

Report of the Director of City Strategy

Quality Bus Controls

Summary

1. This report presents the options available to local authorities to improve the quality of local bus services. It sets out the current legislative and legal framework for partnership working with bus operators to improve the reliability of bus services. It also outlines the Government's recently announced proposals for strengthening Quality Partnerships and their potential impacts on local bus services.

Background

2. At the full Council meeting in January 2006 a motion was proposed and referred for consideration by the Executive, without substantive debate "noting, with concern, the significant fare increases introduced in York from 1 January 2006 by First Buses; particularly the 66% increase in child fares to £1 minimum". The motion continued "We believe these increases significantly undermine the progress made in shifting the proportion of travel journeys away from the private car in favour of public transport in the City, and we have serious concerns that the Local Transport Plan (LTP) targets for 2006 to 2011 to reduce congestion, improve air quality, and increase bus usage will not be achievable as a result of the impact of such sharp fares rises." Members noted "that Department for Transport guidance was issued in January 2005, making it easier for local authorities to develop Quality Contract Schemes and that other local authorities are looking to implement Quality Contracts in areas served by First Buses". Council called upon the Executive Member for Planning and Transport to bring a paper to the Executive, examining the case for a formal application for a Quality Contract and examining any other measures that will ensure the continued growth of bus patronage needed to meet Local Transport Plan targets.
3. Since 1986, outside London, local bus services have largely been operated commercially by private companies. Local authorities have had little influence or control over the standard of service, including vehicles, emissions, routes, frequencies, fares, information or customer care, which is provided by bus companies. Similarly, bus operators have no control over factors which can influence the attractiveness of their services, in particular traffic management, bus priority, bus shelters and signage.

4. Quality Bus Partnerships (voluntary and statutory) and Quality Contracts were established under the Transport Act 2000 to encourage local transport authorities and operators to cooperate to improve the attractiveness of bus services. Through a Quality Partnership Scheme, either in a whole district or on particular bus routes, the partnership is a means to ensure that both parties will deliver specific improvements.
5. The Department for Transport published its White Paper, *Putting Passengers First*, in December 2006, which set out its proposals for inclusion in a draft Road Transport Bill to strengthen the role of Quality Partnerships and to make it easier for local authorities to introduce a Quality Contract, provided certain conditions are satisfied.
6. Bus patronage in Britain has been in decline since the 1950s, throughout periods of both public and private ownership. This is attributable to several causes, some of them complex and inter-related. Since 1998 bus patronage has increased slightly in Britain but this has been largely due to growth in London. Outside of London bus patronage has continued to decline with the exception of a small number of towns and cities, including York.
7. The Government now anticipates that bus patronage will nationwide grow until 2010 due to the provision of free travel for disabled and older people but will then revert to its long term decline unless further action is taken. Bus patronage in York has increased from 9.58 million passengers in 2000/01 to 14.3 million passengers in 2005/06. The recent growth in York's bus patronage is likely to be partly attributable to concessionary travel (at a low flat rate from 2004 and now free), although the revival in bus patronage pre-dates this, therefore it is also attributable to other factors. These other factors include;
 - New vehicles with improved accessibility and comfort introduced by Arriva, First, Reliance, Yorkshire Coastliner, East Yorkshire Motor Services and Harrogate Coach Travel, accounting for approximately 85% of the local bus fleet (the national figure for accessible bus services is 55%);
 - Simplified route, timetable, ticketing and branded network introduced by First in 2001, with improved frequencies on main routes;
 - New shelters, poles, flags and raised kerbs at stops throughout the city;
 - Improved information, including real time on displays selected routes, internet journey planner, telephone call centre and on-street electronic information points; and
 - Bus priority measures, particularly in Tadcaster Road, Hull Road and Malton Road.
8. Since this motion was proposed, CoYC have decided to re-launch the YOzone card. The YOzone card is issued by the council as a proof of age card and facilitates discounts on some bus services in the city. First have announced that they will be providing a 50p single fare for card holders on most services from 5th March.
9. Fares are only one element of the public transport offer, and other elements may be of equal or greater importance. Market Research carried out during

preparation of the Council's Local Transport Plan for the period 2006 to 2011, identified the following aspects of service provision as important influences on customer choice, amongst the 47% of respondents who did not consider their area already adequately served by public transport:

- Cheaper fares (8%)
 - More frequent buses (14%)
 - More reliable journey times (8%)
 - More routes (8%)
 - Quicker journey times (8%)
10. 73% of respondents also acknowledged experiencing difficulty in knowing when and where buses operate, whilst 67% reported difficulty reaching their destination from bus stops, and 61% reported difficulty with waiting for a bus. Another 61% reported difficulty getting on and off buses
 11. City of York Council is committed to the development and implementation of an integrated bus network that offers value for money. The following paragraphs outline the mechanisms that are available to local authorities to improve the quality of local bus services.

