

29th March 2007

RESPONSE TO CONCESSIONARY BUS TRAVEL BILL 2007

TravelWatch NW (TWNW) is part of the National TW Network representing public transport users.

TWNW concurs with the House of Commons Transport Committee's (HOCTC) view that "the concessionary fares system in England is in a mess"¹.

Without primary legislation there are no quick fixes, so the provisions of the Bill, and how these will be implemented, are important to all stakeholders, including passengers.

This submission therefore does not suggest any immediate changes, although some short term possibilities undoubtedly exist. Instead it focuses on what TWNW believe will be necessary post April 2008 when free off peak bus travel across England will become available to all pensioners and the disabled. Researching the current "mess" may be illustrative and perhaps in part predictive, but the situation post April 2008 will likely be very different, and hopefully, much less confused.

The HOCTC also point out that there is "clearly a problem with the way concessionary fares moneys are advanced to Concessionary Travel Authorities"² (CTAs).

Disbursements to CTAs and re-imburements to Bus Operating Companies (BOCs) are at the heart of the present "mess" and the Bill needs to contain (or reference) unambiguous acceptable and robust formula with which all stakeholders (passengers, BOCs and CTAs) can agree.

Disbursements to CTAs

Concessionary fares moneys are currently advanced to CTAs via the Rate Support Grant (RSG) and are based on demographics. Whilst superficially fair, this system creates winners and losers. It fails to reflect bus service levels in the area of each CTA and is not always "needs based". Thus a rural CTA with few bus services on which its ageing population can travel may well be in surplus (and can thus "buy"

¹ HOCTC "Bus Services in the UK" Third Report, Session 2006/7 para 20

² HOCTC "Bus Services in the UK" Third Report, Session 2006/7 para 21

more services), whilst a PTA with a dense bus service network could be in deficit ³, even, perhaps, having to reduce its own rural services to compensate!

The RSG also makes no allowance for honeypot destinations such as resorts, historic towns and cities and popular retailing destinations which might be expected to generate many concessionary riders from outside its boundaries.

TWNW therefore advocates a national disbursement formula based on bus usage by concessionary passengers. The idea of revamping the Bus Service Operator's Grant (BSOG) to reflect passenger journeys (or passenger/kilometres) and also embrace concessionary fares disbursements is superficially attractive but care would be needed to devise a formula which did not disadvantage rural CTAs with generally fewer but longer ⁴ services.

A centralised payment system based on an agreed formula if introduced now would sort out much of the present "mess". However, the other side of the coin, reimbursement, also needs to be addressed. The current lack of "ringfencing" of disbursements is unhelpful.

Re-imbursement to BOCs

The LOIS ⁵ formula in the Transport Act 1985 which attempts to ensure that operators are "no better or no worse off" is the basis for re-imbursements. It takes as its starting point the difference between the present concessions (half fare or better, including free travel) and average fare, and is thus a "make up" formula. From 2008 the "make up" element will disappear and re-imbursement calculations will be more simple to make just on the basis of concessionary passenger numbers and average fares.

However, two complications arise in the LOIS formula. The first of these, and the subject of most appeals, is the "generation factor" which is applied by CTAs to reflect the elasticity of demand for off peak travel and to ensure that any windfall extra revenue collected by the operator (e.g. half or flat fares) is shared with the CTA. This will be less problematic from April 2008, but the second complication, additional cost, will persist. LOIS accepts that operators may have to provide extra capacity as a result of a scheme and should be re-imburse for so doing. CTAs also accept this but question such practices as oversupply of buses on the basis of anticipated demand which may not be fulfilled. Neither is substitution of larger vehicles always necessary.

However the LOIS formula is adjusted, it should be transparent, the same across all of England, (indeed the UK) and acceptable to all stakeholders including passengers. If the argument for a centralised disbursement formula is accepted, then so should a centralised reimbursement scheme be considered.

The other issues in the Bill on which TWNNW would like to comment are all connected with the wider powers which the Secretary of State assumes.

³ as is the case with Nexus

⁴ BSOG is currently paid on registered mileage which helps rural operators.

