

Proposed Bus Regulation (Scotland) Bill

Consultation response by Patrick Harvie MSP

De-regulation of bus services is an experiment that has failed.

The Thatcher Government's decision to open bus services to free-market competition has proven to be disastrous. Disastrous for passengers, who have borne the brunt of ever increasing fares for an ever diminishing service. And disastrous for the environment, as people abandoned public transport in favour of the car.

As a regular bus user, I have witnessed first-hand the corrosive effect the market approach has had on services. And as an MSP of ten years, I have seen just how low buses have been on the priority list of successive governments.

It was this that inspired me to start the Better Buses campaign, to give bus users a collective voice so that they might be better heard.

The quality of service seen in many major cities in Europe demonstrates that buses don't have to be a second class form of transport. But we needn't look as far as the continent to see how different things could be. London was exempt from de-regulation, and the franchise model of Transport for London offers a clear example of how bus services could be run better. In Edinburgh, Lothian Buses remained in public ownership and provides arguably the best bus service in Scotland.

But a quality bus service shouldn't be the preserve of capital cities alone. Both cities have the same overall lesson; where we have retained the necessary powers, the quality of service is higher.

This argument isn't just about guaranteeing a better service for those that use buses daily. It is about making buses more attractive to those hundreds of thousands that choose to travel by car because their local bus service isn't good enough.

Quality public transport is one of those public goods - like education and healthcare - that makes a decent standard of living for the many and not the few possible.

The debate over the need for re-regulation of bus services has been fought and won several times over. Since devolution in 1999, the need to re-regulate has been acknowledged at various times by both of Scotland's biggest political parties. But in spite of this, when either of those parties find themselves in Government the necessary political will has never materialised.

Additional powers alone would not guarantee a better service. For the full potential of a regulated service to be met, additional investment would be required too.

But I hope that with this proposed Bill the Scottish Parliament can finally take the step to re-establish the powers needed to deliver a better bus service for the people of Scotland.

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

Yes, I strongly support the general aim of this proposed Bill. De-regulation of bus services has failed and legislation to reverse it is long overdue.

I think it is important that bus services be operated as a public service, regardless of their ownership. The plans to bundle routes provide a means through which socially necessary but economically unattractive routes can be subsidised, something that is necessary if buses are to meet the needs of everyone.

It is equally clear that regulation will not mean anything if transport authorities are not given real clout. The ability to set minimum levels of service and the power to penalise if not upheld is therefore a necessary proposal.

There have been attempts to improve Scotland’s local bus services in the past, most notably through the introduction of Statutory Quality Contracts and Statutory Quality Partnerships. However, as illustrated in the consultation document, these have proven to be largely hypothetical powers. As such, the removal of the need to prove ‘market failure’ is essential. We should be aiming to be proactive in delivering a quality service, not just waiting for failure to materialise, and this requirement has too often made existing powers unworkable.

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

The main practical advantage would be in giving transport authorities greater ability to ensure that the needs of travellers in their region are met.

Local bus services play a vital role in connecting people with services, shops and with their friends and families. Not everyone wants a car or can afford one, and many are prevented from driving due to mobility issues, losing their license, or because it simply isn’t practical in a city environment. The proposal to cross-subsidise routes would enable services to be provided along routes that are not economically attractive under a purely market based system.

A further advantage would be greater control over fares. While much is made of the so-called ‘war on motorists’ this rhetoric has allowed a much greater problem to pass relatively un-noticed; the continued above inflation increase in the cost of travelling by public transport. While the cost of running a car has fallen in real terms, public transport has become ever more expensive¹. Giving transport authorities the scope to agree fares is a necessary tool to reverse this trend.

The full benefit of this proposal will only be realised in full if accompanied by greater investment. This, of course, is a matter of government policy and priorities, rather than legislation, but would undeniably be a factor in the efficacy of this legislation if enacted.

¹ Figures from government agency Transport Scotland show that the cost of purchasing a car has fallen by 20 per cent in cash terms over the last ten years. They also show that while the cost of running a vehicle has risen by 32 per cent in the same period, it is less than the 36 per cent increase in the retail price index, so a real terms fall. By contrast the costs of bus and rail fares have risen by a massive 62 per cent over the same period, a real times increase. [<http://www.transportscotland.gov.uk/news/Scottish-Transport-Statistics-2012>]

A possible disadvantage could be the impact on smaller bus providers. Depending upon what scale the franchised routes are set at, there is a possibility that smaller bus operators will not be able to apply to run these franchises.

