

Bus Subsidy Reform Consultation Response Form

Part 1 - Information about you

Name	Jonathan Bray
Address	40-50 Wellington Street, Leeds
Postcode	LS1 2DE
email	jonathan.bray@pteg.net
Company Name or Organisation (if applicable)	Passenger Transport Executive Group (pteg)
Please tick one box from the list below that best describes you /your company or organisation.	
<input type="checkbox"/>	Small to Medium bus operator (up to 50 employees)
<input type="checkbox"/>	Large bus operator
<input checked="" type="checkbox"/>	Representative Organisation
<input type="checkbox"/>	Trade Union
<input type="checkbox"/>	Interest Group
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Central Government
<input type="checkbox"/>	Member of the public
<input type="checkbox"/>	Other (please describe):
If you are responding on behalf of an organisation or interest group how many members do you have and how did you obtain the views of your members: We consulted them extensively and got sign off of the final draft.	
If you would like your response or personal details to be treated confidentially please explain why:	

PART 2 - Your comments

1. Do you agree with how we propose to calculate the amounts to be devolved? If not, what alternative arrangements would you suggest should be used?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
<p>Please explain your reasons and add any additional comments you wish to make :</p> <p>We support the general principle that the initial amount devolved should be the amount paid to operators in the current financial year for supported services operating within the relevant Local Transport Authority area.</p> <p>However:</p> <ul style="list-style-type: none">• We believe that all funded services need to be brought into the calculation, not just those that have been procured by tender. A consistent approach needs to be taken to services which operate on a part-commercial/part-supported basis, including where individual journeys are supported in part, for example through a de-minimis payment to cover a diversion of an otherwise commercial journey.• We suggest that a more practical alternative approach for cross-boundary services may be to devolve the funding for these in each case to the procuring authority. This would obviate the need to split the mileage for these in the devolvement calculation and allow neighbouring authorities to apportion the devolved funding between them on whatever basis is most appropriate.• The amount should be adjusted in line with inflation for each subsequent year.• The amount should be regularly re-calculated, even if this means operators continuing to submit details separately of commercial and supported mileage. There is significant change on a regular basis within the bus service market with commercial services being de-registered, supported services becoming commercial, new supported services being introduced etc. If the amount received by LTAs is to reflect the supported sector of the market a regular re-calculation is essential. We suggest that annually is the appropriate frequency for this recalculation.• There needs to be a long term commitment to the funding being continued. LTAs enter into contracts with bus operators for up to eight years and budgets will be set on the basis of devolved BSOG being in place. The services which are supported play a key role in addressing issues of social inclusion and enable vulnerable groups to access employment and important services. Any long term threat to this devolved funding would be likely to result in services being withdrawn.		

2. Do you think that an additional amount should be devolved where a commercial service is replaced by a tendered one?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
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Please explain your reasons and add any additional comments you wish to make:

This relates to the point made in response to question 1 that there needs to be a regular re-calculation of the amount to be devolved.

De-registration of commercial services happens on a regular basis. Having latterly been commercial, patronage is likely to justify replacement with a supported service, so it is important that the BSOG previously paid direct from DfT to the operator is paid instead to the LTA. If this doesn't happen, funding will be lost to bus services and service reductions will be the likely result.

3. Do you agree that it would be better for all the relevant funding to be devolved on a single date? Or, are transitional arrangements needed and, if so, what is the best way of doing this?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
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Please explain your reasons and add any additional comments you wish to make:

Yes, we agree with a single date

If it is hoped to devolve the BSOG funding to LTAs as soon as practical and one of the intentions is to reduce administration, it would be better for all the relevant funding to be devolved on a single date. LTAs can then decide how to review their existing contracts in the way that is most appropriate in their situation. Particularly in PTE areas, where there are many hundreds of contracts, phasing devolvment in as contracts expire would be extremely complicated and it would take eight years for the process to be completed.

4. Do you agree that funding for incentives should not be devolved to local authorities until the further review of BSOG in 2014?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
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Please explain your reasons and add any additional comments you wish to make:

It is our view that all BSOG (including incentives) that applies to supported services should be devolved to LTAs. In many cases the infrastructure/investment that attracts the incentive payment has either

been funded by the LTA or is included in the contract specification and therefore in the contract price. For example PTEs have paid for smartcard readers which operators then receive BSOG incentive payments for. These kind of windfall payments with public money will continue under this proposal. It is therefore inappropriate that this element of the payment should go straight to the operator, and to do this would also increase administration costs, with the operator having to make an additional claim to cover this extra payment.

5. Do you agree that local transport authorities in areas with a Quality Contract Scheme should automatically receive the equivalent to BSOG funding?

