards which can include route requirements (such as frequency and timetables) and operational requirements (such as branding, payment methods, ticketing structure and real time information). An EPS can only be implemented if a “sufficient number” of operators of qualifying local services do not object.
- **Franchising**: replaces the QCS and gives directly elected mayors of combined authorities powers to commence an assessment for a franchising scheme. Other LTAs may franchise, but only where regulations have been passed allowing the relevant category of LTA to franchise and the Secretary of State has given consent to the particular LTA. A franchising scheme may be made by one authority, or two or more acting together, and can cover the whole or any part of their area.
- **Ticketing improvements**: introduces Advanced Ticketing Schemes (ATS) that allow LTAs to stipulate various ticketing requirements. An LTA cannot set fares under an ATS.
- **Bus registration and open data**: allows the Secretary of State to make regulations requiring operators of local bus services to release data, for instance in relation to routes, timetables, punctuality and fares.
- **Municipal operators**: prohibits LTAs from setting up new bus operators. This provision does not affect existing bus operators owned by LTAs.

13. A number of amendments were made to the Bill in the House of Lords, including:

- **Powers to introduce franchising**: the Bill now permits LTAs other than mayoral combined authorities to commence an assessment for a franchising scheme immediately, without the requirement for regulations or the consent of the Secretary of State. This amendment was not agreed by the Government.
- **Consultation**: the Government agreed to amendments that strengthen LTA obligations to consult. As a result, the Bill now requires bus user groups to be consulted on how well franchising and AQP schemes are working and for affected employees to be consulted on franchising proposals. The national parks authorities, Broads Authority and Transport Focus have also been added as statutory consultees in relation to partnership and franchising schemes. The Bill was also amended to require LTAs to consult with employees on an AQS proposal; this was not agreed by the Government.

- **Municipal bus services:** the Bill was amended to remove the prohibition on LTAs setting up new municipal bus operators. This amendment was not agreed by the Government.
- **Accessibility:** the Government agreed to an amendment that allows the Secretary of State to make regulations requiring operators to provide audio-visual information on bus services (known as “talking buses”). The regulations may specify what information should be made available, how information is to be made available, standards and exemptions.
- **Open data:** the Government agreed an amendment which sets out more detail on the open data requirements, specifying the purpose for which the information can be used, the persons to whom the information is to be disclosed and the types of live information that may be required. The Bill also now requires the Secretary of State to consult before making regulations.
- **Enforcement of traffic offences:** the Bill was amended, without Government agreement, to allow the Secretary of State to give LTAs who have entered into an AQP powers to enforce certain moving traffic offences. This is in addition to the traffic enforcement powers that most LTAs already have. The Government already intends to give these additional powers to mayoral combined authorities who seek them.

The House of Commons Library paper CBP 7545, *Bus Services Bill [HL]* will be published in due course and provides more detailed commentary on these aspects of the Bill.

## This inquiry

14. In launching this inquiry, we were broadly concerned with whether the Bill would make buses more available and encourage more people to use them. The full terms of reference for this inquiry are available on our website.<sup>22</sup>

15. We received around 100 written submissions from LTAs, bus operators, passenger groups and individuals. In addition, we received almost 2,000 emails from members of the public, principally objecting to the prohibition on new municipal bus operators. We held one oral evidence session, where we heard from experts, passenger groups, operators and LTAs. We are grateful to all those who gave evidence.

## This report

16. The next chapter of this report considers the provisions on franchising, partnerships and municipal bus operators which amend the regulatory structure for bus services. The third chapter addresses the accessibility of bus services, open data and ticketing. Finally, we consider the issue of congestion, which is not explicitly addressed in the Bill but which did emerge as a major concern in the evidence we received.

17. In this report, we make a number of recommendations to inform the House of Commons’ consideration of the Bill in Committee.

## 2 Partnerships, franchising and ownership

18. The provisions on partnerships and franchising in the Bus Services Bill provide LTAs with a number of options for running bus services in their local area. We heard a wide range of views on the merits and disadvantages of each of these options. Our principal concern in assessing this evidence was whether the proposals would improve the passenger experience and encourage greater use of buses. In doing so, we build on the work done by our predecessor Committee, particularly in relation to its reports *Competition in the local bus market* and *Passenger transport in isolated communities*.<sup>23</sup>

### New forms of partnership

19. We received evidence suggesting that current partnership structures were often an effective framework for bus services because they gave the LTA opportunities to develop a more joined up and coherent approach to bus services while allowing the operator to invest and react to customer demand flexibly.<sup>24</sup> For instance, both National Express and the West Midlands Combined Authority gave the West Midlands Bus Alliance as an example of a successful partnership, which had allowed improvements such as integrated timetabling and joint ticketing products to be agreed.<sup>25</sup> FirstGroup told us that a successful partnership in Bristol had provided for new ticketing schemes, simplified and cheaper fares and encouraging passenger growth.<sup>26</sup>

20. Much of the evidence we received welcomed the new forms of partnership proposed in the Bus Services Bill, as they would allow greater co-operation between operators and LTAs than was previously possible, thereby providing a more integrated network for customers. The Urban Transport Group told us that the QPS had proved useful to a wide range of LTAs and welcomed the AQP as an approach that built on these experiences.<sup>27</sup> The EPS provisions were seen by many as providing even greater opportunities. Cornwall Council has said that partnerships are its preferred approach, with franchising powers to be kept in reserve.<sup>28</sup> Nigel Blackler OBE elaborated on this, describing how Cornwall Council had worked effectively with local operators in agreeing a bus strategy:

The operators' commitment, which we have seen since the deal was signed, in terms of new vehicles coming into Cornwall for the first time and working on ticketing initiatives and real-time information, shows a very positive response from the industry. We are greatly encouraged. If we continue in that way, we believe that enhanced partnerships may well be the best solution for Cornwall.<sup>29</sup>

23 Transport Committee, Third Report of Session 2012–13, [Competition in the local bus market](#), HC 10; Transport Committee, Fourth Report of Session 2014–15, [Passenger transport in isolated communities](#), HC288

24 See for instance, Transport Focus ([BSB0018](#)); Wellglade Limited ([BSB0091](#))

25 National Express Bus ([BSB0024](#)); West Midlands Combined Authority ([BSB0017](#))

26 FirstGroup plc ([BSB0005](#))

27 Urban Transport Group ([BSB0054](#))

28 Cornwall Council, [Freedom to create an integrated public transport system](#) [Accessed 1 November 2016]

29 [Q70](#) [Nigel Blackler]

21. Similarly, Giles Fearnley of the Confederation of Passenger Transport and Managing Director of FirstBus told us “what really excite us in the Bill are the enhanced partnership opportunities. There is so much more that can be done working with local authorities and the enhanced partnership framework.”<sup>30</sup>

22. There have long been concerns about the effectiveness of competition in the bus services industry. Some witnesses suggested that the new partnership structures could undermine proper competition by favouring incumbents. Across the country as a whole, more than two thirds of bus services are accounted for by FirstGroup, Stagecoach, Arriva, Go-Ahead and National Express (sometimes referred to as the “Big Five”).<sup>31</sup> A 2011 Competition Commission investigation into the bus services market found a lack of competition and that one or two operators dominated in many local areas.<sup>32</sup> A subsequent inquiry by our predecessor Committee highlighted the problem of large incumbent operators failing to provide sufficiently good service.<sup>33</sup> In this inquiry, we heard that lack of competition continued to be an issue, for instance with Transport for Greater Manchester submitting evidence suggesting a lack of head to head competition in Greater Manchester.<sup>34</sup> We note, however, that this evidence was challenged by Stagecoach and other bus operators.<sup>35</sup>

23. Some operators outside of the “Big Five” told us that partnerships risked concentrating power in the hands of dominant, and particularly incumbent, operators.<sup>36</sup> Under partnerships, operators must meet certain requirements, which in the case of an EPS in particular, have the potential to be relatively extensive. In addition, an EPS can only be implemented where “sufficient” operators do not object. The Government has yet to set out how the voting mechanism determining this will work in practice.

24. We were told by Dai Powell of HCT that partnerships could undermine competition by raising the barriers to new entry.<sup>37</sup> Respondents also expressed concern that the EPS voting mechanism could provide the dominant operator with an effective veto over an entire scheme.<sup>38</sup> This echoes the Competition and Markets Authority (CMA)’s recommendation that the voting mechanism should ensure that the views of smaller operators are sufficiently taken into account.<sup>39</sup> The Government has accepted the CMA’s recommendations and recognises that the voting mechanism will need to reflect the local market.<sup>40</sup> However, we also consider that a large number of operators with a very small market share should not be in the position to veto a scheme endorsed by few operators with a large majority of the market share.

