

Bus Regulation (Scotland) Bill – Consultation by Iain Gray MSP

Deadline for Submissions – 11 October 2013

Falkirk Council Response

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

Falkirk Council shares the wish to improve bus services but is undecided about the proposed bill. The Council would need to see details of the proposed legislation before forming an opinion.

Currently Falkirk Council has no influence over commercial bus services operating in the area in terms of service frequency, routes, fares and vehicle standards.

In addition, in recent years there have been an increasing amount of commercial de-registrations, reductions in funding and increased tender prices which have lead to an overall contraction in the bus network.

Falkirk Council would however like to qualify its general support by referring to the other answers in this response, particularly in relation to funding and competition issues. Any move towards re-regulation would have to increase standards which would require a significant increase in funding.

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

<u>Proposal</u>	<u>Advantages</u>	<u>Disadvantages</u>
Franchising profitable and non-profitable routes	Falkirk Council would have full control over the bus network, including service frequencies, routes, vehicles and fares. Any increase in standards would be welcomed by bus passengers Franchising should bring stability to the bus network, increasing passenger confidence.	Any increase in standards would require a significant increase in funding. Possible lack of expertise in whole-network design at local authority level, requiring additional staff which would increase costs. Requirement to monitor all services in franchise area, not just tendered routes, requiring additional compliance staff.

Due to local pressures, some areas with high frequencies may suffer a reduction in service to provide resources to increase frequencies elsewhere.

Currently, there is competition for local bus service contracts in Falkirk. Franchising would mean that there would be no potential tendered (or commercial) opportunities for unsuccessful operators which is likely to impact on the viability of their businesses. This could lead to higher prices caused by a lack of competition when the franchise is renewed.

Proposal
Minimum Level of Service

Advantages
Opportunity to provide higher levels of service to communities which are currently unserved or served infrequently.

Disadvantages
Likely to result in increased costs.

Proposal
Financial Penalties

Advantages
Currently, local authorities are limited in what action can be taken against an operator of a subsidised service for poor performance. Increased powers to impose financial penalties could deter operators from not meeting the expected standards.

Disadvantages
Any risk of large financial penalties might result in increased costs if operators build the risk into their prices.

Proposal

Removing the need to prove “market failure”

Advantages

Currently very hard to determine market failure.

Disadvantages

May be seen as a restraint on commercial freedom, which could lead to legal challenges, or reduced investment if the bus market is seen as a less viable business opportunity.

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

Assuming that appropriate funding was available, reregulation could be used to provide a more balanced service, delivered with a higher standard of vehicles and lower fares, all of which should combine to encourage modal shift and lead to an increase in bus use. However, improved bus services would also need enhanced infrastructure, including bus lanes, bus priority and high quality waiting facilities which again are dependent on funding being available.

4 *How could community transport be better utilized to serve local communities and particularly low passenger volume routes?*

Utilising community transport depends on a number of factors including the availability of suitable vehicles, the willingness of organisations/individuals to commit to providing a regular service and a funding model that ensures efficient delivery of services compared to a conventional bus service.

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, the Traffic Commissioner should be able to impose greater penalties on operators who fail to meet their obligations, however, under a franchise model, local authorities will be providing the funding and it is local authorities who should be able to impose penalties to offset the cost of monitoring performance to having to take remedial action for example re-tendering. In addition, franchise holders should be required to provide a performance bond (similar to rail franchises) to discourage them from walking away from a franchise. The level of the bond could be a fixed percentage of the value of the franchise contract.

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

Delivering an improved public transport network will lead to increased costs, for example, specifying improved vehicles, lower fares or increased frequencies will all ultimately be reflected in tender prices received.

In addition, improvement in services would need to be matched with an improvement in infrastructure to make public transport more appealing, including improved bus shelters, real time information, bus lanes and bus priority in order to increase modal shift.

In terms of local authority staffing, specialist network design and scheduling staff would need to be employed along with a team of contract compliance staff to monitor the network. It is difficult to estimate the number of staff required, however in Falkirk at least four would be needed.

The franchising process may limit the viability of the non-successful operators, which would reduce competition when the franchise was renewed therefore potentially increasing costs. This may also impact on school contracts (which may or may not be included in any franchise) which currently attract healthy competition in the Falkirk area. Any reduction in the number of operators is likely to significantly increase tender prices.

Falkirk Bus Station is currently owned and operated by First. If First were not successful with a bid for a Falkirk area franchise and withdrew from the area, the future of Falkirk Bus Station would be in doubt. There is currently insufficient road capacity in the town centre to accommodate all of the vehicles serving Falkirk Bus Station. Purchasing or replacing the bus station would have significant financial implications for Falkirk Council (and if replaced by the successful franchisee, the costs would be met via the franchise). More explicit compulsory purchase powers might be needed in the Bill.

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?*

If the Bill delivered improved bus services it would have a positive impact on equality. However, if due to funding issues, service levels in some areas were lower, it would have a negative impact on equality.

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

Any franchise is likely to be operated by one of the larger national or international groups due to the level of resources required. It is essential that smaller operators are protected to maximise competition and minimise potential cost increases.

The Bill needs to be backed with funding to ensure that the desired improvement in quality can be delivered, in terms of service level, vehicles, fares and infrastructure.

Local authorities would need to be given sufficient powers to monitor and take appropriate action (including financial penalties) where standards are not being met.

The franchise period would need to be of sufficient length to make it commercially viable for operators to invest in vehicles, local authorities to invest in any required infrastructure and to attract operators from outside the area.

There would need to be a legal requirement for existing commercial operators to provide local authorities with passenger information/data prior to preparation of any franchise/contract.

Local authorities would need agreement from their neighbours regarding cross-boundary services. In Falkirk, we have bus services operating into West Lothian, Edinburgh, Fife, Clackmannanshire, Stirling and North Lanarkshire.

There would need to be stability in funding for the Scotland-Wide Free Bus Travel Scheme and Bus Service Operator's Grant (BSOG) to ensure the viability of franchises for the contracted period.

In order to maximise competition, the franchising of local authority areas should be staggered.