

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

ITA EXECUTIVE BOARD

DATE: 25 JANUARY 2013

AGENDA ITEM NO: **12**

SUBJECT: BUS STRATEGY

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

- 1.1. The development of the proposed Bus Quality Contract Scheme and alternative partnership approach.

2. INFORMATION

Background

- 2.1. The Authority meeting of 29 June 2012 endorsed a Bus Quality Contract Scheme as the preferred approach to addressing the decline in bus patronage and rejected the partnership offer from the Association of Bus Operators in West Yorkshire (ABOWY).
- 2.2. The Authority meeting of 28th September was advised of the Department for Transport consultation regarding the devolution of Bus Service Operator Grant (BSOG) and the criteria for Better Bus Areas. The Authority was advised that the proposals in the consultation document would, in effect, preclude an authority developing proposals for a Bus Quality Contract Scheme from bidding to become a Better Bus Area and benefit from devolved and additional funding.
- 2.3. It is difficult to assess the impact of this proposal as the consultation document is 'silent' on the amount of BSOG top-up, its duration, and the number of Better Bus Areas.
- 2.4. The Authority's meeting of 28 October 2012 was also advised that ABOWY members have indicated a desire to revisit and enhance the partnership offer in the light of the proposal for Better Bus Areas and the development of a West Yorkshire Transport Fund. ABOWY members had also indicated a willingness to give fresh consideration to actions that would address the significant gaps between the partnership offer and the Authority's aspirations.
- 2.5. It was therefore considered impractical to complete the business case and public interest statement until the proposal for Better Bus Areas, and the potential to both enhance the partnership offer and secure additional funding, were clearer.

- 2.6. The Authority's Executive Board therefore resolved that:
- work on developing the proposed Bus Quality Contract Scheme continues.
 - discussions are held with bus operators regarding an enhanced partnership offer and development of a submission to be a Better Bus Area and gain additional funding.
 - the Authority considers a further report, as soon as practicable, regarding the outcome of the further discussions with operators

Operator Discussions

- 2.7. There has been a series of discussions with bus operators to consider an enhanced partnership offer and the potential for a bid for Better Bus Area Funding.
- 2.8. These discussions have considered approaches to
- Customer service, including sharing information, a single point of contact, publication of a combined 'You Said, We Did', an independent appeal mechanism, customer charter and commitments to training;
 - Network Stability, including fewer change dates, data sharing;
 - Ticketing, including acceptance of other operator tickets and the development of zonal multi-operator ticketing;
 - Resources, including discussions on the re-deployment of resources (including service enhancement / other customer benefits);
 - Track management, including the challenges to implementing bus priority measures and the desirability of a mechanism to 'lock in' the benefits;
 - Better Bus Area Funding;
 - Strategy and governance, including mechanisms for 'holding partners to account'.
- 2.9. A number of draft agreements (memoranda of understanding) have been drafted as the basis of these further discussions.
- 2.10. Operators were also advised of the need for demonstrable progress in addressing the key WYITA concerns relating to integrated ticketing, value for money / addressing the adverse effects of competition and certainty. The most recent discussions have achieved potentially significant progress in these areas. It is proposed to develop, as a matter of urgency, draft agreements for these aspects so that the ITA Executive Board can consider an enhanced partnership approach at its next meeting.

Better Bus Areas

- 2.11. Metro contributed to a joint pteg / ITA SIG response to the consultation on 'A Green Light for Buses', which included proposals for Better Bus Areas and the devolution of BSOG (Bus Services Operator Grant).
- 2.12. It is understood that the Department for Transport will be publishing their response to this consultation and guidance for bids to be Better Bus Areas later this month. It is now anticipated that bids would be submitted by June, with implementation from October 2013.
- 2.13. Informal discussions indicate that a bid for the whole of West Yorkshire might pose affordability issues and the Department may have a preference for smaller areas with a proportion of the funding used for investment in measures that would grow patronage and / or reduce operating costs. This suggests that the development of a comprehensive Better Bus Area bid with wide benefits may be challenging.
- 2.14. It is also puzzling that the Department for Transport appear to have granted Transport for London, where in essence a Quality Contract scheme is in place, additional funding to mitigate increases in bus (and tube) fares without a bidding competition.

Ticketing Guidance

- 2.15. It is understood that the Department for Transport intend to publish guidance on multi-operator ticketing in the near future. It is expected that the guidance will be clear about the benefits of multi-operator ticketing but will retain the Competition Commission's pricing formula, which Metro considers to be inappropriate as it:
 - enshrines the principle of a premium price for a multi-operator product, which is a dis-benefit of competition (as a customer with a level of service provided by multiple operators is required to pay more than if that service level was provided by a single operator);
 - is, for existing schemes such as Metrocard, self-fulfilling (as the number of trips is determined by the price, the higher the price the more trips customers would need to be making to justify the purchase).

Other Considerations

- 2.16. Leeds City Council Sustainable Economy and Culture Scrutiny Board and examining the provision of bus services in Leeds.
- 2.17. First have announced a price freeze for their own products. Arriva have recently increased many of their fares. The West Yorkshire Ticketing Company increased the price of multi-operator bus products by an average of 2.9% in January.
- 2.18. Discussions with Trade Union representatives have focussed upon the potential impacts of a Bus Quality Contract Scheme on bus company

employees. Trade Union representatives are concerned about pay and conditions, the application of TUPE, pensions and future transfers.

- 2.19. Consideration of assumed operator responses to the proposed Bus Quality Contract Scheme indicates that there may be a loss of patronage in the transition period. This is being reflected in the modelling under-pinning the business case.
- 2.20. The ticketing proposals are also being revised to ascertain if adverse impacts can be further mitigated. A revised proposal will be modelled.
- 2.21. It is understood that Tyne and Wear ITA have agreed to a longer period for discussion with operators regarding a partnership approach.

Conclusions

- 2.22. Progress has been made in developing an enhanced partnership approach that has the potential to address the Authority's concerns regarding the previous 'offer'.
- 2.23. Operators are fully aware of the need to make further progress in the near future. It is proposed that a further report be considered at the next meeting of the Executive Board to allow the Authority to determine whether to progress the adoption of enhanced partnership offer which provides clear and deliverable benefits for West Yorkshire.

3. FINANCIAL AND LEGAL IMPLICATIONS

- 3.1. The Authority has made provision for further expenditure in developing its strategic approach to improving local bus services.
- 3.2. The level of additional funding available through Better Bus Areas is not known but could have an impact on partnership proposals and the business case for a Bus Quality Contract Scheme.
- 3.3. It is understood that Better Bus Areas will be designated through a bidding process, with no guarantee of success, and may not cover whole ITA areas.

4. STAFFING IMPLICATIONS

- 4.1. None as result of this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. None as result of this report.

6. RECOMMENDATIONS

- 6.1. That a further report to be considered at the next meeting of the Executive Board to allow the Authority to determine whether to progress the adoption of enhanced partnership offer which provides clear and deliverable benefits for West Yorkshire.

Director General
West Yorkshire Passenger Transport Executive