25. However, while maintaining competition is important, we also note concerns that competition requirements may effectively undermine franchising or partnership proposals. West Midlands Combined Authority stressed the need for clear guidance on

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30 [Q63](#) [Giles Fearnley]

31 DfT, [Annual Bus Statistics England 2013/14](#), 23 September 2014

32 Competition Commission, [Local bus services market investigation](#), December 2011

33 Transport Committee, Third Report of Session 2012–13, [Competition in the local bus market](#), HC 10

34 Transport for Greater Manchester ([BSB0104](#))

35 Stagecoach UK Bus ([BSB0107](#))

36 See for instance, RATP Dev UK ([BSB0011](#)); Tower Transit Group ([BSB0087](#))

37 [Q39](#) [Dai Powell]; see also HCT Group ([BSB0021](#))

38 See for instance, Bath & North East Somerset Council ([BSB0057](#)); Dr John Disney ([BSB0007](#))

39 Competition and Markets Authority, [CMA Recommendations on the Bus Services Bill](#), 29 July 2016

40 DfT, [The Bus Services Bill: policy scoping notes](#), May 2016, p27; [Letter from Andrew Jones MP, Parliamentary Under Secretary of State for Transport to Andrea Coscelli, Acting Chief Executive, Competition and Markets Authority](#), 12 October 2016

how competition law would apply to an EPS, telling us that it would not pursue a scheme where there was any doubt over competition compliance.<sup>41</sup> Similarly, some members of the House of Lords expressed concerns that the CMA would be able to open lengthy and expensive competition investigations into finalised schemes even where it had already been consulted on the development of the scheme.<sup>42</sup>

**26. Advanced Quality Partnerships and Enhanced Partnership Schemes have the potential for delivering greater benefits by allowing local transport authorities and operators to work together more intensively. However, there is a risk that Enhanced Partnership Schemes could entrench the position of dominant operators. We welcome the Government’s commitment to take into account the specific aspects of the local bus market in developing the Enhanced Partnership Scheme voting mechanism. *The Government should publish further detail regarding the voting mechanism as soon as possible to allow the House of Commons to scrutinise the possible impact of Enhanced Partnership Schemes on competition.***

## Franchising

### *Benefits and risks associated with franchising*

#### *Relative advantages of franchising and partnerships*

27. The evidence we received in relation to franchising broadly fell into two categories. Some respondents said that franchising created few benefits and significant risks, and proposals to introduce franchising should therefore be subject to greater regulatory control.<sup>43</sup> Others suggested that franchising could produce significant benefits, and that the Bill should therefore be amended to allow LTAs other than mayoral combined authorities to franchise without requiring further consent.<sup>44</sup>

28. We heard from witnesses who suggested that franchising was unnecessary. Some said the objectives LTAs seek to achieve through franchising can be—and are being—achieved through partnerships. In oral evidence, Mr Fearnley of the Confederation of Passenger Transport told us:

We seriously question what franchising can offer that serious partnership between authorities and operators cannot deliver. To look at an example, last November in Sheffield a revised new partnership was implemented between operators, the Passenger Transport Executive and the City Council. It has created a network that, in the combined authority’s words, is close to what they would have prescribed under a franchise.<sup>45</sup>

29. This view was disputed by other witnesses, who suggested that partnerships could never deliver full network and fares integration. Network integration allows passengers to make a journey across the network easily, and involves, for instance, integration between

41 West Midlands Combined Authority ([BSB0017](#))

42 [HL Deb 12 October 2016 vol.774, c.1928–1929](#)

43 See for instance, Stagecoach UK Bus ([BSB0078](#)); The Association of Local Bus Company Managers (ALBUM) ([BSB0058](#)); [Q60](#) [Martin Dean]

44 See for instance, Community Transport Association ([BSB0004](#)); Essex County Council ([BSB0098](#)); Trades Union Congress ([BSB0023](#))

45 [Q38](#) [Giles Fearnley]; see also [Q41](#) [Robert Montgomery]

bus timetables and those of other transport modes and simple ticketing.<sup>46</sup> We heard evidence of dominant operators frustrating LTA partnership proposals designed to create a more integrated customer experience; Kent County Council, for instance, told us that the two largest operators in its area refused to participate in its multi-operator smart card because they preferred to use only their own cards.<sup>47</sup> Moreover, competition law limits the extent to which even willing operators can co-operate, as demonstrated by the CMA's recommendation that partnership schemes should not restrain operators from making their own decisions on fares.<sup>48</sup> As Andy Gibbons of Nottingham City Council told us: "On integrated ticketing, uniformity, simplification and one simple smart system would only be solved through the franchising side".<sup>49</sup>

### *The impact of franchising on competition*

30. The introduction of franchising moves competition from in the market (operators competing on the roads for passengers) to for the market (operators competing to operate a particular service). David Williams of KPMG told us that:

London works because it gets part of its value from the attractiveness of the market. It gets good competition for contracts. It is a big market.<sup>50</sup>

It is possible that there would be minimal interest in smaller markets that are unable to generate the same interest in their contracts as London. In addition, small and medium sized operators who may struggle to meet franchising requirements could also be excluded from the market.<sup>51</sup>

31. We note that the Department has already accepted a number of recommendations from the CMA designed to ensure that LTAs fully consider the competition implications of their proposals.<sup>52</sup> Abellio and Dr Jon Lamonte from Transport for Greater Manchester told us franchising mechanisms could drive up standards and encourage innovation.<sup>53</sup> It is also possible that franchising may be a means through which the longstanding concerns about competition in the bus services market (discussed in paragraph 22 above) are addressed. Barriers to entering the commercial market and a dwindling number of subsidised services mean many smaller and medium sized operators are currently struggling.<sup>54</sup>

32. The Bill requires LTAs putting forward franchising proposals to consider small and medium sized operators; we received evidence suggesting that such operators could be accommodated through breaking franchises up into a series of small contracts or creating opportunities for operators to work together.<sup>55</sup> We note that head to head competition does not necessarily guarantee greater diversity of operators than competition for contracts

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46 North Ryedale Public Transport Group ([BSB0096](#))

47 Kent County Council ([BSB0073](#)); see also Urban Transport Group ([BSB0103](#))

48 [Letter from Alex Chisholm, Chief Executive, Competition & Markets Authority to Andrew Jones MP, Parliamentary Under Secretary of State for Transport, 29 June 2016](#)

49 [Q87](#) [Andy Gibbons]

50 [Q3](#) [David Williams]

51 See for instance, Bus Users UK ([BSB0066](#)); Wellglade Limited ([BSB0091](#))

52 [Letter from Alex Chisholm, Chief Executive, Competition and Markets Authority to Andrew Jones MP, Parliamentary Under Secretary of State for Transport, 29 June 2016](#)

53 Abellio ([BSB0071](#)); [Q83](#) [Dr Jon Lamonte]

54 [Q14](#) [David Williams]; [Q55](#) [Dr Disney]; [Q85](#) [Nigel Blackler]

55 HCT Group ([BSB0021](#)); Cornwall Council ([BSB0028](#))

under the current system. Transport for Greater Manchester told us, for instance, that small operators account for 36% of their current financially supported market, compared to less than 8% of the commercial network.<sup>56</sup>

### *Assessment of franchising schemes*

33. We heard from witnesses who suggested that risks associated with the LTA assuming responsibility for planning and managing a bus network were such that the Bill needed greater checks and balances.<sup>57</sup> In particular, this was the lesson that some operators drew from the Tyne and Wear Quality Contract Scheme (QCS) proposal. A QCS allows LTAs to introducing a franchising style system, but only if they can satisfy an independent board that the proposal meets a five part public interest test.<sup>58</sup> In November 2015 the QCS proposal in Tyne and Wear was found to not meet the public interest test.<sup>59</sup> Martin Dean of Go-Ahead told us that this process:

[ ... ] showed that the need for independent scrutiny, as I mentioned before, served the customer and the council tax payer well because it exposed a scheme that was just not workable. Franchising needs to be independently scrutinised. It needs the ability of professional organisations and interested bodies such as bus operators to scrutinise the proposals and then to advocate our position in front of an independent panel.<sup>60</sup>

34. However, we received evidence suggesting that the real lesson to be drawn from Tyne and Wear was that the QCS process was too time consuming and expensive and effectively prevented LTAs from making use of this power at all.<sup>61</sup> It is worth noting that both we and our predecessor Committee expressed concerns about the complexity of the process before the experience of Tyne and Wear.<sup>62</sup> In its evidence, Merseytravel emphasised the Bill should avoid replicating these unworkable arrangements.<sup>63</sup> Significant checks and balances also already exist in the Bill; any LTA that wishes to franchise must, for instance, undertake an assessment of the proposed scheme (including comparing it to other courses of action), obtain a report from an auditor of the assessment and consult widely with affected parties.

### *Distinction between mayoral combined authorities and other LTAs*

35. The Bill, as originally introduced, distinguishes between mayoral combined authorities, who are automatically entitled to introduce a franchising scheme, and other LTAs, who must undertake a two stage process requiring regulations for the category of LTA and the consent of the Secretary of State. The criteria that the Secretary of State would use in deciding whether or not to grant consent are described in outline in a policy

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56 Transport for Greater Manchester ([BSB0052](#)); Transport for Greater Manchester ([BSB0104](#))

57 FirstGroup plc ([BSB0005](#)); [Q41](#) [Robert Montgomery]

58 QCS is abolished in England by this Bill, but will continue to exist in Wales

59 QCS Board, [Opinion on the Proposal for a QCS Scheme in Tyne & Wear](#), November 2015

60 [Q60](#) [Martin Dean]

61 See for instance, Tower Transit Group ([BSB0087](#)); Tyne and Wear Public Transport Users Group ([BSB0019](#)); Unite the Union ([BSB0027](#))

62 Transport Committee, Third Report of Session 2012–13, [Competition in the local bus market](#), HC10, para. 68; Transport Committee, Fourth Report of Session 2014–15, [Passenger transport in isolated communities](#), HC 288, para. 20

63 Merseytravel ([BSB0014](#))

statement published on 12 October 2016.<sup>64</sup> The Department's rationale for this distinction was that only mayoral combined authorities have the clear, centralised decision making and required powers and governance arrangements for transport across a relatively wide area to warrant automatic franchising rights.<sup>65</sup> The House of Lords amended the Bill so that all LTAs can immediately commence a franchising assessment, without the requirement for regulations or the consent of the Secretary of State.<sup>66</sup>