Voluntary Quality Bus Partnership Agreements

12. A Quality Bus Partnership Agreement (QBP) is a voluntary agreement between a local authority or local transport authority, at least one bus operator and any (optionally) third parties. It can range from a simple document detailing heads of agreement to a legally binding comprehensive document.
13. Quality Bus Partnerships are agreements whereby local authorities can prescribe quality standards to be met by bus operators when using facilities provided by the authority. In a voluntary partnership, there is no recourse if one party fails to deliver on its commitments.
14. Voluntary quality bus partnerships are in wide existence across the country and is the model for partnership working between the local authority and bus operators used in York. The York QBP was established in December 2001, following Member approval in September 2001, and most local operators, the elected Member transport portfolio holder and opposition transport spokesperson and representatives of bus users participate. The terms of reference for the York QBP can be found in Annex A.
15. City of York Council has discussed re-launching the Quality Bus Partnership. The re-launch would include redefining the aims and objectives of the group and integrating Punctuality Improvement Partnerships into the QBP agreements.

Quality Partnership Scheme

16. Transport authorities have the power to introduce a statutory Quality Partnership Scheme (QPS), following consultation with operators and other relevant organisations. Under a QPS the local transport authority provides

facilities, such as bus lanes and shelters, and sets the standard of services to be observed by bus operators as a condition of using these facilities. It has to contribute to the implementation of the bus strategy contained in the Local Transport Plan (LTP).

17. A QPS can be for a particular corridor, area or route and could include the introduction a range of improvements such as bus priority, new vehicles, shelters and information, at the outset of the scheme.
18. A QPS has to be open to any operator to join. The bus operator needs to give an undertaking to the traffic commissioner to provide the required standard of service in exchange for the right to use the facilities provided under the Scheme. No operator, however, is bound to participate in the scheme, but those that do not are excluded from using those facilities. A QPS does not allow for service frequencies, fare tables or timetables to be specified or controlled.
19. A QPS must also satisfy the competition test in Schedule 10 of the Transport Act 2000. This requires that any restrictions on the freedom of suppliers to compete with one another are outweighed by the benefits accruing from these restrictions.
20. In the recently published White Paper, *Putting Passengers First*, the Government is proposing that statutory schemes could specify minimum service frequencies, co-ordination of timings and maximum fares. It also proposes that quality improvements could be phased in over time, rather than needing to be in place at the outset as at present.

Quality Contract Scheme

21. Local authorities can currently only introduce Quality Contract Schemes with the permission of the Secretary of State for Transport. The Secretary of State can approve this only where it has been demonstrated that this is the “only practicable way” to implement elements of the LTP bus strategy that the proposal satisfies a range of conditions (see para. 40) and is in the interests of the public. To date this test has been too difficult for local authorities to achieve and although some Quality Contracts are under consideration, none have been implemented or formally applied for or implemented.
22. Quality contracts enable the local authority to suspend the deregulated bus market in a defined area and for a defined period of time of up to 10 years. The local authority then has to invite tenders for exclusive rights for an operator to run a service to the standards specified by the local authority. Although the advantage is that the local authority can set the standards if they are set too high there may not be any bus operators that are willing or able to run these services profitably. Affordability and best value issues for any public funding required is one of the conditions which has to be satisfied.
23. The Government is proposing in its White Paper that the “only practicable way” test is replaced with more achievable “public interest” criteria. The Department for Transport (DfT) is proposing that the criteria should include:

- The local authority has a fully costed plan to improve bus services in a measurable way. This should aim to improve bus vehicle speeds on key parts of the road network and contribute to other objectives, such as improving the environment;
- It should represent good value for money;
- There should be good governance arrangements for the contract; and
- The scheme will be supported by wider demand management and bus priority measures.

Punctuality Improvement Partnerships

24. A key issue for bus users is the reliability and punctuality of bus services. The DfT and the Bus Partnership Forum have stated that bus operators and local authorities should set these up as soon as possible. The initiative for a Punctuality Improvement Partnership (PIP) can come from either partner.
25. Under a PIP bus operators have to share their punctuality data with local authorities. In partnership they identify trouble spots on routes, plan and implement remedial action.
26. One incentive for bus operators to participate in PIPs is because the Traffic Commissioners, in deciding penalties for poor performance, take into consideration action taken through PIPs. It is also in their interests due to efficiency and service attractiveness benefits derived from improved and more consistent journey times. This can lead to reduced costs and increased revenue, reducing pressure to increase fares. Local Authorities also have a strong incentive to participate because they have targets for bus punctuality in their LTP2. York's target is (Performance Indicator 6A) for 88% of bus services starting on time and 32% arriving on their time timing point by 2010/11. In addition, the Network Management Duty Guidance issued by the Secretary of State for Transport under Section 18 of the Traffic Management Act 2004 states (para 63):

"Where necessary, LTAs should work with the relevant parties, including Traffic Commissioners and bus operators, in formulating and implementing improvement plans for bus punctuality."

