

Edward Mountain MSP
Convener
Net Zero, Energy and Transport Committee
The Scottish Parliament

21 October 2024

Dear Edward,

Thank you for your letter of 9 October 2024, regarding the [Local Services Franchises \(Traffic Commissioner Notices and Panels\) \(Scotland\) Regulations 2024](#). We appreciate you inviting Transport for Quality of Life to provide further information on the following questions:

1. What, if any, concerns do you have about giving final approval of any proposed Scottish bus franchising scheme to a panel appointed by the Scottish Traffic Commissioner?
2. Can you briefly describe the proposed system of bus franchising that you are developing on behalf of the Welsh Government? What are the key stages of the proposed approval process?
3. Are there any significant lessons from the experience of bus franchising across the UK and Europe that could inform the development of bus franchising in Scotland?

We provide some thoughts below and hope that this information is useful to your committee.

If you require any clarifications or have further questions, please don't hesitate to get in touch.

Yours sincerely,

Lisa Hopkinson
Director

1. Concerns about final approval by panel appointed by Scottish Traffic Commissioner

The panel approach proposed by the Scottish Government in the captioned Regulations echoes the now discredited approach for Quality Contract Services (often described as franchising by another name). A 2018 House of Commons Research Briefing on the [Bus Services Act 2017](#) notes there were many calls to remove the QCS Boards, independent panels convened by a Traffic Commissioner, which had final approval of any proposals put forward by local authorities.

These calls to remove the Boards were reinforced by the [2015 report](#), of the QCS Board which rejected the proposed Tyne and Wear QCS put forward by Nexus (the Tyne and Wear Passenger Transport Executive). In [their response](#) to the Board's report, Nexus said they were "*extremely disappointed*" with the decision, and that they were concerned that the Board "*took a highly pessimistic and surprising view of financial risks*".

The outline process for bus franchising proposed by the Scottish Government (figure 3 in the [2021 consultation document](#)) already has an audit of financial implications step, to ensure quality of analysis and that guidance has been followed. Adding a further decision-making process, in the form of a panel convened by a Traffic Commissioner, creates an extra, unnecessary stage which could prove an effective blockage to the process. Further Traffic Commissioners are not a disinterested party, as they are effectively part of the existing system, and whose strategic objectives are to minimise regulatory burden on operators rather than to provide the best possible passenger service.¹

On a non-technical point, we would point out that it appears strange that the system presently being proposed by the Scottish Government and Scottish Parliament appears to undermine the devolution settlement by giving the final decision on the franchising of Scotland's bus services to Traffic Commissioners – who are appointed by the UK Government over the heads of the Scotland's Government and Parliament. The Committee may wish to draw attention to this (presumably unintended) perverse outcome of the legislation as presently formulated. It would be a straightforward matter to amend the legislation to correct this.

If additional safeguards and oversight were considered necessary, this would be better provided by a democratically-accountable body whose objectives are in line with the Scottish Government priorities. The [recommendations](#) of the Scottish Government's 'Roles and Responsibilities Working Group' that "*future transport governance arrangements should be on the basis of some form of regional model*" also suggest a role for regional transport bodies.

¹ According to the [Traffic Commissioners for Great Britain Annual Report 2023-24](#) the overarching aims of the Traffic Commissioners are: "To deliver a modern and effective operator licensing regime that ensures operators are fit to hold a licence whilst minimising the regulatory burden on the compliant; and to promote and develop a safe road transport industry, which delivers compliance, fair competition and protects the environment."

The House of Commons briefing notes that no QCS was ever implemented since it was put on the statute books in 2000 “*despite the obvious desire of many authorities to have more control of their bus services*”. This would seem to be a backwards step towards a better bus system in Scotland.

Similar points about the need for a simpler system were also made in January 2017 by our former Director Dr Ian Taylor, now retired, who gave evidence to the Scottish Parliament’s Public Petitions Committee about bus franchising based on the report [Building a world-class bus system for Britain](#). That evidence can be seen in the [Committee’s meeting report](#) (pp14 onwards) and [video of the meeting](#) (39 minutes in). He pointed out that franchising should be the default option and that “*previous transport bills [in England] have tried to set up legislation that works, but it has proved to be too tortuous.*”

2. Proposed system of bus franchising by the Welsh Government and key stages of approval process

The Welsh Government consulted on proposals for bus franchising in their White Paper of 2022 [One network, one timetable, one ticket: planning buses as a public service for Wales](#).