36. A number of respondents pointed out that the two step process in the original Bill risked closing off the potential benefits of franchising to rural areas, which are already bearing the brunt of local authority reductions to subsidised bus services, by requiring a potentially long and cumbersome process.<sup>67</sup> KPMG concluded that franchising is likely to be particularly viable in some areas, for instance where buses are integral to the overall transport network, trip patterns are complex and the LTA is relatively large.<sup>68</sup> It is true that metropolitan areas may be more likely to have these attributes. However, we were also struck by the evidence given by Dai Powell, chief executive of HCT Group, about his experiences of franchising in Jersey:

We operate a franchise in Jersey that we have operated for three years. The population is only 100,000 people. We took it over from another company three years ago. We have saved the States—the local authority there—over £1 million by doing it. We have increased passenger numbers by 30% in three years and given back a profit share to the States so that they can put in pro-bus measures [ ... ]. You can do that in a rural area. It is not expensive to do.<sup>69</sup>

37. We also received evidence querying the rationale for the distinction. The Government insists that it is giving mayoral combined authorities automatic access to franchising powers because they have clear, centralised decision-making for transport.<sup>70</sup> Essex County Council and Cornwall Council told us that they already had similar accountability structures through elected councillors acting as executive Cabinet members.<sup>71</sup> However, as noted above, certain conditions are likely to be necessary for a franchising scheme to be successful, and not all LTAs who are mayoral combined authorities can be assumed to have these attributes. For instance, the draft criteria which the Secretary of State would use to give consent would require LTAs to demonstrate that franchising could be put into practice effectively across the geography of the area, which could present difficulties, for example where highway powers remain with constituent councils.<sup>72</sup>

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64 DfT, [Bus Services Bill: Draft guidance and policy statement on key issues raised during Lords Committee debates](#), 12 October 2016

65 DfT, [Bus Services Bill: Policy Scoping Notes](#), 16 June 2016

66 [HL Deb 12 October 2016 vol 774 c1941–1942](#); [HL Deb 24 October 2016 vol 776 c.20](#)

67 See for instance, Campaign for Better Transport ([BSB0040](#)); Community Transport Association ([BSB0004](#)); TravelWatch NorthWest ([BSB0055](#))

68 KPMG, [Local Bus Market Study: Report to the Department for Transport](#), January 2016, p.11

69 [Q58](#) [Dai Powell]

70 DfT, [Bus Services Bill: Policy Scoping Notes](#), 16 June 2016

71 See for instance, Essex County Council ([BSB0098](#)); Cornwall Council ([BSB0028](#))

72 DfT, [Bus Services Bill: Draft guidance and policy statement on key issues raised during Lords Committee debates](#), 12 October 2016

### *Parliamentary scrutiny of franchising powers*

38. Lord Ahmad of Wimbledon, Parliamentary Under Secretary of State for Transport, suggested that the requirement for regulations for each category of LTA other than mayoral combined authorities to franchise would enhance scrutiny by allowing Parliament to debate the broadening of access to franchising powers.<sup>73</sup> In our view, the House of Lords and House of Commons should be able to debate which categories of LTA should be allowed to franchise during the Bill's passage through Parliament, rather than delaying the discussion through the mechanism of secondary legislation.

39. Moreover, the policy statement outlining the criteria which the Secretary of State would use in deciding whether to exercise his power of consent was not published until 12 October 2016. At that point the Bill had reached Report Stage in the House of Lords. It is described as “initial draft guidance” which is “intended to outline some of the potential content” of the guidance which will be produced alongside the Bill.<sup>74</sup> As noted by the Lords Delegated Powers and Regulatory Reform Committee, it is difficult to assess whether it is appropriate to delegate to the Secretary of State a power of consent for non-mayoral combined authorities when the criteria for that consent are not known.<sup>75</sup>

**40. Franchising has the potential to deliver benefits that cannot be achieved by partnerships. While there are some risks associated with franchising, these are mitigated by existing safeguards in the Bill. In our view, it is primarily for the local transport authority to decide whether or not franchising is appropriate for any particular area and we agree with the majority in the Lords that the process set out in the Bill as introduced is unnecessarily cumbersome.**

**41. We accept that there may be a case in principle for reinstating the secondary requirement for the Secretary of State's consent before any individual authority other than a mayoral combined authority can franchise. However, this has been difficult to assess, in part because the draft guidance was not available for our witnesses to consider when they gave evidence to us. *If the Government wishes to reinstate the consent requirement, it must produce more detailed guidance on how the Secretary of State will exercise these powers. A key consideration for the Secretary of State would be the extent to which the proposals for franchising ensure small and medium sized operators are not prevented from entering the market. The detailed guidance must be produced in good time for the Commons Public Bill Committee stage.***

**42. Franchising is at the heart of this Bill. The Committee is concerned that key elements relating to this provision are still not available for scrutiny while other parts are only available in draft. This is not the first time this has happened and it is unacceptable. *The Government should commit to publishing all relevant draft secondary legislation and guidance when a Bill is introduced into Parliament.***

73 [HL Deb 12 October 2016 vol 774 c.1939](#)

74 DfT, [Bus Services Bill: Draft guidance and policy statement on key issues raised during Lords Committee debates](#), 12 October 2016, para. 1

75 Delegated Powers and Regulatory Reform Committee, First Report of Session 2016–17, [Bus Services Bill \[HL\] etc.](#), HL Paper 13, para. 9

## Compensation

43. Under franchising schemes, operators can only provide bus services where contracted to do so by the LTA, or unless the LTA agrees otherwise. We heard from operators who described the move from a deregulated market to a franchising system as “confiscation” or “expropriation” because it meant that they would no longer be free to offer bus services as they chose.<sup>76</sup> For instance, the Wellgrade Group told us that the Bill would undermine the substantial goodwill and investment it had built up in its business over many years.<sup>77</sup> We also note that in the Tyne and Wear QCS process, the Board found that there could be a case for compensation.<sup>78</sup>

44. We appreciate that franchising represents a significant disruption for established operators. However, franchising does not prevent operators from providing bus services at all; it simply requires operators to compete for the market rather than directly for passengers, or to obtain consent from the LTA to run a service not covered by a franchising scheme. There is no case for compensation where a dominant operator loses market share to a challenger in head to head competition or the funding for a supported bus service is cut by the LTA. On the same basis, we do not consider there to be a case for compensation if an operator is unable to win a contract under franchise from the LTA. Moreover, introducing a requirement for compensation would act as a significant disincentive for an LTA to franchise, even where this is in the best interests of the local community.

**45. We accept that the question of whether incumbent operators would suffer a loss from franchising is a complex one. However, franchising does not mean operators already providing bus services in the market cannot compete; it simply means that they must compete for the market rather than for passengers as they do at present. There is no case for compensation for operators in areas where the local transport authority decides to introduce franchising.**

## Funding for partnerships and franchising

46. As discussed above in paragraph 7, funding for bus services has been under pressure in recent years. The Government has made it clear that no additional funding for LTAs will be available under the provisions contained in the Bill.<sup>79</sup> Witnesses from Urban Transport Group and Transport for Greater Manchester suggested that there was no reason why franchising or partnerships necessarily needed to cost LTAs more money in the long term if these approaches facilitated growth on the network and generated additional revenue.<sup>80</sup> Nigel Blackler of Cornwall Council echoed this in relation to the rural context, arguing for the need to:

[ ... ] bring some of our funding into the bus system in Cornwall, as we have done on rail, to bring it up to a comparable standard and bring the two together. We believe that if we can do that, we can significantly increase the

76 See for instance, The Association of Local Bus Company Managers (ALBUM) ([BSB0058](#)); East Yorkshire Motor Services Limited ([BSB0075](#)); The Chartered Institute of Logistics and Transport ([BSB0079](#))

77 Wellgrade Limited ([BSB0091](#))

78 QCS Board, [Opinion on the Proposal for a QCS Scheme in Tyne & Wear](#), November 2015

79 [HL Deb 29 June 2016 c.1600GC](#)

80 [Q93](#) [Frank Rogers]; [Q94](#) [Dr Jon Lamonte]

number of passengers using public transport in Cornwall; and if we can do that, we will get more money back through the fare box and more of the network will become financially sustainable going forward.<sup>81</sup>

47. Lord Ahmad has committed to devolve BSOG where franchising is implemented, so that it is paid on a non-ring fenced basis directly to the LTA rather than to the operator. The rationale for this approach is that by pooling subsidies in a franchised system, they can be used more effectively.<sup>82</sup> However, the detail of how BSOG will be dealt with at a devolved level is still unclear.<sup>83</sup> When the Permanent Secretary, Philip Rutnam, recently appeared before us in relation to the Departmental Annual Report and Accounts he reaffirmed the approach of giving “local authorities as much freedom as possible in how to use the funding. It is the whole philosophy of devolution, removing ring-fencing around grants and trying to provide significant continued funding for local transport.”<sup>84</sup> Andy Gibbons of Nottingham City Council told us that BSOG should also be devolved where there is an EPS.<sup>85</sup>

48. In our view, the logic of this approach applies not just to franchising schemes but also to partnership approaches which give an enhanced role to the LTA in developing and managing integrated networks.