YES

NO

Please explain your reasons and add any additional comments you wish to make:

The introduction of a Quality Contract will result in a situation such as exists in London. In paragraphs 4.25 – 4.28 of the consultation, the case is made to justify BSOG being paid directly to TfL. All these arguments also apply to areas where Quality Contracts are introduced. The situation in London and Quality Contract areas should be the same.

6. Do you believe that there is a need to ringfence funding for an interim period? If so, what form do you think this ringfencing should take, and, in particular, how much flexibility should local authorities be given as to how to spend the devolved grant?

YES

NO

Please explain your reasons and add any additional comments you wish to make:

BSOG has always been a direct grant to assist in the provision of bus services. Supported bus services play an important role in increasing accessibility and social inclusion. With the current pressure on all local authority budgets it is essential that the devolved funds should be ring-fenced to support the provision of bus or community transport services. There should be a requirement within this ring-fencing to ensure the money goes directly to support bus service provision.

It is also important that the devolved funding goes to Local Transport Authorities, particularly in Metropolitan areas.

7. Should BSOG for both live and dead mileage be devolved?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
<p>Please explain your reasons and add any additional comments you wish to make:</p> <p>Dead mileage to and from a supported service should be included in the sum to be devolved as the dead mileage is there because of the contract and the costs associated with it will be built into the contract price. In rural areas operator bases can be a long distance from the starting point of a service and it is essential that dead mileage is included. On peak-time only services or local bus services carrying fare paying school children, the dead mileage can be a significant part of the overall claimable mileage. If the contract changes hands the operator would no longer run the dead mileage and it should therefore be regarded as an integral part of the supported service.</p>		
8. Should BSOG for part services within a BBA be devolved?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
<p>Please explain your reasons and add any additional comments you wish to make:</p> <p>Yes, with the possible exception described below</p> <p>Most services running within a BBA will benefit from the devolved BSOG and the “top-up” funding that the LTA receives and uses to improve bus service operation, even if part of the service mileage is outside the area. It is therefore logical that the BSOG for part services or part journeys is devolved.</p> <p>However we recognise that there may be a case to exclude certain cross-boundary services, such as infrequent market-day shopping services, where these in effect have no local function within the BBA or have nothing significant to gain from the BBA. Should this approach be taken the LTA submitting the BBA bid would need to consult with the operators concerned and spell out their position in the bid.</p>		

9. Is the proposed method of calculating the BSOG in a BBA suitable?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
<p>Please explain your reasons and add any additional comments you wish to make:</p> <p>The initial formula proposed is suitable.</p> <p>However it is not acceptable that the initial figure calculated will then not be amended to reflect subsequent changes in service patterns or external costs. The BBA payment needs to be index linked to maintain its spending power.</p> <p>If the aim of the BBA proposal is to ultimately get more people travelling by bus, fixing the amount of the BBA BSOG “pot” will act as a disincentive to provide additional capacity.</p>		

10. Do you agree that the approach proposed to partnership within a BBA strikes the right balance between local transport authorities and bus operators?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
<p>Please explain your reasons and add any additional comments you wish to make:</p> <p>The aim of the proposal to introduce Better Bus Areas is to give LTAs more involvement in improving the quality of bus services. We therefore support the proposal that individual bus operators should not have the power to veto any application. If an LTA is able to demonstrate that the objectives of a BBA bid reflect the objectives of the BBA fund, and that they have consulted fully with bus operators (taking account of the impact of any proposals on operators) then there should be no reason for a bid to be turned down if in every other way it meets the DfT requirements.</p> <p>The undue emphasis on operator support for BBA bids also is potentially a greater disadvantage for PTE areas, which cover large territories and often have a large numbers of operators. It also serves to undermine those PTEs which are pursuing the QC option and thus goes against the Government’s stated position that it is neutral on QCs.</p>		

11. Do you agree that any authority both developing a QCS and seeking BBA status should need to demonstrate the same standard	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
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of partnership working and support from local bus operators for the BBA bid as any other bidding authority?		
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Please explain your reasons and add any additional comments you wish to make:

The consultation questions do not offer the opportunity to respond to the proposal in the document that authorities pursuing QCs should not be eligible to bid for BBA. Given that Ministers have given assurances that the consultation is an open one and no decision has been taken on whether or not a QC should be eligible to BBA we do not understand why the questionnaire in effect seeks to close down this debate by not putting the question. This in turn could skew the balance of responses on this issue as many respondents will not answer a question that has not been put. This renders this consultation exercise both flawed and intrinsically biased. This skewing of the questions should be taken into account when reaching a judgment on this fundamental issue.