Finally, there are bound to be additional costs in the creation and managing of regulated services (see Question 6). There is a risk that such costs will be passed onto passengers. However this possible disadvantage could be mitigated by the detail of the legislation.

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

The proposal to group routes will help to secure acceptable levels of service to communities that are not well served by a market approach.

The affordability of bus services can also be maintained as transport authorities will have the capacity to set fares. While the fact that profitable routes will be used to subsidise unprofitable services means there will be limited scope for fare reductions, having the ability to negotiate and set parameters for fare increases should deliver a better deal for passengers in the longer term.

The ability to set standards of service gives Transport partnerships the opportunity to make improvements above and beyond the basic service. In the long term, these could be used to ensure that environmental, health and safety, equalities, and other standards are met.

Finally, as services would be regulated by a public body, there would be greater transparency over how service levels are set, with more decisions being made in the public sphere, at publicly minuted meetings and subject to Freedom of Information.

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

Extending the National Concessionary Travel scheme to community transport could help provide a reliable income flow for community transport providers and help ensure those with specialist requirements are not isolated. It is possible that the additional revenue would allow providers to be more ambitious in the service they provide and that we could see new competitors bidding to win franchises.

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

Yes on both counts. If the Traffic Commissioner is to have real powers then the penalties it is able to levy have to be meaningful. The ability to impose penalties for failure to meet the terms of the franchise should prevent operators from promising things they can't deliver simply in order to win a bidding war. Perhaps more importantly, penalties for walking away from a franchise should help encourage continuity of service, something that becomes critical when competition is *for* a network, not *within* a network.

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

There will be no significant financial implications for me or my organisation. There will likely be financial implications for bus operators, transport authorities, and the Scottish Government. The financial implication for the bus passengers of Glasgow, including those who have contributed to the Better Buses campaign, would certainly be positive if the proposal on control of fares is successfully implemented. I would hope that, were these proposed powers used to their best effect, passengers throughout Scotland would experience a positive financial implication – an end to years of annual price hikes.

Clearly if the minimum levels of service agreed to under the franchise agreements are to be upheld, monitoring and management staff will be required. Where the financial implications would fall will depend on whether these costs are passed on to the operators, met by the transport authority, or covered through additional central government support.

It is also important to note the broader economic benefits of a well-funded, appropriately regulated bus service. Improving local bus services would have a positive impact on local economies by better connecting residential, business, cultural and retail centres. These connections are vital if money is to stay in the local economy and not disappear via out of town retail units or online retailers.

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

This Bill has significant positive implications for equality. Car ownership is strongly correlated to income and an affordable and reliable bus service is even more important in areas of deprivation, where it keeps communities connected, with access to services and to the economy.

Many people cannot drive due to a range of disabilities, making fully accessible public transport essential. Young people are also heavily reliance on public transport, either because they are below the age limit or for reasons of affordability.

In these instances, the ability to determine routes, fares and the minimum level of service represent significant opportunities to bridge an equalities gap.

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

As highlighted throughout, it cannot be overstated how important funding is to securing a better bus service. While regulation is necessary to improve bus services, it is not sufficient. Greater investment is needed if we are to make the most of these proposed powers.

It is also worth noting the following as limitations of the proposals. This will not be a silver bullet. Services in my own region are negatively impacted as much by the infrastructure failings as by the bus operators. Road maintenance, bus stop design, service information (especially for those new to an area), timetable displays and real-time information are among the issues which need to be addressed if bus services are to be made more attractive and reliable. While some of these issues are for bus operators to address, others require investment from other public bodies, and a willingness to co-operate rather than a culture of 'passing the buck'.

The franchising proposals assume that Transport Authorities will see extra powers as sufficient impetus in and of themselves. It needs to be considered whether other factors would inhibit their use of the new powers, especially since there will likely be some financial implications.

Given that Scotland's arguably finest bus service is run in by a publicly owned company, it is perhaps disappointing that greater consideration has not been given to how the Lothian model could be replicated elsewhere in Scotland.

Ultimately, we can't expect good service on the cheap. These are welcome proposals and will give transport authorities the powers they need to ensure that people get a reasonable standard of service. But powers alone do not deliver quality. Real investment is needed if we are to fix our ailing buses after decades of neglect.