⁵ Loss of Income Sustained

Concessionary Travel Authorities

These are currently PTAs, Unitary and District Councils. PTAs administer the schemes on behalf of their Metropolitan Districts, and there is no reason why "Shire" County Councils, as local transport authorities, should not do the same for their District Councils, especially as the Local Government Bill is moving in the direction of reducing the number of two tier authorities, and most Districts Councils have few, if any, other public transport responsibilities.

Appeals

The present system of the Secretary of State appointing an Inspector ⁶ to hear these, and the statutory grounds on which they can be made, works well. TWNW would support the extension of the appeals notice from 28 to 56 days to allow the gathering of more reliable data.

Other modes

There is already much evidence of migration from rail to free bus travel which could jeopardise the future of local train services. Some CTAs already extend their schemes to cover local Light and Heavy Rail and Ferries. Widening the scope of schemes in this way can help address this problem.

The following example from the South Lakeland /Lancashire border area shows the effect of free bus travel on local rail services -

"Pensioners can travel free on the bus linking Silverdale village to the station but not on the train when they get there. Similarly Carnforth Connect bus service is free but not the train at the station. A result of the scheme has been extra buses put on between Barrow and Grange competing directly with quiet off peak local rail services, and the subsidy of bus passengers between Windermere and Kendal by Council Tax payers who already pay taxes to subsidise the parallel rail line. Between Grange and Arnside for example the direct route is by rail depriving local pensioners of any concessionary benefit.

Many of these buses are large, even double deckers, running on country roads - hardly a sensible environmental approach.

It seems sensible to me that the concession should include local rail travel. However, this is unlikely to happen via District Councils - my own council cabinet refused this extension even though it was recommended by a working group, and the unanimous vote to the Scrutiny Committee - as they are not obliged to do it and have severe budget concerns. This would need to be done by the Govt in 2008 requiring the pass to be available for local bus and rail travel.

The result would be of great benefit to local rail lines and operators as the additional passengers pay via the local authority either offering the service operator a % of the fare on a recorded basis via on board computer (currently about 73% in my area) or by paying an annual lump sum to the operator for recognising the passes for free travel. The passengers are off-peak, a time when

⁶ Transport Act 1985 s. 99

space is available, and by a group who are likely to be interested in community rail offers and events thus expanding off peak travel rather than, at present being losing it to the buses which are less favoured by and less comfortable for pensioner travel.

Without it including local rail travel we are likely to see a disintegration of the integrated system many of us have tried to set up over the last years - to have buses running to and from stations and linking rather than competing with them - and suffer a loss of off peak travellers from the railway which cannot sensibly operate on peak hour and business travel alone.” (TWNW member)

The above examples can surely be replicated in many other rural and semi rural locations. Community Rail Partnerships, amongst others, are doing much to encourage more passengers to travel off peak – free concessionary bus travel should not detract from this.

There is also a good case for including Express coaches ⁷, where these provide the only bus service on a route.

Monitoring

Robust and dependable sampling of services and patronage is needed to operate concessionary fares schemes, and TWNW consider that sufficient resources should be made available for this purpose either to the Traffic Commissioners or CTAs (or both). There are no good reasons why such monitoring should not include service reliability to enable Traffic Commissioners to hold BOCs and CTAs to account for the performance of the bus services which the CTAs’ concessions are helping to support.

Conclusion

The Bill contains the necessary ingredients for a much needed improvement of concessionary travel arrangements. The details of how it is implemented will be important, and TWNW hope the government will find these comments helpful.

TWNW hopes that free off peak bus travel for pensioner and the disabled will go some way towards meeting the government’s targets for increasing bus patronage outside London.

supported by:

NorthWest Development Agency; North West Regional Assembly; Manchester Airport plc; Greater Manchester PTE; Merseytravel; Stagecoach North West; TransPennine Express; Virgin Trains; Passenger Focus

⁷ e.g. Kendal-Penrith by National Express. Also other BOCs now operate inter urban express services, like Stagecoach X61 Preston - Manchester and Blazefield’s “Wytch Way” Colne - Manchester and “Coastway” York - Scarborough. Express services do not qualify for BSOG unless stops are less than 15 miles apart.