**49. Franchising and partnership schemes have the potential, where successful, to partially address the funding pressures currently facing bus services by increasing full fare passenger numbers. We welcome the Government’s commitment to devolve BSOG where franchising is implemented. We recommend that the Government also commits to devolving BSOG to those authorities who implement an Enhanced Partnership Scheme or Advanced Quality Partnership.**

## Consultation and notice

50. At present, there is no legal requirement for bus companies to consult with affected parties where they propose to alter or withdraw bus services; consequently consultation is patchy at best. We received examples of operators stopping services integral to the local community with short notice and making frequent changes to routes and timetables.<sup>86</sup> Equally, we were told of local authorities failing to consult when withdrawing subsidies for supported services.<sup>87</sup>

51. In our view, it is unacceptable not to involve parties affected by proposed changes to bus services in the relevant decision making process. We are therefore encouraged by the provisions of the Bill which require LTAs to consult with a wide range of groups, including operators and organisations representative of users of local services in developing an AQP, EPS, franchising scheme or Advanced Ticketing Scheme. We also welcome the Government’s amendment in the Lords to include Transport Focus as a statutory consultee in relation to franchise and partnership schemes.<sup>88</sup>

81 [Q89](#) [Nigel Blackler]

82 [Letter from Lord Ahmad to Lord Bradshaw](#), 4 July 2016; [HL Deb 29 June 2016, c1602GC](#)

83 [Merseytravel \(BSB0014\)](#)

84 [Q68](#) [Philip Rutnam]

85 [Q89](#) [Andy Gibbons]

86 See for instance, Dr John Disney ([BSB0100](#)); Community Transport Association ([BSB0004](#)); Cllr John Bull ([BSB0026](#)); Cllr Michael Base ([BSB0064](#))

87 [Q29](#) [Claire Walters]

88 [HL Dec 12 October 2016 vol 774 c1923](#)

52. Franchising schemes can have a significant impact on factors which affect the working conditions of employees, including in relation to where and when they work, what standards they are expected to meet, and the environment in which they carry out their duties.<sup>89</sup> It is therefore appropriate that LTAs consult with affected employees when introducing these proposals. However, it is also possible that partnership schemes could also have a significant impact on employees by changing the nature of the service. A Government amendment included consultations with appropriate representatives of affected employees as a requirement for franchising proposals.<sup>90</sup> In a Government defeat, an amendment extending the same consultation right to employees affected by a proposed AQP was also passed in the Lords.<sup>91</sup> This leaves an anomaly insofar as LTAs only need to consult with their employees where introducing franchising or an AQP, but not an EPS.

53. We also note the debate in the House of Lords around the possibility of allowing communities to designate certain bus routes as assets of community value. If accepted, such a provision would give the community at least six months' notice of closure.<sup>92</sup> The Government objected to this provision on the basis that it would require an operator to continue to operate a service considered financially unsustainable for six months. In addition, Lord Ahmad noted the support already provided by Government to community transport.<sup>93</sup> In particular, the Total Transport pilot project seeks to assist local authorities integrate transport services currently commissioned by different central and local government agencies and provided by different operators. The aim of this approach is to allow existing resources to be allocated and co-ordinated more efficiently.<sup>94</sup> While we welcome these initiatives, our predecessor noted that it is unrealistic for Government and local authorities to expect voluntary community transport projects to compensate for decreased bus services.<sup>95</sup>

**54. It is right that those affected by proposed changes to bus services have an opportunity to contribute to the decision making process. We welcome the Bill's emphasis on consultation with bus users and employee representatives. We recommend that the Bill be strengthened by agreeing an amendment requiring LTAs proposing Enhanced Partnership Schemes to consult with the appropriate representatives of any affected employees. This would bring the provisions around employee representation for Enhanced Partnership Schemes in line with those for franchising and Advanced Quality Partnerships. We also support the proposal to allow communities to designate bus routes as community assets.**

**55. As highlighted by our predecessor Committee, passenger transport services are essential to allow isolated communities to fully participate in society. In the context of continuing cuts to local authority budgets, the Bus Services Bill can only be part of the solution in protecting local transport services in isolated communities. The Government must explain how its devolution agenda will help to support local communities to maintain often critical bus services that nevertheless require ongoing financial support.**

89 RMT ([BSB0020](#)); Trades Union Congress ([BSB0023](#)); Unite the Union ([BSB0027](#))

90 [HL Deb 24 October 2016 vol 776 c.24](#)

91 [HL Dec 12 October 2016 vol 774 c.1926–1927](#)

92 [HL Deb 24 October 2016 vol 776 c.60-61](#)

93 [HL Deb 24 October 2016 vol 776 c.62](#)

94 DfT, [Total Transport pilot fund](#), 14 January 2016

95 Transport Committee, Fourth Report of Session 2014–15, [Passenger transport in isolated communities](#), HC288, para. 37

## Prohibition on municipal bus operators

56. The prohibition on LTAs from setting up new bus operators is one of the more controversial aspects of the Bill. The Government's rationale for the prohibition is that the same LTA that is specifying services (as would be the case under a franchising system) should not also own an operator which can then bid for those services.<sup>96</sup> Such a scheme is also likely to attract significant scrutiny from the Competition and Markets Authority, which may make it unviable in any case. Some of the operators who submitted evidence echoed these competition concerns; in addition, Go-Ahead told us that LTAs did not have the skills and experience to run bus companies.<sup>97</sup>

57. However, the vast majority of evidence we received in relation to the prohibition on new municipal operators, including almost 2,000 emails from members of the public, supported its removal from the Bill.<sup>98</sup> A number of respondents pointed to the particularly good performance of existing municipal bus operators such as those in Reading, Nottingham and Edinburgh.<sup>99</sup> We also heard that municipal bus operators tended to be more accountable to local communities and passengers than those run by the private sector.<sup>100</sup> Others argued that the clause ran counter to the direction of the rest of the Bill in allowing LTAs to determine what model was most appropriate to their particular area.<sup>101</sup> Cornwall Council also told us that the recent failure of a number of bus operators made it necessary for the LTA to be able to operate a bus service as a last resort, lest some communities be left with no services at all. This is particularly a risk in some rural areas where bus services are less commercial and there are fewer public transport alternatives.<sup>102</sup>

58. The prohibition drafted in the Bill as introduced into the House of Lords applies to all LTAs. This is the case even though the potential conflict of interest only arises under franchising, and only a small minority of LTAs are likely to introduce franchising. In addition, mandating an arm's length relationship between the operator and the LTA should do much to manage the real or perceived risk of unfair competition.

59. **There are some circumstances, for instance where no private operator is willing and able to operate socially necessary services, where it would be appropriate for a local authority or group of authorities to set up their own operator. We accept that there is the risk of a conflict of interest where the authority has decided to implement franchising and that such a conflict could seriously delay or perhaps even prevent a franchising scheme from coming to fruition. However, the current prohibition on all new municipal operators in the Bill is a disproportionate response. We encourage local transport authorities to assess the benefits of partnerships and franchising before they consider setting up a municipally owned operator. The Government should produce guidance setting out the measures it expects local authorities to put in place to ensure that an arm's length relationship is maintained.**

96 [HL Deb 8 June 2016 vol 773 c.808](#)

97 [The Association of Local Bus Company Managers ALBUM \(BSB0058\)](#); [The Go-Ahead Group plc \(BSB0029\)](#)

98 See for instance, [We Own It \(BSB0047\)](#); [East Midlands Later Life Forum \(BSB0076\)](#)

99 See for instance, [Unite the Union \(BSB0027\)](#); [Bus Users UK \(BSB0066\)](#); [Finn Smith \(BSB0088\)](#)

100 [Q19 \[Claire Walters\]](#)

101 [HCT Group \(BSB0021\)](#); [Kent County Council \(BSB0073\)](#); [Merseytravel \(BSB0014\)](#)

102 [Cornwall Council \(BSB0028\)](#)

### 3 Accessibility, open data and ticketing

60. Increasing bus passenger numbers does not just depend on integrated networks and predictable journey times, important as those are. It also requires providing a service which different sections of society are able to use with confidence. There are a number of elements to this, from providing information in a timely and accessible way, to a simple ticketing scheme which means that people can easily understand which fares offer the best value. In this chapter, we consider some current difficulties in relation to accessibility, open data and ticketing in bus services, and assess the provisions of the Bill which seek to address them.

#### Accessibility

61. Many bus users have particular accessibility requirements. Outside of London, 30% of all journeys were made by disabled or elderly concessionary pass holders.<sup>103</sup> Older people are more likely to have difficulty accessing services; for instance, of the 11 million people with hearing loss, over 8 million are aged over 60.<sup>104</sup> Focus groups carried out by Age UK in Falmouth and Newcastle upon Tyne demonstrated that buses were essential for many older people in allowing them to access medical care, provide voluntary care to others, and engage with the wider community.<sup>105</sup>

62. The Public Service Vehicle Accessibility Regulations 2000 (PSVAR) set down accessibility requirements such as low floor board devices, provision for passengers using wheelchairs, and visual contrast on handrails and step edges. All single-deck buses were required to comply with these provisions by 1 January 2016, and all double-deck buses from 1 January 2017. The PSVAR do not, however, make provision for audio-visual (AV) equipment on buses. AV equipment is used to make visual and audio announcements, usually including the route number, final destination, and next stop. In London, all buses are fitted with AV providing this information. It is not clear what proportion of buses outside of London are fitted with AV; although the Department collects this information, the data are not considered robust enough to publish.<sup>106</sup> However, it was suggested to us that only a minority of buses in England outside of the capital are fitted with AV.<sup>107</sup>

