

# Funding the UK Bus Market

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Mollet del Valles

David Young – Director SCP Transportation

[david.young@scptransport.co.uk](mailto:david.young@scptransport.co.uk)

# Agenda

- Look at ways of structuring the bus market
- Who are the players
- What are the risks
- How much does the tax payer fund?
- How is it working (outside of London)?
- Closing remarks

# The Players and the Risks




- Customer (passengers)
  - Transport Authority (politicians)
  - Transport Planners (professional officers)
  - Operator(s)
- 
- Delivery risks and costs
    - Driver wages, bus costs, fuel
  - Operational risks
    - Congestion, parking policy, bus priority etc.

Influences vary by differing bus market structure



Risk holder varies by differing bus market structure

# Bus Market Structures

<b>Relationship</b>	Direct or delegated management	Franchise or concession	De-regulated market with license conditions
<b>Network owner</b>	Public sector	Public sector	Private sector
<b>Network Operator</b>	Public sector arms length)	Private sector	Private sector
<b>Control?</b>			

# UK Bus Market Structures

**Pre 1986**



**Post 1986**

**Relationship**

Direct or  
delegated  
management

Broke up and sold  
national bus company

De-regulated  
market with  
license  
conditions

**Network  
owner**

Public sector

Introduced controls  
on safety + finance, 56  
days notice of  
route/timetable  
change

Private sector

**Network  
Operator**

Public sector

Buy service gaps, &  
concessionary travel

Private sector

# Risks – who pays?

Withdraw route = Public Sector pays

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Costs go up = Passenger pays

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Concessions = Public sector says

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Passengers unhappy? = They punish politicians at election time

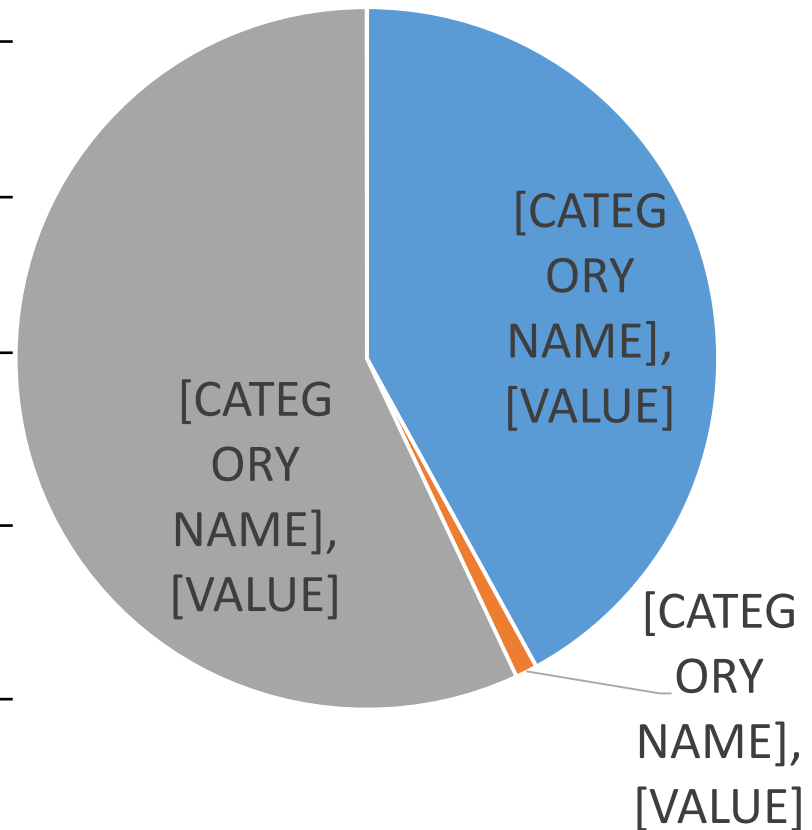
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Operators collaborate = Huge operator fines

