

Local Bus Services and Smart Ticketing Consultations

1. INTRODUCTION

1.1 This report provides the Board with proposed consultation responses to the two consultations: 'Local Bus Services in Scotland – Improving the Framework for Delivery'¹ and: 'The Future of Smart Ticketing in Scotland'². Transport Scotland has agreed to a short extension to both consultations for SEStran to consider these matters at this Board meeting. The consultation closes on 5th December.

2. CONSULTATION

2.1 The Local Bus Services in Scotland Consultation recognises that bus patronage is declining in Scotland. The consultation proposes the following:

- Existing sQPs (statutory Quality Partnerships) are not as flexible as they should be and future needs for bus services should be developed with operators. Proposals for more integrated, genuine partnership-focused 'Service Improvement Partnerships' (SIP) are proposed based on a joint review of the local bus service network;
- QCs (Quality Contracts), as a form of franchising, are considered over complex and resource intensive. A more flexible, simpler and more customised approach to franchising which can be used for smaller scale scenarios such as routes and small networks is considered. One possible process highlighted is based on the principles of an Outline Business Case (OBC) to identify a preferred option which evidence regarding the costs and benefits. Approval for a local franchise is then carried out by an independent panel, by Scottish Ministers or by another individual such as the Traffic Commissioner.
- In order to clarify the powers of transport authorities who wish to run bus services, it is proposed to legislate to enable them to be able to run bus services directly and/or to be able to set arms-length companies (i.e. Lothian Buses).
- Clear, high quality and up to date information is essential for the smooth running of bus services. The consultation paper proposes to make provision to require the operators of local services to provide information on routes, timetables, punctuality and fares for public access, in order to ensure consistency of approach and opportunities

¹ <https://consult.scotland.gov.uk/transport-scotland/improving-bus-services>

² <https://consult.scotland.gov.uk/transport-scotland/smart-ticketing-in-scotland>

for innovative developments in both use of and access to information. A central data hub or 'one-stop-shop', available to third parties is proposed along with legislation to ensure that authorities have the power to obtain the information about revenue and patronage of services being deregistered where required.

SEStran's proposed consultation response is available in **Annex 1**.

2.2 The Future of Smart Ticketing in Scotland Consultation is based on the assumption that legislation may be necessary to achieve full operator participation in national and regional smart ticketing schemes and that some form of recognised and formalised governance may be necessary to support this on an on-going basis. In line with Transport Scotland's Smart Ticketing Delivery Strategy (2012), it is proposed that:

- there is an agreed common infrastructure in place, adopted by all participating operators and, secondly, a consistent, simple and easy to use customer offering;
- there then needs to be a means of ensuring that integrity and relevance of national and key regional smart ticketing schemes is maintained and an orderly and planned migration in due course to more advanced technologies as these emerge;

SEStran's proposed consultation response is available in **Annex 2**.

3. CONCLUSIONS/RECOMMENDATIONS

3.1 Members are asked to approve the proposed consultation responses in Annex 1 and Annex 2 for submission.

Catriona Macdonald
Projects Officer
16th November 2017

Annex 1 – Consultant Questions – Local Bus Services in Scotland

Annex 2 – Consultant Questions – The Future of Smart Ticketing in Scotland

Policy Implications	Significant potential implications for both Local Bus Services and Smart Ticketing legislation.
Financial Implications	There will likely be cost implications for both the public sector and bus operators. Many of the proposals would however require a full assessment of the likely costs and benefits before implementation.
Equalities Implications	If any of the proposals impact on the viability of local bus services then this has the potential to impact on all protected characteristics. Conversely, if the proposals result in improvements to local bus services then there would be resulting benefits across the range of protected characteristics.
Climate Change Implications	The proposals should have a positive environmental impact if they result in improvements to local bus services, resulting in modal shift away from the private car.

Annex 1 – Consultant Questions – Local Bus Services in Scotland

Partnerships

Question 1 - Do you think that legislation (either via the existing sQP model or another) is required to secure the benefits of partnership working?

Yes

Please explain your answer to this question:-

Voluntary partnerships have not delivered sustainable change and there are concerns that SQPs have not driven up standards as effectively as they could have. Statutory change as proposed in the consultation document is important to transfer greater powers to transport authorities, ensuring that tangible and sustainable outcomes are proposed and fully delivered through the partnerships.