63. AV on buses has been the subject of a campaign led by the charity Guide Dogs for the Blind and supported by 30 other organisations.<sup>108</sup> We received evidence suggesting that without AV, passengers with visual impairments, hearing loss, learning difficulties, or simply those who are unfamiliar with a route, struggled to access bus services.<sup>109</sup> Jacqueline Juden, a guide dog owner, told us about her experiences trying to use buses that were not fitted with AV:

One thing I do at the moment when I have to get a bus somewhere, even though, believe me, I try to avoid that at all costs if I am not in London, is to think about the route I am taking. I practise a route several times with

103 DfT, [Annual bus statistics: England 2015/16](#), 18 October 2016

104 Action on Hearing Loss ([BSB0013](#))

105 Age UK ([BSB0085](#))

106 PQ [376 7](#) on Bus Services: Disability, 19 May 2016

107 Guide Dogs ([BSB0082](#)); [Q4](#) [James White]

108 Guide Dogs ([BSB0082](#))

109 For instance, RNIB ([BSB0081](#)), TravelWatch NorthWest ([BSB0055](#))

somebody before I am willing to do it on my own. Even then I have a system set up where I have to count how many right turns and left turns until the point when I know I need to press the bell to get off the bus. That can be extremely stressful. It can take a lot of concentration, and if I miss it I am completely lost. I have been in situations when a driver has forgotten to tell me where I am and I have missed a stop. I missed an important hospital appointment because of that. I have been unable to take jobs because I have not been able to get there, as I felt that I could not use the bus.<sup>110</sup>

64. Smartphone apps or wearable technologies such as wristbands are sometimes suggested as alternatives to AV. These technologies should be encouraged; as discussed in paragraph 68 below, apps that use open data can significantly improve passenger experience. However, such innovations come with their own difficulties. Smart phone use tends to be lowest among the parts of the population that have the greatest accessibility issues; only 18% of people over the age of 65 owned a smart phone in 2015, while one in four disabled adults has never used the internet compared to one in ten across the general population.<sup>111</sup> In addition, smart phone users face technical issues such as a lack of signal or unsustainable drain on battery life, or may not feel comfortable operating an expensive piece of equipment in public.<sup>112</sup> In 2013 our predecessor Committee recommended that the Department should require a phased introduction of buses with AV systems.<sup>113</sup> The evidence we heard leads us to conclude that the case for AV is as strong as ever.

65. Since we took evidence on the Bill, the Government brought forward an amendment to enable the Secretary of State to make regulations requiring operators of local services to provide accessible information on board their services. The onus is on operators providing the information in a particular format, rather than installing specific equipment.<sup>114</sup> The regulations will specify which operators must provide the information, what information must be provided and how, when the information should be provided, to what standard, and who will be exempt from the requirements. The guidance makes clear that AV provision of information will be required in relation to route and direction, upcoming stopping place and diversions from the scheduled stopping place. Some smaller operators may be given more time to comply or exempted from some of the requirements.<sup>115</sup> We welcome the regulations as a positive step in supporting a wider range of people to access bus services. However, we note much of the detail, for instance in relation to the timescale for implementation, the scope of exemptions and assessment for impact remain unknown. Indeed, while the Government has indicated that it would consult in 2017 with a view to bringing forward regulations in 2018, we know from experience that Governments can give themselves regulation making powers which are never in fact brought into force.

66. We are also aware of the debates in the House of Lords on a number of other accessibility issues concerning buses. European Union Regulation 181/2011, which mandates disability training for bus drivers, is due to apply in the United Kingdom from 2018. Although the Government has stated that it will continue to prepare to implement this requirement, it was suggested in the Lords that the provision be mirrored in domestic

110 [Q21](#) [Jacqueline Juden]

111 [Action on Hearing Loss \(BSB0013\)](#); [Campaign for Better Transport \(BSB0040\)](#)

112 [RNIB \(BSB0081\)](#); [Newcastle Society for Blind People \(BSB0070\)](#)

113 [Transport Committee, Fifth Report of Session 2013–14, Access to transport for disabled people, HC 116, para. 29](#)

114 [HL Deb 24 October 2016 vol 776 c.55](#)

115 [DfT, Bus Services Bill: accessible information regulations scoping note, 12 October 2016](#)

legislation in case it not be recognised as an existing obligation in the discussions to leave the European Union.<sup>116</sup> In addition, the Lords debated requiring operators to establish policies to protect the interests of disabled people using its services.<sup>117</sup> Finally, there is some uncertainty about the obligation of operators to require passengers to vacate space designated for wheelchair users as demonstrated the case of *Paulley v First Group*, currently awaiting judgment from the Supreme Court.<sup>118</sup> These are issues which deserve further consideration by the Commons.

**67. Audio-visual equipment on buses as standard is now long overdue. We welcome the Government’s commitment to bring forward regulations under the Bill relating to audio-visual as a pragmatic response which balances the interests of bus users and operators. *The Government should ensure that bus users and their representatives are involved not just in the development of the regulations but also in assessing their impact after they have been implemented. The Government should commit on the face of the Bill to implement this change by 1 January 2019.***

## Open data

68. Passenger friendly bus services are not just about how information is delivered; they also require making sure that information is available in the first place. Open data can allow passengers to compare offers from different providers more easily and increases their confidence in understanding what service they can expect and when.<sup>119</sup> It is also useful for LTAs and new operators in understanding where there are gaps in the market and what services have the greatest impact.<sup>120</sup> At present, operators have no obligation to provide information on fares (except at the point of boarding a bus) or release information on how bus routes are performing.<sup>121</sup> The current data management process is largely manual and requires re-entry of data into multiple downstream systems.<sup>122</sup> In the capital, Transport for London (TfL) has used its franchising powers to require that all operators use Automatic Vehicle Location (AVL) which tracks the network of buses. This live information powers real time information screens and on-board AV, but is also made available to smart phone travel apps.<sup>123</sup>

69. Open data is also being used in other areas to improve the passenger experience. Arriva, for example, told us about its app with journey planner, access to timetables, fares, and real time information for every individual route that it operates.<sup>124</sup> However, experiences vary widely between local areas. For instance, the West Midlands Combined Authority reported that operators in the area had been very open about sharing their data but noted that this had not been the case in other parts of the country.<sup>125</sup> Transport for

116 [HL Deb 24 October 2016 vol 776 c.50](#); see also Transport for All ([BSB0006](#)); RNIB ([BSB0081](#))

117 [HL Deb 24 October 2016 vol 776 c.48](#)

118 UKSC 2015/0025; Equality and Human Rights Commission ([BSB0059](#))

119 Bus Users UK ([BSB0066](#)); Transport Focus ([BSB0018](#)); RTIG ([BSB0060](#))

120 Community Transport Association ([BSB0004](#)); North East Combined Authority ([BSB0009](#))

121 Urban Transport Group ([BSB0054](#))

122 ITS United Kingdom ([BSB0022](#))

123 Transport for London ([BSB0097](#))

124 Arriva ([BSB0095](#))

125 West Midlands Combined Authority ([BSB0017](#))

Greater Manchester (TfGM) told us that open data opportunities had been restricted due to individual operators sharing little information with TfGM or other authorities and having different levels of commitment in implementing appropriate technology.<sup>126</sup>

70. The Bill seeks to address these varying standards by requiring operators of local services to release open data on routes, timetables, punctuality and fares in a specified format.<sup>127</sup> We heard from Mr Fearnley of the Confederation of Passenger Transport that “the industry welcomes the provisions on open data. It is so important to our customers that they have access to information about services, and increasingly in real time.”<sup>128</sup>

71. As with the powers of the Secretary of State in relation to franchising consent (paragraph 39 above), however, it is difficult to properly assess the impact of these provisions from the face of the Bill and the policy notes which have been released.<sup>129</sup> For instance, the cost implications for operators will depend on the exact data which needs to be published and the standards to which it is likely to be assessed.<sup>130</sup> The Government has said that it will develop a central open data hub to store the data, but operators will presumably need access to back office systems that will allow them to submit data electronically.<sup>131</sup> Some small and medium sized operators have understandably expressed concern about the burden that these provisions may have on their services.<sup>132</sup>

72. The Lords Delegated Powers and Regulatory Reform Committee similarly concluded that the open data provisions in the Bill were unacceptably wide and ill-defined.<sup>133</sup> The Government accepted the Committee’s recommendations, and Government amendments setting out the purpose for which the information can be used, the description of persons to whom the information is to be disclosed, and requiring the Secretary of State to consult before making the regulations were passed in the Lords.<sup>134</sup> However, it remains important for the Department to set out in more detail how it envisages the open data provisions in the Bill operating in practice.