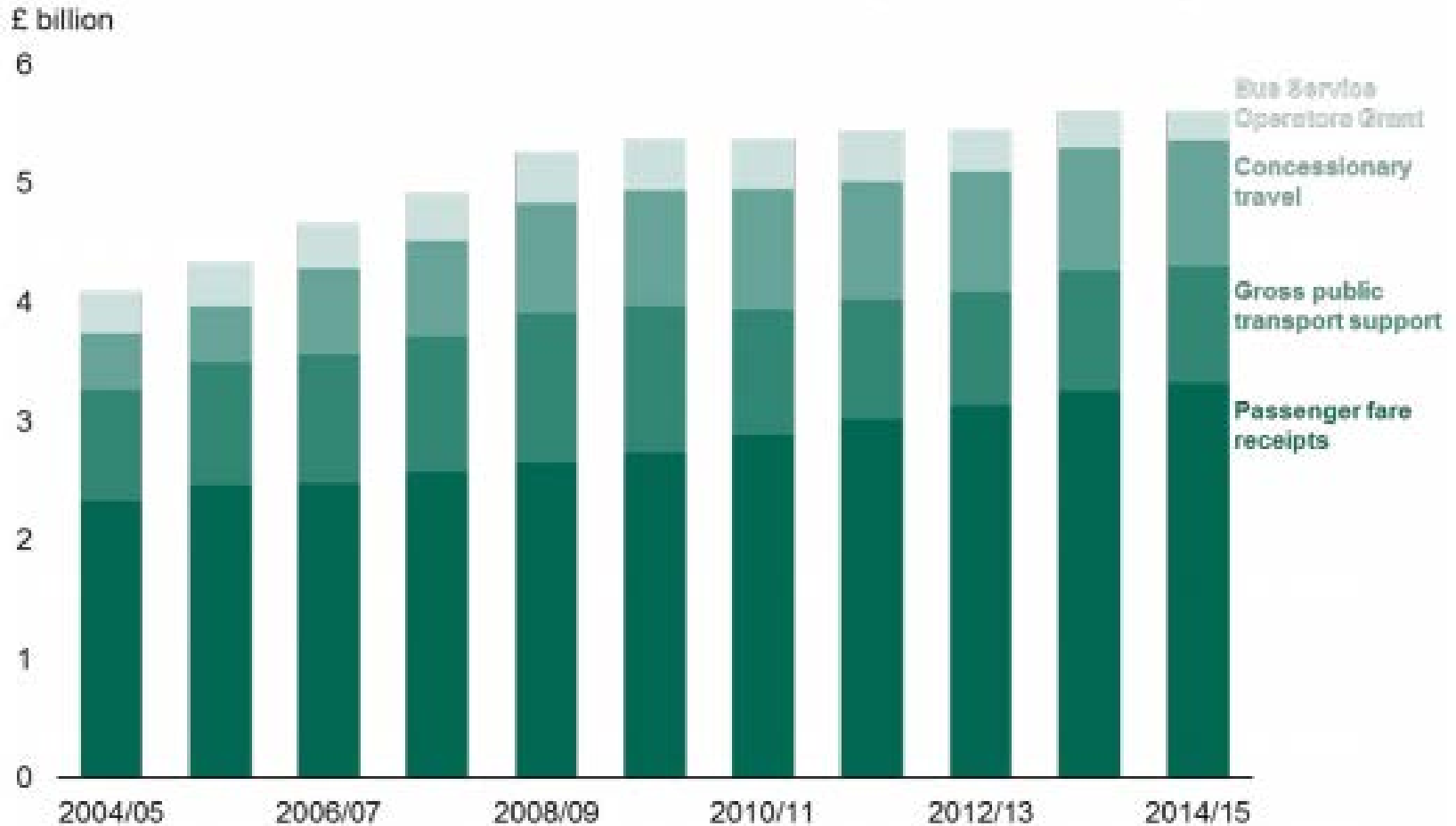
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Safety = Operators fined