Question 2 - Do you feel that statutory Quality Partnerships as defined in the Transport (Scotland) Act 2001 provide the right framework for partnership working? Please answer

No

Please explain your answer to this question:-

The current sQPs are inflexible, onerous, unclear and difficult to implement, as evidenced by the very few sQPs that have been implemented.

Question 3 – Do you agree with our proposals for Service Improvement Partnerships as outlined in pages 32-35?

Yes

Please explain your answer to this question:-

The proposed Bus Service Improvement Partnership (BSIPs) are an improvement and offer greater levels of flexibility, particularly in terms of the potential outcomes from the partnerships.

However, SEStran has concerns that in a multi-operator environment, there are a number of 'veto' opportunities for operators and the balance of powers should be more towards the transport operators than is currently suggested. The role of Regional Transport Partnerships in this mechanism should be looked at in greater depth.

SEStran also advocates for a greater degree of community engagement within the proposals, enabling passengers to be listened to and supporting community engagement within the partnership process.

Question 4 – If a new form of statutory Partnership is introduced, do you agree that statutory Quality Partnerships as defined in the Transport (Scotland) Act 2001 should be replaced (i.e. they would no longer be available as a tool for LTAs)?

Yes

Please explain your answer to this question:-

The SIP proposals seem to provide an adequate replacement and improvement to sQPs. However, if SIPs replaced sQPs, there would need to be a time limited saving provision for existing sQPs, in order to stop existing good work being removed by any change.

Local Franchising

Question 5 – Do you think that local authorities should have the power to franchise bus services (either via Quality Contract or another system)?

Yes

Please explain your answer to this question:-

Franchising will not be the right option for every authority, but as part of a broad framework of options, it can be considered.

SEStran advocate that Regional Transport Partnerships should have the opportunity to have regional franchising powers to add to the 2005 Act list of powers under Section 10 (5)³ which includes sQPs.

Question 6 – Do you think that the existing Quality Contracts require change to make franchising a more viable option?

Yes

Please explain your answer to this question:-

As no authority has attempted a QC, this demonstrates that it is not an attractive option for Transport Authorities. Existing QCs are too onerous for implementation, however

³ <http://www.legislation.gov.uk/asp/2005/12/section/10>

providing a Business Case for franchising is an essential step in demonstrating why franchising is necessary and why outcomes cannot be achieved through partnership working in the form of a SIP.

Question 7(a) – Do you think that there should be any consent mechanism for an authority to begin the process of assessment for franchising?

No

Please explain your answer to this question:-

It should be up to the local authority partners to decide whether it is worthy of assessment and up to them to prove the case. One of the biggest challenges will be in demonstrating that other mechanisms, such as a SIP, will not work.

Question 7(b) – Do you think that there should be a requirement for independent audit of the business case for franchising?

Yes

Please explain your answer to this question:-

The business case is the most critical element in the process toward a possible franchise. This document must have a clear and transparent rationale that is fully auditable to ensure that the preferred option is value for money and meets the various legislative requirements. An independent audit would provide the necessary assurance and accountability.

Question 7(c) – Do you think that there should be an approval process beyond that of the local authority itself, before franchising can take place?

Yes

Please explain your answer to this question including (if yes) what kind of approval process:-

There should be appropriate checks and balances within the process as franchising will potentially remove business from commercial companies

Transport Authority Run Bus Services

Question 8(a) – Do you think that transport authorities (including ‘model III’ RTPs) should be able to directly run bus services?

Yes

Please explain your answer to this question:-

A Transport Authority should be able to consider directly running a bus service. Offering this as an option with a framework of options offers flexibility to Transport Authorities.

Question 8(b) – Please describe the circumstances in which this might be appropriate:-

A Transport Authority should be able to consider directly running a bus service to fill a gap in the market or to apply pressure in the market, for example in the instance of a monopoly in the market. However, the proposals must not suppress commercial activity and safeguards should be put in place to ensure no unfair advantage.

Question 8(c) – What, if any, safeguards do you think should be put in place to ensure that no operator has an unfair advantage in a deregulated market? Please explain your answer to this question:-

Full and transparent costings should be required which could be subject to scrutiny to ensure there is no unfair advantage gained from its public sector status.