**73. The London experience shows the potential of open data in empowering passengers and allowing local authorities and operators to better understand local needs and gaps in the service. However, the Government’s failure to prepare the draft open data regulations in time means that it has been impossible for this Committee or the House of Lords to assess the effect of these provisions on operators. The Government’s amendments in the Lords are to be welcomed but only go some way to mitigating the issue. *The Government should publish an update on its previous open data policy including, ideally, draft regulations, to allow Parliament to better assess the impact that these provisions are likely to have on industry.***

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126 Transport for Greater Manchester ([BSB0052](#))

127 DfT, [Open Data and Registration: Bus Services Bill Information Sheet](#), 26 May 2016

128 [Q63](#) [Giles Fearnley]

129 DfT, [Bus Services Bill: policy scoping notes](#), 16 June 2016; DfT, [Bus Services Bill: open data and registration](#), 26 May 2016

130 RTIG ([BSB0060](#))

131 DfT, [Open Data and Registration: Bus Services Bill Information Sheet](#), 26 May 2016

132 The TAS Partnership ([BSB0072](#)); The Association of Local Bus Company Managers (ALBUM) ([BSB0058](#))

133 Delegated Powers and Regulatory Reform Committee, First Report of Session 2016–17, [Bus Services Bill \[HL\] etc.](#), HL Paper 13, para. 19

134 [HL Deb 24 October 2016 vol 776 c.66-69](#)

## Ticketing

74. One consequence of head-to-head competition is that passengers are often offered a variety of tickets covering different operators and using different technologies. Progress has been made in some areas by operators working with LTAs to deliver multi-operator tickets or smart cards.<sup>135</sup> In addition, we note the commitment of the five largest operators to introduce contactless bank card acceptance on their buses outside of London by 2022.<sup>136</sup> We also recognise that some level of choice in ticketing may well be desirable if buses are to remain accessible to groups such as older or disabled people who may wish to pay in cash for a ticket.<sup>137</sup> However, passenger experiences of ticketing vary widely from area to area. Smart cards have proliferated, but this has not necessarily reduced the complexity; we were told that there are three operator specific and two multi-operator smart cards in Nottingham, and that in some areas, passengers need to use paper tickets alongside smart cards.<sup>138</sup> Dr John Disney of Dales & Bowland CIC told us:

[ ... ] in London, if you want to travel, all you need is an Oyster card or a contactless bank card. I live in a semi-rural area in Derbyshire. For my local travel needs, if I want to use services that are available at different times of the day and on different days of the week, I need three different multi-journey tickets to access those services.<sup>139</sup>

75. As discussed in paragraphs 19–20 and 29 above, franchising and partnership schemes can include provisions around ticketing structures. The Bill also introduces a mechanism for Advanced Ticketing Schemes (ATS) whereby an LTA can require operators to sell multi-operator or multi-modal tickets in particular formats. Like ticketing provisions made under partnerships, an LTA would not be able to set fares under an ATS. The Government has said that the objective of the ATS scheme is to “future proof” the LTA power to make multi-operator ticketing schemes, by ensuring that ticketing schemes can introduce new technologies”.<sup>140</sup>

76. Some respondents were concerned that the Bill was unduly focused on mature technologies in a way which would hamper the ability of operators to innovate in ticketing. For instance, Real Time Information Group told us that the legislation as currently drafted would impede the development of new technologies such as account-based services that allow billing in arrears.<sup>141</sup> In addition, the development of new technologies in a poorly co-ordinated manner has the potential to create additional cost for operators, particularly small and medium sized enterprises.<sup>142</sup> The Department will need to take a hands on approach to managing this. For instance, where passengers pay on contactless cards, operators will need to be able to access back office functions to ensure that the fare is apportioned correctly; there is a role for Government in co-ordinating such systems, so as to minimise complexity and expense.<sup>143</sup>

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135 See for instance, East Yorkshire Motor Services Limited ([BSB0075](#)), FirstGroup plc ([BSB0005](#))

136 The UK Cards Association ([BSB0106](#))

137 See for instance, National Pensioners Convention ([BSB0010](#)); RMT ([BSB0020](#)); Transport Focus ([BSB0018](#))

138 Dr Roger Sexton ([BSB0002](#)); North-East Combined Transport Activists’ Roundtable ([BSB0003](#))

139 [Q37](#) [Dr Disney]

140 DfT, [Partnerships and ticketing: Bus Services Bill information sheet](#), 26 May 2016

141 RTIG ([BSB0060](#)); see also Roger French ([BSB0094](#)); The Go-Ahead Group plc ([BSB0029](#))

142 East Yorkshire Motor Services Limited ([BSB0075](#))

143 The UK Cards Association ([BSB0106](#))

77. We welcome the Advanced Ticketing Scheme provisions as a tool to encourage simpler and more integrated ticketing. However, more must be done to ensure that innovation in ticketing technologies is encouraged and not hampered. *Within six months of Royal Assent, the Department should produce, in consultation with industry partners, guidance which supports local transport authorities in developing ticketing schemes that do not impede newer technologies, are not a disproportionate burden on operators, and which pay due regard to the accessibility needs of different groups. The Government should co-ordinate the development of back office ticketing functions to limit unnecessary complexity or duplication.*

## 4 Road conditions and congestion

78. Road space is a finite resource which buses share with other users, including private cars, taxis, delivery vehicles and cyclists. Competition for this shared space is increasing; a recent report predicted a 55% growth in traffic by 2040.<sup>144</sup> Congestion is a particular issue in major metropolitan centres, but there is evidence that it is increasingly impacting on smaller market towns and rural areas too.<sup>145</sup> The main focus of the Bus Services Bill is the regulatory structure of the market rather than the conditions of the road. However, we received evidence suggesting that the latter was a major contributory factor to the long term decline of bus passenger numbers. In the chapter below we briefly assess this evidence in the context of the Bill. We will return to consider the broader issues in more detail in our urban congestion inquiry.<sup>146</sup>

### Impact of congestion on bus passenger numbers

79. Road congestion slows buses down, meaning that passengers cannot rely on the bus turning up on time or reaching their destination on schedule. In order to ensure that buses arrive at stops at the same frequency bus operators must therefore put more buses on the same route. This increases their costs and lowers productivity. As a result, passengers must pay more and/or receive a worse service than would otherwise be the case. This encourages more individuals to use their cars instead of taking the bus, further worsening congestion.<sup>147</sup> For instance, Claire Walters of Bus Users UK told us:

[ ... ] clearly if they are not going to have any kind of congestion control, buses will end up stuck in traffic unless they have some kind of priority. There will be no appeal for anybody to sit in traffic with a load of other people rather than sitting in their own little bubble. That is going to lead to people wanting to drive themselves if they can.<sup>148</sup>

80. A recent report by Professor David Begg for Greener Journeys estimated that had bus passengers been protected from the growth in congestion over the last 50 years, there could be between 48% and 70% more fare paying bus passenger journeys today.<sup>149</sup> The last few years have also seen a fall in bus passenger numbers in London, reversing the previous trend of a long term increase.<sup>150</sup> We heard from some operators who said that this demonstrated that congestion, rather than regulatory structure, is the most serious issue facing the industry. For instance, Robert Montgomery of Stagecoach told us:

[ ... ] an authority should have to deal with, address and sort out traffic congestion before it even thinks about changing the model for delivery.

144 The Go-Ahead Group plc ([BSB0029](#)); Greener Journeys and Professor David Begg, [The Impact of Congestion on Bus Passengers](#), 2 June 2016

145 [Q28](#) [Claire Walters]; [Q90](#) [Nigel Blackler]

146 Transport Committee, [Urban congestion inquiry launched](#), 20 October 2016

147 See for instance, Confederation of Passenger Transport UK (CPT) ([BSB0065](#)); Arriva ([BSB0095](#)); West Midlands Combined Authority ([BSB0017](#))

148 [Q15](#) [Claire Walters]

149 Greener Journeys, [The impact of congestion on bus passengers](#), June 2016

150 The Association of Local Bus Company Managers (ALBUM) ([BSB0058](#)); Stagecoach UK Bus ([BSB0078](#))

You might very well find that you fix the congestion problem, and the bus market commercially will work very well. Changing the model itself will not solve the problem.<sup>151</sup>

81. However, we also received evidence putting the problem of congestion in wider context. Department figures from 2011 show that outside of London, factors within operator control (for instance, staffing or mechanical issues) were a bigger cause of lost scheduled bus mileage than congestion.<sup>152</sup> We heard little evidence from operators about how they were managing these issues. In addition, and as discussed above in chapter 2, there is the clear potential of benefits for the passenger where LTAs are able choose the regulatory structure which is most appropriate to their local area.

### Management of traffic congestion

82. LTAs can manage congestion through urban planning and design of city centres.<sup>153</sup> They also already have traffic management powers, for instance introducing bus priority measures or parking schemes. These powers are being used in areas such as Greater Manchester, Leigh and the link between Sheffield and Rotherham.<sup>154</sup> For instance, Dr Lamonte from Greater Manchester told us:

We know that where we have bus measures they certainly advantage the bus and make it a more attractive proposition, which is what we are trying to do. We know that some of the congestion caused recently in the city centre has been because we have been doing work, perversely, to introduce cross-city buses and put bus prioritisation on key routes throughout the city centre and, as you are aware, particularly on the Oxford Road.<sup>155</sup>

83. We received evidence from operators suggesting LTAs were opting not to tackle congestion, despite urging from the Traffic Commissioners and the Department.<sup>156</sup> It was suggested by some respondents that this could be addressed by targets on journey times or average bus speeds.<sup>157</sup> Traffic management requires the balancing of various local interests by the LTA; as such, we do not consider it appropriate to include such targets in primary or secondary legislation. However, we note that TfL produces comprehensive bus performance data, including analysis of factors affecting performance and bus user surveys.<sup>158</sup> We also believe there is scope for the Department to provide guidance on how LTAs may work with operators to agree targets within the different regulatory structures set out in the Bill.

**84. Congestion is not the only issue facing the bus industry, but it is a real threat in some areas. LTAs and operators need to fully understand the effects of congestion and other factors on bus speeds and performance. Transport for London already performs admirably in this regard and other LTAs can learn from them. Where they think**

151 [Q43](#) [Robert Montgomery]

152 DfT, [Lost scheduled bus mileage by metropolitan area](#), October 2011; more recent data are not available as this survey was discontinued.