In March this year they published [Our Roadmap to Bus Reform](#), which built on those proposals and set out a timetable for introducing bus franchising.

Please note that Dr Ian Taylor was involved in the former document as an advisor to the Welsh Government, but Transport for Quality of Life has not been involved in the latest report.

However, it is clear from both documents that the Welsh Government is proposing a much simpler system of bus franchising to enable a reliable, affordable, flexible and easy to use bus network. Their three objectives for the new bus system include:

1. A bus network which is linked in with the rest of public transport in Wales and easy to navigate (One Network).
2. Coordinated timetables which are easy to use and allow connection across public transport in Wales (One Timetable).
3. Simpler ticketing which enables travel across public transport in Wales with affordable and consistent fares (One Ticket).

Based on the current timetable, they plan to make some improvements to bus services ahead of the new legislation and form a ‘Bridge to Franchising’ and introduce the Bill to the Senedd this year.

Their legislative proposals include:

1. Requiring the franchising of bus services across Wales.
2. Allowing local authorities to create new municipal bus companies.
3. Relaxing restrictions on existing municipal bus companies to put them on the same footing as new ones.

The White Paper sets out the proposed stages of the franchising process:

- a. Local authorities would develop a plan for a bus network that meets the needs of their communities.
- b. Corporate Joint Committees (CJCs) (formed from the membership of principle councils, established in statue, and able to directly employ staff, hold assets and manage funding) would then be responsible for bringing these together to agree a regional plan.
- c. Transport for Wales would work with CJCs, on behalf of the Welsh Government, to combine these networks into a national plan, to be reviewed by the members of the supervisory board and agreed by Ministers.
- d. At each of these stages Transport for Wales would offer specialist network planning support and work with local authorities and CJCs to help develop their plans and ensure they are well integrated with rail services across Wales.
- e. The supervisory board must include representation from each of the CJCs (to feed their regional perspective into the overall plan and to ensure inter-regional join up) as well as from the Welsh Government, an operator, staff (of operators) and public transport users.

To ensure this national level contracting scheme operates effectively, the Welsh Government propose that the franchising power sits with the Welsh Government, and that Transport for Wales work with CJCs and local authorities to discharge it on the Welsh Government's behalf. This would have the additional benefit of aligning the powers with rail services, and allow the Welsh Government, through Transport for Wales, to make plans for services, ticketing and journey information for bus and rail side by side.