Question 9(a) – Do you think that transport authorities (including ‘model III’ RTPs) should be able to set up arm’s length bus companies to operate local bus services?

Yes

Please explain your answer to this question:-

As noted in 8(a), offering this as an option with a framework of options again offers flexibility to Transport Authorities.

Question 9(b) – Please describe the circumstances in which this might be appropriate:-

A Transport Authority should be able to consider setting up arm’s length bus companies to fill a gap in the market or to apply pressure in the market, for example in the instance of a monopoly in the market. However, the proposals must not suppress commercial activity and safeguards will be put in place to ensure no unfair advantage.

Question 9(c) – What if any safeguards do you think should be put in place to ensure that no operator has an unfair advantage in a deregulated market?

Full and transparent costings should be required which could be subject to scrutiny to ensure there is no unfair advantage gained from its public sector status.

Question 9(d) – What, if any, checks and balances do you think should be put in place for a transport authority looking to set up an arms’ length company to run buses? Please explain your answer to this question.

Each authority should be required to present a business case through its own governance structure to ensure that it is the preferred option to address the needs in its area. This business case must have a clear and transparent rationale that is fully auditable to ensure that the preferred option is value for money, meets the various legislative requirements and does not undermine the commercial sector.

Open Data

Question 10 – Do you agree with our proposals to require the operators of local services to release open data on routes, timetables, punctuality and fares in a specified format?

Yes

Please explain your answer to this question:-

Access to open data is essential in terms of improving bus patronage, offering innovative solutions to digital data and improving access to up to date and relevant information. There is an ever increasing expectation for digital information and for information to be made available in greater depths, in order to make journey planning easier.

However, it must be noted that paper formats must remain for those who do not have a skillset to access digital information and who rely on paper information to access public transport.

Question 11 (a) – Do you think that data provided by operators should be stored in a central data hub?

Yes

Please explain your answer to this question:-

A central data hub ensures consistency of quality and format.

Question 11(b) – if you do not support the use of a central data hub how do you think data should be stored/ made available? :-

Question 12 – Do you support proposals for transport authorities to have the power to obtain, information about revenue and patronage of services being deregistered, and where appropriate disclose this as part of a tendering process? Please answer Yes , or No . Please explain your answer to this question:-

SEStran supports the proposals to obtain information about revenue and patronage of services being deregistered in order for a Transport Authority to provide the necessary replacement services and ensure fair competition.

Other

Question 13 – Please provide any other comments or proposals around the regulation of bus services in Scotland that were not covered in the above questions.

The Socio-Economic Duty (SED) asks particular public authorities (Transport Scotland and Scottish Government; local authorities) to do more to tackle the inequalities of outcome caused by socio-economic disadvantage. The duty aims to make sure that strategic decisions (this is a strategic decision of significance – as the recent consultation on the duty highlighted annual budgetary choices as an example of a strategic decision) about the most important issues are carefully thought through so that they are as effective as they can be in tackling socio-economic disadvantage and reducing inequalities of outcome. Certainly, the original UK Government 2008 consultation on the Equality Bill and 2010 guide on the proposed duty to reduce socio-economic inequalities both clearly seek to include access to transport as a key matter of equality and equity. It would seem reasonable to include legislative change on local bus services as a strategic decision of significance.

The SED and the wider impact assessment approach to strategic matters is seen as a vital part of the Fairer Scotland Action Plan and also the inclusive growth agenda of Scotland's Economic Strategy. The main outcome that the Scottish Government is looking for from the introduction of the duty is improved decision-making that genuinely leads to better outcomes for those experiencing disadvantage. Therefore, we would request the production of a wider impact assessment for the changes proposed and we believe this would demonstrate that Transport Scotland has taken the opportunity to show that they both understand the key socio-economic inequality gaps and have taken account of them in the decisions given the proposal to introduce the SED prior to the end of 2017.

Indeed, Scottish Ministers own consultation on the SED states that there is nothing preventing any public sector body not covered by the duty from starting to act as if it were covered and for example impact assessing strategic decision making for socio-economic impact. It would therefore seem that those covered by the duty could start

planning as if they were as well in consulting upon choices that will be implemented when the SED is in effect and how local transport and potentially regional authorities would use the new proposed powers/duties on local bus services to address their forthcoming duty on socio-economic matters.