27. Whilst Traffic Commissioners can take action against bus operators for their failure to run reliable and punctual services, currently there is little data available to identify and act on poor performance. Moreover, local authorities can make the most significant contribution to improving bus service reliability through the introduction of bus priority and traffic management measures.
28. The DfT is proposing that operators will have to provide performance data to their Local Traffic Commissioner and that local authorities will be held to account for their contribution to the punctuality and reliability of local bus services.

Consultation

29. No external consultation has taken place on this discussion report, although the views of the York Quality Bus Partnership are reported.

Options

30. This section describes the options available to local authorities to improve the quality of local bus services. Each section also outlines any changes to these mechanisms that are being proposed by the Government in its recently published transport White Paper. The options are;
 1. Maintain and develop the current voluntary Quality Bus Partnership;
 2. Introduce Punctuality Improvement Partnerships (PIP) with bus service providers.
 3. Introduce Quality Partnership Schemes on key corridors and routes;
 4. Establish a Quality Contract arrangement;

Analysis

31. This section explores in more detail the applicability of each option to improving the quality of bus services in York.

Voluntary Quality Bus Partnership

32. The current York QBP has been instrumental in achieving a step change in the provision of bus services across the city. Its usefulness and impact has, in recent times, been overtaken by the performance of other QBPs in other parts of the country and recently proposed legislative changes. The members of the Quality Bus Partnership have recognised this and at the last meeting agreed to work together to develop a Punctuality Improvement Partnership (PIP). The voluntary QBP remains a valuable forum for discussing progress on mutually advantageous projects, such as real time information and resolving traffic management issues.
33. Fares currently cannot be agreed through a QBP as this would be considered an anti-competitive practice. The Government's White Paper proposals for voluntary QBPs include specifying maximum fares, timings and frequencies.

Punctuality Improvement Partnerships

34. More reliable and quicker bus services are cited by York residents as important factors, indicating that priority ought to be given to measures to improve reliability. In addition, a move towards a PIP would also have the support of the operators who participate in York's Quality Bus Partnership. Arguably more reliable and faster bus services can achieve higher occupancy levels, therefore reducing the cost to operators, which maybe passed onto customers in terms of lower fares.

35. The Government is proposing to strengthen the role of PIPs by establishing a new performance regime in which punctuality data will need to be collected and reported to the local Traffic Commissioner by bus operators. Local authorities, under the new proposals, also will be held to account for their contribution to the reliability and punctuality of local bus services. In addition local authorities will have to provide evidence at inquiries into poor punctuality. Failure to improve punctuality could result in penalties under the new proposals, including prohibiting a badly performing operator from running on specified routes.
36. The Transport White Paper is explicit in that local authorities will be accountable for punctuality, which will be linked to the Traffic Management Act (2004) and the new performance framework for local areas, announced in the Local Government White Paper.

Statutory Quality Partnership Scheme

37. Statutory Quality Partnership Schemes might benefit bus services in York, particularly under the new proposals which are likely to allow the inclusion of timings, service frequencies and maximum fares. The new arrangements will also allow quality improvements, such as bus priority, to be phased in over time, rather than all measures taking effect from the same date.
38. Consultation with bus operators would need to take place before a statutory QPS can be introduced. It is likely that this will be an extremely protracted process and the council may be subjected to legal challenge.
39. A potential outcome could be that establishing a higher threshold for bus quality might lead to some of the smaller operators leaving the market and also deter other market entrants. This could further consolidate the York bus market in the hands of one operator. The benefits of this approach may therefore be limited.