Bus Operator Income

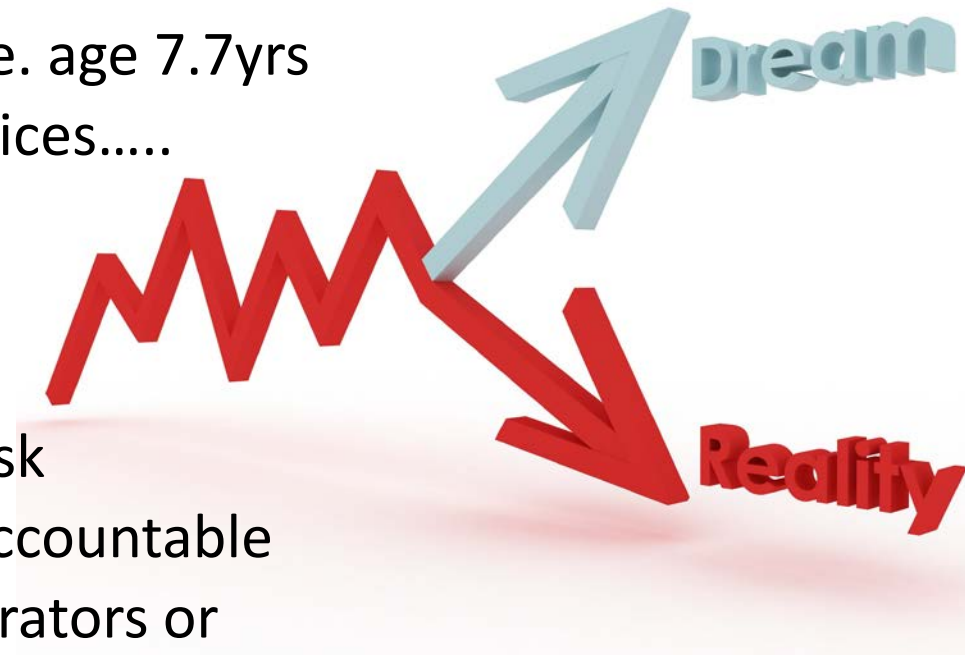


# Bus Operating Revenue



# UK – What happened?

- Patronage – down 66% since 1986
- Fares – 61% vs. inflation +35% (10 yrs)
- Underwhelming satisfaction levels
- New buses - improved to ave. age 7.7yrs
- Tax payer funding more services.....
  - 1986 = 5%.....
  - 2009/10 = 24%.....
  - 2016 = 16%
- Secondary bus network at risk
- Bus operators not publicly accountable
- No integration between operators or tram/train
- Big 5 buy-out smaller operators or force from the market





# Option 1

## Voluntary Bus Partnerships

- Influence the network – reduce wasteful competition, reinvest in areas with need
- Consult customers
- Reduce fares and simplify ticketing
- Promote the whole bus network (not 2 halves!)
- Customer care plans
- LTA – negotiates, champions and influences
- Most operators - prepared to discuss
- Risks shared
- Influence not control
- Depends on Partners collaborating

*Go-Ahead*

**First** 

 **ARRIVA**  
a  company

**national express**

 **Stagecoach**

# Option 2

## Quality Bus Contracts

- Specify the network and bring stability
- Attractive fares and simplified ticketing
- Consult customers
- Customer care plans
- Promoted as a whole, modal integration
- LTA - specifies, tenders and manages the contract(s)
- Operators - oppose strongly (unlike tram and rail)
- Cost of statutory process (€3.2m)
- Public sector takes all the risk



# Learning from Sheffield

## **A - Partnership option**

- Influence only
- Revenue risk = operators/shared
- Indirectly accountable
- Compromises
- Competition tests
- Quick to deliver
- Innovation & competition on enhanced customer offer
- Fares

## **B - QC (Franchise) option**

- Transitional risk and legal challenge (UK specific)
- Cost
- Revenue risk = tax payer
- Slow to introduce and innovate
- Fares move to average
- Accountable via contract
- Consistent community offer
- Stable solution

# Sheffield Bus Partnership

- Voluntary Partnership
- Pushed the legal boundaries
- Delivered cheaper fares + simplified tickets
- Integrated network
- Delivered improved punctuality and reliability
- 5% increase in customer satisfaction
- 10% Increase in adult fare paying passengers
- 50 less buses



# Buses Bill 2016

## Increasing bus use

- Smart ticketing and fares information
- Comprehensive “live” passenger information
- Comprehensive network information
- Open access data – allow use by App developers
- Improved franchising - easier to do (with a Mayor)
- Improved Partnership - where in public interest and prevents minority operators “opting” out



# What do customers need?

- Integrated policies – supporting bus (tram/train)
- Comprehensive and integrated public transport network
- Quality buses + drivers
- Safe, secure, attractive interchanges
- Comprehensive and easy to access information
- Affordable fares, value for money, easy to understand and use tickets
- Buses to arrive on time as promised



# Thanks and questions.....



Transportation Planning : Infrastructure Design

david.young@scptransport.co.uk



TRANSPORT PLANNING

TRANSPORT MODELLING

ACCESSIBILITY PLANNING



INFRASTRUCTURE DESIGN

TRAVEL PLANNING

EXPERT WITNESS