We strongly oppose the proposal to disallow bids for BBA in association with a QC as our view is that authorities pursuing QCs should be eligible to bid for BBA for the following reasons:

- If a BBA bid in relation to a QC has met the criteria for the BBA competition (which would include consultation with operators) then there is no logical reason to automatically bar such a bid
- Further, in barring such a bid the DfT is in effect incentivising LTAs not to pursue a QC, which in turn goes against the Government's wider policy on QCs which is that it is neutral on whether or not LTAs bring forward QCs. Given that there are significant challenges to first movers on QCs the DfT risks introducing a further hurdle
- By automatically excluding QCs from BBA bids the Government is also going against wider devolutionary principles that the DfT has said it is committed to ie. that decisions on the best way forward on local transport are best taken locally

The undue emphasis on operator approval of BBA bids in the consultation also introduces a bias against QCs as it is well known that existing monopoly incumbents are unlikely to support any moves to open up local markets to competition (via a QC), especially given the very high rates of return some of these companies make (particularly in PTE areas). Conversely it is well known that there are many operators who would support QCs (and by extension BBA bids based on QCs) but are currently locked out of the bus market (outside London) because they do not want to compete on the streets with incumbents through 'bus wars' but who would compete for a QC. The requirement for operator approval should therefore be removed in relation to QCs. A requirement to meet the objectives of the

BBA fund (other than operator approval), for an appraisal of the benefits, and for consultation with operators, should be sufficient.

12. Is this transitional period for phasing out BSOG sufficient?

YES

NO

Please explain your reasons and add any additional comments you wish to make:

Yes, provided that local transport authorities are given advance confirmation of the sum to be devolved.

In a designated BBA a transitional period of six months could be sufficient to enable bus operators to adapt to the change in the funding position, but we suggest that nine months should be allowed given that one third of a six month period would be taken up by the registration notice period. A longer period than this could delay the use that an LTA could make of the devolved funding to improve bus services in the Area.

On the other hand, the sudden withdrawal of BSOG six months into the BBA could destabilise the network and place a sudden burden on the LTA's subsidised service budget. Consideration could be given to phasing out BSOG over a longer period such as 18 months. The rate at which BSOG would be phased out could be agreed with operators and form part of the BBA bid.

13. Do you agree that each of the services listed in Section 4.66 should not be eligible for BSOG in future? If you do not agree, please explain why.

YES

NO

Please explain your reasons and add any additional comments you wish to make:

Our views on each of the categories of service are set out as follows:

Services where more than half of the seats on the vehicle can be reserved by members of the general public in advance of travel (however flexible dial-a-ride services run on a commercial basis would continue to be eligible).

We understand from the Department that this proposal to restrict eligibility is primarily directed at commuter express operations, and particularly the large number of coaches operating daily into central London.

However this proposal would also affect flexible, demand responsive services including yellow school bus services, bus services specifically for older and disabled people, services designed to provide access to jobs from areas of worklessness and services in rural areas. Any decision to exclude these services from future BSOG eligibility will increase their costs of operation and almost inevitably result in a reduced level of service to vulnerable members of the community.

For example:

- the AccessBus network which provides a door to door service in West Yorkshire, with 500,000 trips a year for older and disabled people, would stand to lose around £200,000 of funding per annum and would have to be scaled back to recoup this, with very serious consequences in terms of social inclusion for elderly and disabled residents Other PTEs also operate similar door-to-door services such as Centro's Ring and Ride service which carries approximately 1.5 million passengers a year and TfGM's Ring and Ride service which carries 940,000 passenger trips per annum
- DRT services like TfGM's 36 Local Link services which includes services to peripheral council estates and rural areas, as well as providing direct links between areas of worklessness and job opportunities (for example for night shifts at Manchester Airport). These services carry 306,000 trips annually of which approximately two thirds are carried on vehicles in receipt of BSOG. A survey of Local Link passengers found that 28% use the service because no other option is available to them. If Local Link were not available, 22% would not make the journey at all with 27% identifying Local Link as a necessity to access key services or employment.

We would also think it likely that there are DRT services in rural areas (outside the PTEs) which would be affected by this proposal.

Additionally, we firmly believe that any home-to-school transport services on which it is possible for seats to be reserved (or more likely to be allocated by the LTA) should be eligible. This should include the 'Yellow Bus' schemes operating successfully in Greater Manchester and West Yorkshire, and the Green Transport Company's activities in the West Midlands and elsewhere. For example TfGM Yellow School Buses take almost 5000 pupils to and from school each day, and a report published in 2007 said the buses had taken about 265,000 car miles of the road during the school year. Metro's MyBus yellow school bus service provides dedicated home-to-school transport for over 9000 pupils at 133 schools

across West Yorkshire. It has achieved dramatic mode shift at primary schools – 64% were previously driven by car. For secondary schools the figure is 15% although mode shift at some schools has been much higher. Around 2m car kms are removed from the road network each year, with a saving of over 300 tonnes of CO2.