The Royal Society of the Arts (RSA) Inclusive Growth Commission final report highlights the need for an integrated economic and social policy emphasising the need for place-based strategies to deliver inclusive growth across the UK. The Royal Town Planning Institute comment in their 2016 "Poverty, Place and Inequality" policy paper highlighting the significant severance effect of area-based disadvantage for individuals. Those living in certain less affluent areas are from evidence less mobile, more reliant on public transport and less able to commute to job opportunities given expensive and/or fragmented transport networks. Previous studies have highlighted that those who are least skilled or most remote from the labour market have the least locational flexibility in seeking new job or training opportunities and that this spatial deficiency rather than lack of skills or training has particularly afflicted some communities and individuals within them in terms of receipt of positive outcome. It is therefore vital that any new policies/duties/powers for local bus services recognising these wider outcomes in any re-design of legislative responsibilities.

Question 14 - Are there any likely impacts the proposals contained within this consultation may have on particular groups of people, with reference to the 'protected characteristics' listed above? Please answer Yes , No . Please be as specific as possible:-

If any of the proposals impact on the viability of local bus services then this has the potential to impact on all protected characteristics. Conversely, if the proposals result in improvements to local bus services then there would be resulting benefits across the range of protected characteristics.

Question 15 - Do you think the proposals contained within this consultation may have any additional implications on the safety of children and young people? If yes, what would these implications be? Please answer Yes , No . Please be as specific as possible:-

As with the response above, young people, without access to a car are often more dependent on local bus services and so any proposals emerging from this consultation will have implications for the safety of young people.

Question 16 - Do you think the proposals contained in this consultation are likely to increase or reduce the costs and burdens placed on any sector? Please answer Yes , No . Please be as specific as possible:-

There will likely be cost implications for both the public sector and bus operators. Many of the proposals would however require a full assessment of the likely costs and benefits before implementation. Proposals around Open Data could add an additional burden on operators with cost implications if they are required to amend and enhance their current practices, however there may also be opportunities for increase efficiency and reducing duplication of effort which may balance this out. Appropriate use of the tools these proposals provide with their accompanying built in robust check processes should reduce some of this risk.

Question 17 - Are there any likely impacts the proposals contained in this consultation may have upon the privacy of individuals? Please answer Yes , No . Please be as specific as possible:-

No

Question 18 - Are there any likely impacts the proposals contained in this consultation may have upon the environment? Please answer Yes , No . Please be as specific as possible:-

The proposals should have a positive environmental impact if they result in improvements to local bus services, resulting in modal shift away from the private car. If they also result in an increased number of voluntary, statutory or Service Improvement Partnerships that involve commitments to improving the quality of the bus fleet this will also have a positive impact on improving local air quality.

Annex 2 – Consultant Questions – The Future of Smart Ticketing in Scotland

Do you think our intention to have a consistent smart payment option available across Scotland and on all main public transport modes would promote use of public transport in Scotland?

Yes

Please explain your answer.

There has to be consistency across the country both within and between modes. A recognised brand would help to increase customer awareness and confidence in the product.

However, paper formats must remain for those who do not have a skillset to access digital information and who rely on paper information to access public transport.

Question 2 - Do you agree that the scope of smart ticketing should – for now – be limited to the modes and services outlined above?

Yes

Please explain your answer.

The initial focus should be on bus, rail ferry, subway and tram and the integration between them, as these are the main modes across Scotland.

However, moving forward, any smart ticketing scheme should recognise new modes such as Mobility as a Service (MAAS). MaaS and the Collaborative Economy have great potential to unlock underused capacity. The transport network of the South East of Scotland can at peak times be close to capacity and a lot of this is comprised of underutilised individualised vehicles travelling on the network, imposing social, economic and environmental detriment on communities. The value of the collaborative economy is to use underutilised assets, such as under-occupied cars relative to their capacity, to reduce congestion on road networks and to offset the need for further capacity expansion of network based on non-collective motorised modes of transportation. This could reduce the need for the introduction of demand restraint policies such as workplace parking charges and also reduce negative outcomes from irresponsible parking of vehicles if the overall number within an area could be managed through collaborative measures.

Question 3 - epurse

a) Are you in favour of a clearly defined national epurse scheme?

Yes

b) Should all relevant bus, rail, ferry, tram and subway operators be expected to participate in a national e-purse scheme?