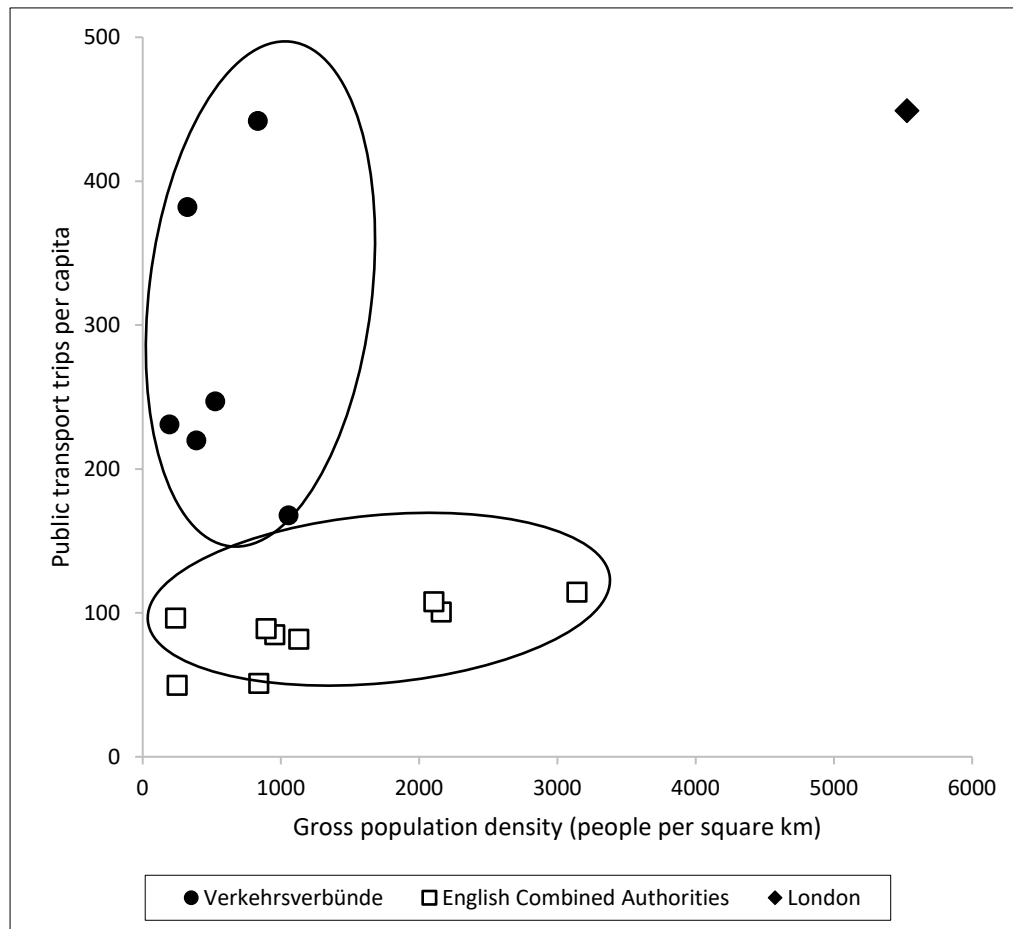
3. Significant lessons from the experience of bus franchising across the UK and Europe that could inform the development of bus franchising in Scotland

In our 2020 report [Transforming Public Transport](#) we note that in parts of Europe public transport functions as a single system: buses, trams and trains are planned together to provide 'one network, one timetable, one ticket'. All public transport services, whoever the operator, are coordinated by a public transport governing body or Verkehrsverbund (VV). The VV plans public transport service levels, routes and timetables; is responsible for the ticketing system; awards contracts to operators; and sets and monitors service quality standards. City, district and regional government all play a role in the VV. The VV model for governance and delivery of integrated public transport was so successful that it spread across most of Germany and all of Austria in the 1990s.

The figure below shows levels of public transport use per capita in different areas of Europe with VVs, England and London versus population density. As a result of this integration, levels of public transport use are strikingly higher than in areas of England, even though the geographical and population density is very similar. For

example, the geographical area covered by the Munich VV (3rd round dot from top) is comparable to the area of the entire West Midlands plus the counties of Warwickshire and Worcestershire (square dot furthest to the right) and has lower population density.

Figure 1: Annual per capita public transport trips (2016/17) in six continental areas (Verkehrsverbände), the English Combined Authorities, and London



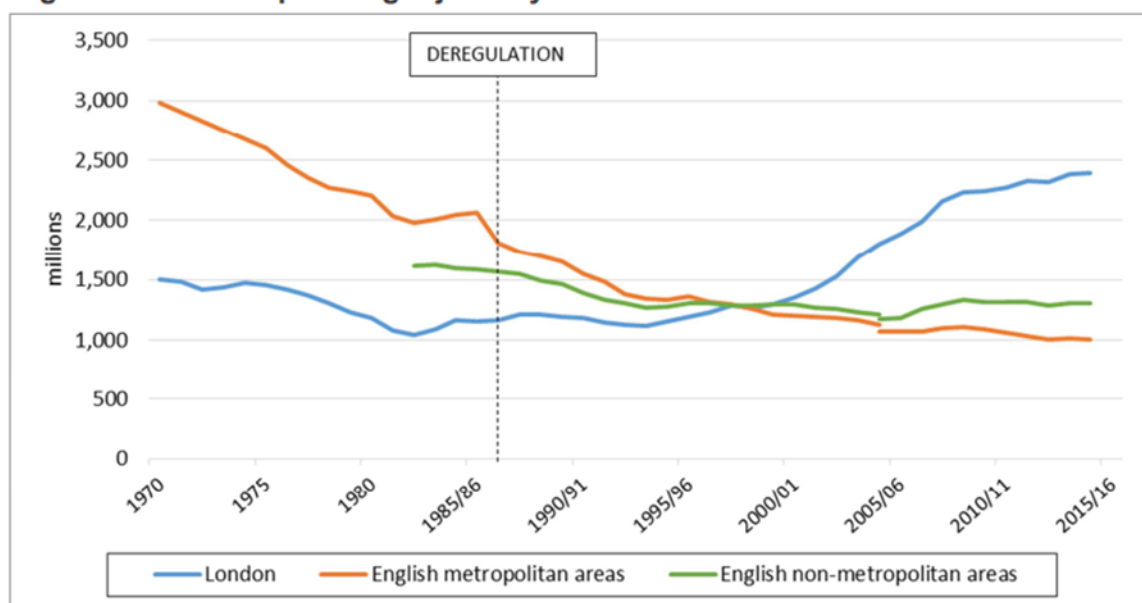
Even in the UK the benefits of franchising are clear:

- London, the only place to retain franchising when bus services in the rest of Great Britain² were deregulated, was one of the few places where bus passenger numbers grew rather than decreased. Figure S1 below, from our 2016 report [Building a World Class Bus System for Britain](#), shows the impact of bus franchising on passenger levels. The value of arrangements in London has also been shown in other studies such as the Urban Transport Group's [What scope for boosting bus use?](#).

² In Northern Ireland public transport has been publicly owned since 1947. It's currently set up as 'Translink' with several operating subsidiaries.

- Greater Manchester, which franchised some of its services in September 2023, has seen patronage³, punctuality and revenue increase and the cost of operation reduce in the [first year of operations under franchising](#). The punctuality of services has consistently outperformed both the current non-franchised network and the pre-franchised network.
- In Jersey, which is not bound by UK regulation, they moved to a franchised network in 2013. According to [Practical bus franchising: the Jersey Model](#), prior to Covid they had increased passenger usage by almost a third and reduced public subsidy by £800,000 per year.

Figure S1: Annual passenger journeys on local bus services



Some of the lessons of franchising in the UK under the 2017 Bus Services Act model were set out in the 2023 Urban Transport Group report [A Smoother Ride](#). This noted the difficulties, using Greater Manchester as an example, for a Combined Authority to get franchising through in a single Mayoral term. It recommends specific steps to simplify and streamline the process including:

1. Make the assessment process for a proposed franchising scheme quicker, by making it less onerous.
2. Ensure Local Transport Authorities have the information they need from operators (at the right level of detail) when they need it, backed by an enforcement regime. In the case of Greater Manchester, data was requested from operators at the start of the assessment process (June 2017) but was not forthcoming. An appeal to the Traffic Commissioner was required and a ruling was not received until over a year later.

³ Bus patronage has increased from 155.5 million in 2022/23, to 162.3 million during 2023/24.

Conclusions

The Welsh Government has learned lessons from the English experience, and consequently is planning legislation that will make franchising the default (mandatory) approach right across Wales.

The Welsh Government approach assumes that it is not appropriate to expect over-stretched and under-resourced local authorities to leap the inevitable hurdles involved in putting franchising in place – on the basis that franchising would take ages to occur, if it were to be achieved at all in Wales, if that approach were adopted. It is highly unlikely that it would be achieved on a scale and at a pace commensurate with Welsh Government policy objectives to transform public transport networks so as to urgently address climate change. That requires a rapid redesign of bus networks so that they work as efficient coherent entire networks dedicated to achieving the best public service available within limited public sector budgets, rather than being designed by bus operators, as at present, so as to maximise their corporate profits.

Welsh national government will therefore simplify the franchising process as much as possible and will take on the franchising powers and responsibility to put franchising in place, working with the expertise of local authorities and its national, publicly owned transport body, Transport for Wales, to do so.

The Scottish situation has many similarities to Wales, albeit with a preference for a regional model. If the Scottish Government wishes to achieve better bus services, and create public transport fit for the climate emergency, it must heed the lessons and lack of success of English franchising legislation and should consider the benefits of adopting a much-simplified approach similar to that of the Welsh Government.