Services which are intended to operate for less than six consecutive weeks, or which are intended primarily for visitors to sporting or recreational events such as flower shows or football specials.

We disagree with the proposal to automatically exclude all services which operate for less than six weeks. It could be, for example, that a temporary service operates for a shorter period to plug the gap between the withdrawal of one commercial service and introduction of a replacement by another operator; in this scenario BSOG eligibility should be as for any other service. Likewise short-duration services introduced to maintain access to the bus network in response to bridge closures etc should retain eligibility and be included in the sum to be devolved. Failure to do so will impact on the ability of LTAs to intervene to maintain access when services are affected by temporary closures arising both from essential highway works and from circumstances such as floods.

We agree with the broad principle of excluding ‘special event’ services. However there are many examples of registered local bus services or ‘duplicates’ to normal services operating to football grounds on match days. These are part of the local bus network and play an important role in reducing congestion. Such services should still be eligible for BSOG, especially if they operate on an ‘as required’ basis for a period exceeding six weeks’ duration, and removing BSOG would be likely to deter operators from providing them, thus increasing congestion.

Finally we would suggest that this clause should relate to actual rather than ‘intended’ periods of operation.

Services operated primarily for the purposes of tourism or because of the historical interest of the vehicle.

We feel that the definition ‘for the purposes of tourism’ is too loose. We suggest that the exclusion should only apply to services such as open-top city tours, where the primary objective is not to provide point-to-point travel, and that this should be explicitly stated. Many regular bus services operate in ‘tourist areas’ (such as National Parks), providing a vital alternative to the car for countryside access. It is absolutely essential to retain eligibility for this category of service or services such as those between Sheffield and the Peak District National Park, or the Dales Bus network in North Yorkshire, would be placed at serious risk, with potentially massive consequences.

There were 40,000 passenger journeys on the DalesBus network as a whole in 2011/12 – a growth of over 50% compared with 2010/11. Surveys by the University of Central Lancashire suggest that the economic benefits of visitor traffic using the DalesBus network are worth over £350,000 per year. The services not only benefits tourists, but also low paid shift workers predominantly employed in caring or hospitality – of which there are many in rural areas.

Services substituting a bus for a rail service which has been temporarily discontinued, reduced or modified.

We believe that BSOG should be retained for rail (and tram/light rail) replacement services where these are registered as local bus services, and therefore be included in the devolved sum if funded or be claimable by operators if provided commercially. All such services are an integral part of the public transport network. For example the Government funded Tyne and Wear Metro renewal will require extensive bus substitution whilst the work is carried out. These services will be a valid part of the area's transport provision for this period and there is no reason why they should not therefore be eligible for BSOG.

We note that the consultation paper refers also to buses substituting for other buses, although this point is omitted from the above question, and we believe that such services should also be eligible on the same basis as above.

Services for which the fare includes a special amenity element, i.e. it is significantly high in relation to the general level of fares for comparable journeys.

We are not entirely clear what 'special amenity' might refer to but for the avoidance of doubt our view is that BSOG should continue to apply to services which, for example, operate on a limited stop basis with a premium fare justified by the premium quality of the service itself. It should also apply to Park and Ride services. We suggest that the 'amenity element' should only apply to payments for something over and above the bus service (including any park and ride element).

Free services provided by supermarkets and other retail premises, particularly those situated outside of town centres to enable passengers to get to and from their shops.

We do not support this exclusion as such services can reduce car use and open access opportunities for those without cars. To remove BSOG eligibility would discourage their provision, placing further demands on LTA funding, encouraging more car use and reducing access to essential shopping for vulnerable members of the community. For example in South

Yorkshire 88,000 people a year use shopper bus services.

Services whose primary function is to transport travellers between airports, railway stations or sea terminals and their dedicated car parks

We agree with this proposed exclusion.

14. Are there any other categories of service which are eligible for BSOG at present which you believe should not be eligible in future, and if so which are they?

YES

NO

Please explain your reasons and add any additional comments you wish to make:

15. Alternatively, are there any categories of service which are not eligible at present but which you think should be in future?

YES

NO

Please explain your reasons and add any additional comments you wish to make:

All town and city centre distributor services, which are free to the passenger, should also be eligible. These services are an integral part of public transport and have been highly successful in supporting town and city centre economies. For example in 2010 West Yorkshire Freebus services were carrying over nine million passengers and Manchester's Metroshuttle services were carrying over 2.5 million passengers a year. Metroshuttle also recently benefitted from Government funding for low carbon hybrid vehicles.

16. Should buses operating under a Section 19 permit continue to receive BSOG in BBAs where they are not run in-house by the local authority?

YES

NO

Please explain your reasons and add any additional comments you wish to make:

We believe that this should also apply in Metropolitan areas, where the in-house operation would be undertaken by the Metropolitan District authority rather than by the PTE.