Quality Contract

40. To introduce a Quality Contract Scheme, an application has to be made to the Secretary of State. The application must include the detailed proposals, demonstrate that it is necessary as the only practicable way of delivering the Council's bus strategy, provide evidence that it meets best value requirements to be economic, efficient, and effective, be consistent with central and local Government's shared priorities of improving accessibility, congestion, road safety, and air quality, include proper plans for an orderly transition, and show integration and linkages with other Local Transport Plan policies. In particular the Government guidance indicates that combining a Quality Contract proposal with proposals for congestion charging will improve the chances of an application being successful.
41. Preparation and implementation of an application would take some considerable time (estimated minimum two years) and expense and would carry with it low probability of the application succeeding. As one of the few places in the United Kingdom that has already achieved significant bus

patronage growth in recent years (45% over the life of the first Local Transport Plan), York's prospects of making a successful application are considered likely to be very poor. Another factor which must be considered is that any proposal which seeks to alter the current equilibrium, either by reducing the cost of bus travel to users, by increasing the resources required to provide the desired network of services, or by otherwise improving service quality will have a continuing financial implication, which the Council would have to address.

42. The proposals outlined in the Government's Transport White Paper have the potential of making a Quality Contract Scheme in York a more likely prospect. The replacement of the "only practicable way" test with a public interest test and the replacement of the Secretary of State's approval with a framework for approval of schemes increases the probability of a successful application. The proposals do not, however, change the context of relative success in York of significant improvements to the quality of bus services and their level of patronage, which would continue to undermine the case for a Quality Contract.

Corporate Objectives

43. Partnership working with bus operators can directly contribute to the second of the council's thirteen priorities; "IS2: Increase the use of public and other environmentally friendly modes of transport". By improving the quality, in particular reliability, frequency, information and timings of bus services more people are likely to be attracted to their use.
44. Working in partnership is also outlined as a key element of York's second Local Transport Plan (LTP2), in particular its bus strategy, which details the priorities for the Quality Bus Partnership as;
 - "Developing integrated ticketing;
 - Providing training for all drivers and staff on disability awareness;
 - Standardising service change registrations to a maximum of four agreed dates in the year;
 - Providing service times, routes and fares information at every bus stop;
 - Proactively marketing services to increase patronage levels; and
 - Supporting an integrated and cost effective information service."
45. In terms of improving punctuality the city's LTP makes a commitment to; "...work with operators to identify problem locations and seek to improve reliability at these locations through:
 - BLISS – 'Invisible' bus priority at traffic signal controlled junctions;
 - Bus lanes and bus gates;
 - Better enforcement of traffic regulation orders;
 - Stop design through the removal of full width lay-bys and the introduction of bus boarders; and
 - Reducing the number of cars using the road network by encouraging modal shift to more sustainable modes."

Implications

46. The implications for this report are:

- **Human Resource-** The Voluntary Quality Bus Partnership and development of a Punctuality Improvement Partnership can be facilitated within the existing resources within the Transport Planning Unit. Pursuing research, development and potential implementation of either a Quality Partnership Scheme or Quality Contract Scheme will require significant resources which it is likely will amount to approximately one full time post over a period of 2 years. The costs of this would be circa £40k per annum of which there is no budget. If Members were to accept this option a further report would need to be taken to determine the detailed costs of the proposal considering options of how this could be funded.
- **Financial** – See above paragraph.
- **Equalities** – Improving quality, in particular new low floor buses, awareness training for drivers and better information at stops, can contribute to improving access to services for the disabled. Consequently, agreeing to the recommendations has the potential to lead to improved outcomes for York residents with disabilities.
- **Legal** – There are currently no legal implications. Pursuing a statutory QBP or a Quality Contract would require a legal input, particularly in terms of the risk of non-delivery of any elements of an agreement by the Council.
- **Crime and Disorder** – There are no implications.
- **Information Technology (IT)** – There are no IT implications
- **Property** - None
- **Others** - None

Risk Management

47. As outlined above, the only identifiable risk to the council is failure to deliver elements of an agreement with local bus operators. This rests on the deliverability of commitments, which will be determined by their cost and public acceptability. To illustrate this, bus priority is likely to be required as part of a PIP but the cost may be prohibitive due to changes to LTP funding or pol unacceptable due to practical problems or local resident objections to a bus priority scheme.

Recommendations

48. The Executive is recommended that:

- a) Preparation for a Punctuality Improvement Partnership (PIP) is carried out by officers in advance of the Road Transport

Bill's passage through Parliament in preparation for a strengthened PIP to be introduced in York in 2008. This will be delivered through the existing voluntary QBP.

- b) Officers present to the Executive Member for Transport and Planning detailed proposals for a PIP following consultation with the QBP.

Reason: to improve the efficiency and attractiveness of bus services, in particular in comparison to the private car; and to meet the expected more stringent requirements of the Traffic Commissioner in terms of improving punctuality.

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Wards Affected:

All

Background Papers:

York's LTP1 Delivery Report
Quality contract Schemes for Bus Services Guidance Note, DfT, 2005
Putting Passengers First White Paper, DfT, 2006

Annexes

Annex A York's QBP Terms of Reference