153 [Q89](#) [Andy Gibbons]

154 Urban Transport Group ([BSB0103](#))

155 [Q77](#) [Dr Lamonte]

156 Confederation of Passenger Transport UK (CPT) ([BSB0065](#)); Stagecoach UK Bus ([BSB0078](#)); Wellglade Limited ([BSB0091](#))

157 National Express Bus ([BSB0024](#)); Greener Journeys written evidence ([BSB0083](#))

158 TfL, [Buses performance data](#) [Accessed 1 November 2016]

**they would be useful LTAs and operators should be encouraged to build performance and reporting frameworks into their partnership and franchising arrangements. We therefore encourage the Department to produce guidance within six months of Royal Assent to assist authorities who wish to draw up performance and reporting frameworks.** We will return to this issue in our urban congestion inquiry.

85. In addition to traffic management powers, around 90% of local authorities have adopted civil parking enforcement powers and can enforce bus lane contraventions.<sup>159</sup> However, presently only London and (more recently) Cardiff have the powers to enforce a wider range of traffic offences, such as stopping in yellow box junctions (generally called “moving traffic offences”). The Government has committed to giving mayoral combined authorities the ability to request these wider powers on the basis that the legal mechanism to do so already exists, but has not widened this proposal to include LTAs who introduce partnership schemes.<sup>160</sup> The Government was defeated in the House of Lords on an amendment to the Bill that would allow those LTAs implementing an AQP to assume these powers.<sup>161</sup>

86. We previously recommended that all local authorities be given the power to enforce against moving traffic offences and continue to believe this is the most appropriate approach.<sup>162</sup> While we appreciate the aim behind the Lords proposal, it is not clear why the type of regulatory structure which an LTA chooses for their local area should be linked to the extent of their enforcement powers related to moving traffic offences. For instance, an LTA which adopts a voluntary partnership should be accountable for their approach to managing congestion as much as an LTA who has agreed an AQP, or indeed an LTA which has no type of bus partnership or agreement at all.

**87. We are sympathetic to the aims of the House of Lords in passing the amendment to allow local transport authorities which are implementing Advanced Quality Partnerships to have greater enforcement powers over traffic offences. We also agree that the devolution of moving traffic offence powers requires further consideration. However, linking moving traffic offences to the bus regulatory structure is illogical and will add further unnecessary discrepancies between the powers held by different local authorities. We repeat our previous recommendation that the Government immediately bring into force the remaining provisions of Part 6 of the Traffic Management Act 2004 to allow all local authorities in England to enforce moving traffic offences should they so wish.**

159 [HL Deb 12 Oct 2016 vol 774 c.1904](#); Transport Committee, Seventh Report of Session 2013–14, [Local authority parking enforcement](#), HC 118

160 [HL Deb 12 Oct 2016 vol 774 c.1902](#)

161 [HL Deb 12 Oct 2016 vol 774 c.1906–1908](#)

162 Transport Committee, Second Report of Session 2015–16, [Road traffic law enforcement](#), HC 518, para. 99

# Conclusions and recommendations

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## Partnerships, franchising and ownership

1. Advanced Quality Partnerships and Enhanced Partnership Schemes have the potential for delivering greater benefits by allowing local transport authorities and operators to work together more intensively. However, there is a risk that Enhanced Partnership Schemes could entrench the position of dominant operators. We welcome the Government's commitment to take into account the specific aspects of the local bus market in developing the Enhanced Partnership Scheme voting mechanism. *The Government should publish further detail regarding the voting mechanism as soon as possible to allow the House of Commons to scrutinise the possible impact of Enhanced Partnership Schemes on competition.* (Paragraph 26)
2. Franchising has the potential to deliver benefits that cannot be achieved by partnerships. While there are some risks associated with franchising, these are mitigated by existing safeguards in the Bill. In our view, it is primarily for the local transport authority to decide whether or not franchising is appropriate for any particular area and we agree with the majority in the Lords that the process set out in the Bill as introduced is unnecessarily cumbersome. (Paragraph 40)
3. We accept that there may be a case in principle for reinstating the secondary requirement for the Secretary of State's consent before any individual authority other than a mayoral combined authority can franchise. However, this has been difficult to assess, in part because the draft guidance was not available for our witnesses to consider when they gave evidence to us. *If the Government wishes to reinstate the consent requirement, it must produce more detailed guidance on how the Secretary of State will exercise these powers. A key consideration for the Secretary of State would be the extent to which the proposals for franchising ensure small and medium sized operators are not prevented from entering the market. The detailed guidance must be produced in good time for the Commons Public Bill Committee stage.* (Paragraph 41)
4. Franchising is at the heart of this Bill. The Committee is concerned that key elements relating to this provision are still not available for scrutiny while other parts are only available in draft. This is not the first time this has happened and it is unacceptable. *The Government should commit to publishing all relevant draft secondary legislation and guidance when a Bill is introduced into Parliament.* (Paragraph 42)
5. We accept that the question of whether incumbent operators would suffer a loss from franchising is a complex one. However, franchising does not mean operators already providing bus services in the market cannot compete; it simply means that they must compete for the market rather than for passengers as they do at present. There is no case for compensation for operators in areas where the local transport authority decides to introduce franchising. (Paragraph 45)
6. Franchising and partnership schemes have the potential, where successful, to partially address the funding pressures currently facing bus services by increasing full fare passenger numbers. We welcome the Government's commitment to devolve

BSOG where franchising is implemented. *We recommend that the Government also commits to devolving BSOG to those authorities who implement an Enhanced Partnership Scheme or Advanced Quality Partnership.* (Paragraph 49)

7. It is right that those affected by proposed changes to bus services have an opportunity to contribute to the decision making process. We welcome the Bill's emphasis on consultation with bus users and employee representatives. *We recommend that the Bill be strengthened by agreeing an amendment requiring LTAs proposing Enhanced Partnership Schemes to consult with the appropriate representatives of any affected employees. This would bring the provisions around employee representation for Enhanced Partnership Schemes in line with those for franchising and Advanced Quality Partnerships. We recommend that the Bill be strengthened by agreeing an amendment requiring LTAs proposing Enhanced Partnership Schemes to consult with the appropriate representatives of any affected employees.* This would bring the provisions around employee representation for Enhanced Partnership Schemes in line with those for franchising and Advanced Quality Partnerships. *We also support the proposal to allow communities to designate bus routes as community assets.* (Paragraph 54)
8. As highlighted by our predecessor Committee, passenger transport services are essential to allow isolated communities to fully participate in society. In the context of continuing cuts to local authority budgets, the Bus Services Bill can only be part of the solution in protecting local transport services in isolated communities. *The Government must explain how its devolution agenda will help to support local communities to maintain often critical bus services that nevertheless require ongoing financial support.* (Paragraph 55)
9. There are some circumstances, for instance where no private operator is willing and able to operate socially necessary services, where it would be appropriate for a local authority or group of authorities to set up their own operator. We accept that there is the risk of a conflict of interest where the authority has decided to implement franchising and that such a conflict could seriously delay or perhaps even prevent a franchising scheme from coming to fruition. However, the current prohibition on all new municipal operators in the Bill is a disproportionate response. *We encourage local transport authorities to assess the benefits of partnerships and franchising before they consider setting up a municipally owned operator. The Government should produce guidance setting out the measures it expects local authorities to put in place to ensure that an arm's length relationship is maintained.* (Paragraph 59)

### Accessibility, open data and ticketing

10. Audio-visual equipment on buses as standard is now long overdue. We welcome the Government's commitment to bring forward regulations under the Bill relating to audio-visual as a pragmatic response which balances the interests of bus users and operators. *The Government should ensure that bus users and their representatives are involved not just in the development of the regulations but also in assessing their impact after they have been implemented. The Government should commit on the face of the Bill to implement this change by 1 January 2019.* (Paragraph 67)

11. The London experience shows the potential of open data in empowering passengers and allowing local authorities and operators to better understand local needs and gaps in the service. However, the Government's failure to prepare the draft open data regulations in time means that it has been impossible for this Committee or the House of Lords to assess the effect of these provisions on operators. The Government's amendments in the Lords are to be welcomed but only go some way to mitigating the issue. *The Government should publish an update on its previous open data policy including, ideally, draft regulations, to allow Parliament to better assess the impact that these provisions are likely to have on industry.* (Paragraph 73)
12. We welcome the Advanced Ticketing Scheme provisions as a tool to encourage simpler and more integrated ticketing. However, more must be done to ensure that innovation in ticketing technologies is encouraged and not hampered. *Within six months of Royal Assent, the Department should produce, in consultation with industry partners, guidance which supports local transport authorities in developing ticketing schemes that do not impede newer technologies, are not a disproportionate burden on operators, and which pay due regard to the accessibility needs of different groups. The Government should co-ordinate the development of back office ticketing functions to limit unnecessary complexity or duplication.* (Paragraph 77)

### Road conditions and congestion

13. Congestion is not the only issue facing the bus industry, but it is a real threat in some areas. LTAs and operators need to fully understand the effects of congestion and other factors on bus speeds and performance. Transport for London already performs admirably in this regard and other LTAs can learn from them. Where they think they would be useful LTAs and operators should be encouraged to build performance and reporting frameworks into their partnership and franchising arrangements. *We therefore encourage the Department to produce guidance within six months of Royal Assent to assist authorities who wish to draw up performance and reporting frameworks.* (Paragraph 84)
14. We are sympathetic to the aims of the House of Lords in passing the amendment to allow local transport authorities which are implementing Advanced Quality Partnerships to have greater enforcement powers over traffic offences. We also agree that the devolution of moving traffic offence powers requires further consideration. However, linking moving traffic offences to the bus regulatory structure is illogical and will add further unnecessary discrepancies between the powers held by different local authorities. *We repeat our previous recommendation that the Government immediately bring into force the remaining provisions of Part 6 of the Traffic Management Act 2004 to allow all local authorities in England to enforce moving traffic offences should they so wish.* (Paragraph 87)