Yes

c) Should participation in a national e-purse scheme be monitored and controlled?

Yes

d) Should sanctions be imposed for non-compliance in a national e-purse scheme?

Yes

Please explain your answers.

Significant investment has already been made in smart infrastructure and further investment made in ensuring operators across the country can accept smart tickets and it is right that these benefits should be maximised. For example, SEStran has been successful in two rounds of the ERDF Smart Ticketing Challenge Fund and has kitted out 10 operators with smart ticketing enabled ticket machines for tendered bus services. There needs to be consistency across the country in order to maximise this success.

The success of any scheme will rely on it being clearly defined, including all operators and having robust governance processes, including those for non-compliance.

Question 4

a) Are you in favour of a clearly defined multi-modal, multi operator regional smart ticketing scheme?

Yes

b) Should all relevant bus, rail, ferry, tram and subway operators be expected to participate in a multimodal, multi operator regional smart ticketing scheme?

Yes

c) Should participation in a multimodal, multi operator regional smart ticketing scheme be monitored and controlled?

Yes

e) Should sanctions be imposed for non-compliance in a multi-modal, multi operator regional smart ticketing scheme?

Yes

Please explain your answers.

A partnership approach would work best in ensuring that operators willingly participate in such a scheme and to ensure the success and use of any smart products introduced as a result. However, instances where a partnership approach does not work then, there should be some way of addressing non-compliance. A multi-modal, multi-operator smart ticketing scheme should be a priority for all regions therefore it is right that compliance is monitored and ensured nationally to avoid inconsistencies across modes and operators and to ensure equal access across the country.

Question 5

Are you in favour of new legislation that requires transport operators to participate in national and regional smart ticketing schemes?

Yes

Please explain your answer.

The current fragmented nature of modes and large variation of operators involved will require an appropriate legislative framework to ensure participation and therefore success of any national scheme.

There should however be continued financial assistance available to smaller operators to assist in the purchase of any new ticket machines, particularly, if participation is going to be mandatory.

Question 6

To ensure delivery of a consistent approach to meet the expectations of passengers now and in the future, should we establish a single governance group so that the technology implemented across Scotland for smart ticketing schemes is controlled?

Yes

Should such a governance group be established formally and supported by legislation?

Yes

Should such a governance group have a role in advising on development, implementation or administration of smart ticketing schemes?

Yes

Are there any other areas that a governance group should have a role in?

Yes

Please explain your answers.

A single governance group covering all modes will be essential for success. If participation is going to be mandatory and requires new legislation, then the governance and monitoring of this should also be formalised.

Any national smart ticketing scheme should aim to provide contactless payment systems. Integrated Ticketing through contactless payments systems should be the end objective of the national scheme. Any approach to a national smart ticketing scheme needs to facilitate, not stifle, this kind of development led by operators, or otherwise. However, contactless systems do offer other barriers in terms of market perception of transparency and clarity of pricing, and therefore these issues need to be looked in to in greater depth.

Question 7

Do you have any other comments about any of the issues raised in this consultation?

No

If so, please use the box below to provide details.

Question – Equality Impacts

Are there any likely impacts the proposals contained within this Consultation may have on particular groups of people, with reference to the ‘protected characteristics’ listed above? Please be as specific as possible.

If any of these proposals are likely to have an impact on the viability of local bus services, particularly those run by smaller operators who may find it difficult to cover

any increased costs associated with participating in either an e-purse or regional smart ticketing scheme, then this could have a negative impact if it results in the withdrawal of services. This could potentially impact on all protected characteristics, as well as people in living in more rural areas.

Additionally, paper formats must remain as an option to the public for those who don't have digital participation skills.

Question – Children and young people

Do you think the proposals contained within this Consultation may have any additional implications on the safety of children and young people?

See response above.

Question – Business impacts

Do you think the proposals contained in this Consultation are likely to increase or reduce the costs and burdens placed on any sector? Please be as specific as possible.

This very much depends on how the proposals are introduced and whether there are any costs to operators relating to participation in an e-purse or regional smart ticketing scheme. Any costs associated with the purchase of new infrastructure will likely be more difficult for smaller operators to absorb and could therefore have a negative impact on the viability of their operations.

Question – Privacy impacts

Are there any likely impacts the proposals contained in this Consultation may have upon the privacy of individuals? Please be as specific as possible.

No