

THE BUS SERVICES BILL IN 60 SECONDS

Briefing from IPPR North

SUMMARY

As things stand, bus companies outside London compete 'on the street' for passengers:

- This is a bad way to run a network: it doesn't make for healthy private sector competition, and tends to be wasteful, expensive and difficult to navigate for passengers
- By contrast, in London bus companies compete for a contract which lets them run a route exclusively and standards are specified across the city: this enables healthy competition; more investment; an integrated, coordinated network; control over fares; and effective smart ticketing, such as Oyster or contactless.

The Bus Services Bill redresses this imbalance by enabling 'franchising':

- 'Franchising', or competing for a contract, could make a real difference to the daily lives of a lot of people in England outside London, and the 2.3bn journeys they make by bus each year
- It should especially benefit younger people, older people, disabled people and those who are in low-paid work or unemployed
- It would help boost the economy, and connect people with opportunities to work and learn
- The 'quality partnership' options the Bill also enables are improvements on the status quo but don't go far enough.

The Bill enjoys cross-party support and IPPR North encourages MPs and Peers to vote in favour.

But MPs need to ensure that the Bill meets three tests for bus franchising:

1. It must ensure that the **legal, financial and political obstacles** for taking up these powers are **minimal**
 2. It must **not require a mayor** and enable **rural areas** to benefit from franchising too
 3. It must stimulate competition between a **wide range of operators** for these contracts.
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BACKGROUND:

As things stand, bus companies outside London compete 'on the street' for passengers in theory.

But in reality there is little or no competition in most parts of the country. Large providers monopolise whole markets in some places, don't run any services at all where they see no short-term financial benefit, and cause congestion and waste where they do compete, with half empty buses jostling for passengers in our busy town and city centres.

This is a poor way to run a network for a number of reasons:

- It restricts investment, and is poor use of both public subsidy and private profit – 40 per cent of revenue is public subsidy but revenue is often extracted from local areas instead of being re-invested¹

¹ http://www.urbantransportgroup.org/system/files/general-docs/PTEG-Presentation-Info-Graphics_v6.pdf

- It is detrimental for air quality and congestion – more buses are on the street than necessary, especially in city centres
- It leaves people without vital bus services – unnecessary gaps emerge where companies see no short-term commercial incentive to operate a service
- It makes travel more expensive and complicated – competition law prevents ticketing like London’s Oyster/contactless system, and fares can’t be frozen, capped or cut by elected politicians.

By contrast, in London bus companies compete for a contract which lets them run a route exclusively. London’s mayor and Transport for London are in charge, and take all fare income passengers pay – this system is called ‘franchising’ or ‘regulation’. This has been a great success for the capital: more than half of all bus journeys in England are made in London, and the use of buses in the capital is rising, while outside of London it is falling.

THE BUS SERVICES BILL:

The Bus Services Bill redresses this imbalance: it gives passengers outside of London the opportunity to benefit from the ‘franchising’ system which has benefited Londoners for decades. It gives this option to the new ‘metro mayors’, who will be elected across major city regions in 2017. Other areas will be assessed on a case-by-case basis. The Bill also extends the scope of ‘quality partnerships’ and requires greater transparency on operator data.

This Bill will make a real difference to the daily lives of millions, and some people with particular mobility needs:

- Around two-thirds of all public transport journeys are taken by bus, and there are 2.3 billion bus passenger journeys a year in England outside of London²
- 40 per cent of people over 60 use the bus at least once a week, and there are around 9.8 million older and disabled concessionary bus passes in England, with an average of 102 bus journeys per pass per year³
- 2.5 million jobs are accessed by bus every day and another 1 million workers have the bus as a back-up option⁴
- One in 10 bus commuters would be forced to look for another job if they were no longer able to commute by bus⁵
- Jobseekers are more than twice as likely to use buses as anyone else and 58 per cent of unemployed people had relied on the bus when they were last in work⁶.

If the Bill were to be enacted, there could be numerous benefits for these people and many new bus users:

- The type of smart ticketing that London has long enjoyed can finally be rolled out in other cities – this is not possible at the moment (despite claims, current products are limited by competition law)

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/485296/annual-bus-statistics-year-ending-march-2015.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/485296/annual-bus-statistics-year-ending-march-2015.pdf

⁴ <http://www.greenerjourneys.com/2012/07/buses-economic-growth-making-the-link-new-report/>

⁵ <http://www.greenerjourneys.com/2012/07/buses-economic-growth-making-the-link-new-report/>

⁶ <http://www.urbantransportgroup.org/resources/types/reports/ticket-thrive-role-urban-public-transport-tackling-unemployment>

- Timetables can be coordinated and the network can be integrated, making public transport easier for passengers and reducing congestion on the roads
- Air quality could be prioritised, not just through reducing congestion but by specifying vehicle emission requirements in the contracts
- Gaps in the network can be filled, because transport authorities can invest the fare incomes and other subsidies they pool across their areas
- Bus services will be visibly accountable to elected politicians – all buses in these cities could be branded for example, and if a bus is late people will be able to hold someone to account.

THREE TESTS FOR THE BUS SERVICES BILL:

The Bus Services Bill enjoys cross-party support and IPPR North encourage MPs and Peers to vote in its favour.

But MPs and Peers need to ensure that the bill meets three tests:

1. It must ensure that the **legal, financial and political obstacles** for taking up these powers are **minimal**. It cannot present obstacles which mean that while franchising is technically 'possible', in practise it is too expensive or difficult to be taken forward locally.
2. It must enable **rural areas** to benefit from franchising too. Rural areas' transport networks are under immense pressure – in many ways they need these powers more, so the Bill should present a clear and simple route for areas without mayors to take on these powers.
3. **It must stimulate competition** between a **wide range of operators** for these contracts. The Bill should enable healthier competition between operators for the contracts, and should ensure that small operators and those with alternative business models are able to compete.

FURTHER INFORMATION:

This briefing draws on three published reports which IPPR and IPPR North have produced in the past two years:

- [Greasing the wheels](#) – argues that the current legal process for bus franchising outside London should be simplified
- [Total transport authorities](#) – makes the case for franchising in rural areas and a 'total transport' approach
- [Connecting lines](#) – sets out the additional powers metro mayors should have over transport, and how they can use their new powers over buses to transform their cities.

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