# Formal Minutes

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**Wednesday 16 November 2016**

Members present:

Mrs Louise Ellman, in the Chair

Huw Merriman

Iain Stewart

Draft Report (*Bus Services Bill*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 87 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Eighth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 21 November at 4.00pm]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 12 September 2016

*Question number*

**Claire Walters**, Chief Executive, Bus Users UK, **James White**, Senior Campaigns Manager, Guide Dogs, **Jacqueline Juden**, Community Fundraiser, Guide Dogs, and **David Williams**, Partner, KPMG

[Q1–35](#)

**Giles Fearnley**, Chair, Bus Policy Committee, Confederation of Passenger Transport, **Martin Dean**, Managing Director, Bus Development, The Go-Ahead Group plc, **Dr John Disney**, Director, Dales & Bowland CIC, **Robert Montgomery**, Managing Director, Stagecoach UK Bus, and **Dai Powell**, Chief Executive, HCT Group

[Q36–64](#)

**Frank Rogers**, Lead Board Member for Buses, Urban Transport Group, **Nigel Blackler OBE**, Head of Strategy, Economy, Enterprise and Environment, Cornwall Council, **Andy Gibbons**, Head of Public Transport, Nottingham City Council, and **Dr Jon Lamonte**, Chief Executive, Transport for Greater Manchester

[Q65–96](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

INQ numbers are generated by the evidence processing system and so may not be complete.

- 1 #LondonBusWatch Tom Kearney ([BSB0056](#))
- 2 Abellio ([BSB0071](#))
- 3 Action on Hearing Loss ([BSB0013](#))
- 4 Age UK ([BSB0085](#))
- 5 ALBUM ([BSB0058](#))
- 6 Aliyah Norrish ([BSB0033](#))
- 7 Andy Foster ([BSB0044](#))
- 8 Anne Bundock ([BSB0099](#))
- 9 Arriva ([BSB0095](#))
- 10 Association of Colleges ([BSB0068](#))
- 11 Bath & North East Somerset Council ([BSB0057](#))
- 12 Bill Breakell ([BSB0092](#))
- 13 Brian McClintock ([BSB0061](#))
- 14 Bus 4 Burton Campaign Group (B4B) ([BSB0090](#))
- 15 Bus Users UK ([BSB0066](#))
- 16 Campaign for Better Transport ([BSB0040](#))
- 17 Campaign for Better Transport Bristol and Bath Travel to Work Area ([BSB0050](#))
- 18 Cllr John Bull ([BSB0026](#))
- 19 Cllr Michael Base ([BSB0064](#))
- 20 Community Transport Association ([BSB0004](#))
- 21 Confederation of Passenger Transport UK (CPT) ([BSB0065](#))
- 22 Cornwall Council ([BSB0028](#))
- 23 Dales & Bowland CIC ([BSB0008](#))
- 24 David Sellers ([BSB0039](#))
- 25 Denise Hopker ([BSB0042](#))
- 26 Dr john cornell ([BSB0046](#))
- 27 Dr John Disney ([BSB0007](#))
- 28 Dr John Disney ([BSB0100](#))
- 29 Dr Roger Sexton ([BSB0002](#))
- 30 East Midlands Later Life Forum ([BSB0076](#))
- 31 East Yorkshire Motor Services Limited ([BSB0075](#))
- 32 Equality and Human Rights Commission ([BSB0059](#))
- 33 Essex County Council ([BSB0098](#))

- 34 Finn Smith ([BSB0088](#))
- 35 FirstGroup plc ([BSB0005](#))
- 36 Greener Journeys ([BSB0083](#))
- 37 Guide Dogs ([BSB0082](#))
- 38 HCT Group ([BSB0021](#))
- 39 Ian Cunningham ([BSB0101](#))
- 40 ITS United Kingdom ([BSB0022](#))
- 41 John Carlisle ([BSB0053](#))
- 42 Kenneth Earney ([BSB0067](#))
- 43 Kent County Council ([BSB0073](#))
- 44 Lynda Pickering ([BSB0034](#))
- 45 Merseytravel ([BSB0014](#))
- 46 Miss Jacqueline Baynes ([BSB0069](#))
- 47 Mr Anthony Hilbert ([BSB0051](#))
- 48 Mr Frank Andrews ([BSB0084](#))
- 49 Mr James Gault ([BSB0035](#))
- 50 Mr John F Kilmartin ([BSB0074](#))
- 51 Mr Malcolm Logan ([BSB0086](#))
- 52 Mr Michael Wells ([BSB0048](#))
- 53 Mr Paul Simpson ([BSB0045](#))
- 54 Mr Raymond Wilkes ([BSB0001](#))
- 55 Mr Robert Turnbull ([BSB0093](#))
- 56 Mr Simon Norton ([BSB0012](#))
- 57 Mr Stephen Goodey ([BSB0041](#))
- 58 Ms Jenny Kassman ([BSB0032](#))
- 59 Nathan Hardacre ([BSB0062](#))
- 60 National Express Bus ([BSB0024](#))
- 61 National Pensioners Convention ([BSB0010](#))
- 62 NECTAR (explained in the submission) ([BSB0003](#))
- 63 Newcastle Society for Blind People ([BSB0070](#))
- 64 North East Combined Authority ([BSB0009](#))
- 65 North Ryedale Public Transport Group ([BSB0096](#))
- 66 PACTS ([BSB0089](#))
- 67 Patricia Gore ([BSB0038](#))
- 68 Pete Redwood ([BSB0036](#))
- 69 RATP Dev UK ([BSB0011](#))
- 70 RMT ([BSB0020](#))
- 71 RNIB ([BSB0081](#))

- 72 Roger French ([BSB0094](#))
- 73 RTIG ([BSB0060](#))
- 74 South West Transport Network ([BSB0102](#))
- 75 Stagecoach UK Bus ([BSB0078](#))
- 76 Stagecoach UK Bus ([BSB0107](#))
- 77 Stephen McNair ([BSB0049](#))
- 78 The Chartered Institute of Logistics and Transport ([BSB0079](#))
- 79 The Go-Ahead Group plc ([BSB0029](#))
- 80 The Intergenerational Foundation ([BSB0015](#))
- 81 The TAS Partnership ([BSB0072](#))
- 82 Thomas Sutcliffe ([BSB0030](#))
- 83 Thomas Wood ([BSB0043](#))
- 84 Tom Franklin ([BSB0037](#))
- 85 Tower Transit Group ([BSB0087](#))
- 86 Trades Union Congress ([BSB0023](#))
- 87 Transport Focus ([BSB0018](#))
- 88 Transport for All ([BSB0006](#))
- 89 Transport for Greater Manchester ([BSB0052](#))
- 90 Transport for Greater Manchester ([BSB0104](#))
- 91 Transport for London ([BSB0097](#))
- 92 TravelWatch NorthWest ([BSB0055](#))
- 93 Tyne and Wear Public Transport Users Group ([BSB0019](#))
- 94 UK Cards Association ([BSB0106](#))
- 95 Unite the Union ([BSB0027](#))
- 96 Urban Transport Group ([BSB0054](#))
- 97 Urban Transport Group ([BSB0103](#))
- 98 We Own It ([BSB0047](#))
- 99 Wellglade Limited ([BSB0091](#))
- 100 West Midlands Combined Authority ([BSB0017](#))

## List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2015–16

First Report	Surface transport to airports	HC 516 (HC 995)
Second Report	Road traffic law enforcement	HC 518 (HC 132)
Third Report	Airport expansion in the South East	HC 784 (HC 564)
First Special Report	Investing in the railway: Network Rail Response to the Committee's Seventh Report of Session 2014–15	HC 347
Second Special Report	Motoring of the future: Government Response to the Committee's Eighth Report of Session 2014–15	HC 349
Third Special Report	Smaller airports: Government Response to the Committee's Ninth Report of Session 2014–15	HC 350
Fourth Special Report	Strategic river crossings: Government Response to the Committee's Tenth Report of Session 2014–15	HC 348
Fifth Special Report	Strategic river crossings: Greater London Authority Response to the Committee's Tenth Report of Session 2014–15	HC 558
Sixth Special Report	Surface transport to airports: Government Response to the Committee's First Report of Session 2015–16	HC 995

### Session 2016–17

First Report	Operation Stack	HC 65 (HC 602)
Second Report	All lane running	HC 63 (HC 654)
Third Report	Volkswagen emissions scandal and vehicle type approval	HC 69 (HC 699)
Fourth Report	Skills and workforce planning in the road haulage sector	HC 68 (HC 740)
Fifth Report	All lane running: Government response	HC 654
Sixth Report	The future of rail: Improving the rail passenger experience	HC 64
Seventh Report	Rail technology: signalling and traffic management	HC 67

First Special Report	Road traffic law enforcement: Government Response to the Committee's Second Report of Session 2015–16	HC 132 (HC 518)
Second Special Report	Airport expansion in the South East: Government response to the Committee's Third Report of Session 2015–16	HC 564
Third Special Report	Operation Stack: Government response to the Committee's First Report of Session 2016–17	HC 602
Fourth Special Report	Volkswagen emissions scandal and vehicle type approval: Government response to the Committee's Third Report of Session 2016–17	HC 699
Fifth Special Report	Skills and workforce planning in the road haulage sector: Government response to the Committee's Fourth Report of Session 2016–17	HC 740