

Achievements, Roles and Responsibilities

May 2016

1. Purpose

- 1.1. Over the last decade, industry partners have worked together with partners to improve bus services. This appendix outlines a selection of the key achievements, as well as outlining the respective roles and responsibilities of each of the three key partners in the Bus Industry in West Yorkshire; the bus operators, WYCA, and District Councils. To accompany this description of the roles of responsibilities, the appendix also includes details of the funding arrangements which currently exist between the partners.

2. Achievements

- 2.1. Over the past decade, WYCA/Metro, bus operators and District Authorities have delivered a range of investments and initiatives within the bus system. These achievements are diverse, some of these investment programmes have been delivered in partnership between public (both nationally and locally funded) and private sectors, some independently. Some are network-wide improvements, such as those relating to ticketing and information; some are infrastructure investments such as bus priority and interchange improvements; and some relate to service, including those delivered through investment in new vehicles and products.
- 2.2. A summary of some of the key achievements is set out below:

Ticketing & Information

- Almost all buses across West Yorkshire can now read smartcards, with over 1 million smart transactions taking place each week;
- M-Card multi-modal smartcard allowing customers to use a smartcard for multi-modal travel throughout West Yorkshire without the need to buy multiple tickets;
- Operator and third party-led improvements to ticketing, with the introduction of ticketing apps such as Traveline GB, Moovit, First Bus App, and Arriva app; and smartcard enabled ticket machines;
- Real time information to 14,000 stops with 900 stop displays, and available online and through mobile devices
- The majority of stops are fitted with QR ('Quick Response') code / NFC ('Near Field Communication') tag to enable passengers to obtain stop specific information on a mobile device.

Customer experience

- Investment in new and refurbished bus stations/interchanges across West Yorkshire, delivering safer and more comfortable passenger waiting facilities, with CCTV and Wi-Fi, in centres such as Leeds, Bradford, Keighley and Wakefield; and in local centres across West Yorkshire including in Brighouse, Ossett, Cleckheaton, Pudsey, Batley, Heckmondwike and Castleford;
- Under a new brand-name, Mybus, the development of low emission schools-based services, including the commissioning of a dedicated fleet of 150 bespoke vehicles to provide home-to-school and school-based travel for over 9,000 pupils at 133 schools across West Yorkshire;

- Transport is a major contributor to emissions and climate change. In total since 2009, West Yorkshire has benefited from nearly £8.5million of central government funding to support the introduction of 266 new or retro-fitted low emissions buses. Most recently, investment in West Yorkshire includes the purchase in 2015 of 34 new hybrid diesel-electric double-decker buses through the support of central government funding.

Vehicles & Services

- 2.3. All of the major operators in West Yorkshire have invested, and are continuing to invest in vehicle improvements as well as marketing and branding. Achievements in improving services and vehicles include:
- Arriva has launched its branded 'Sapphire' routes on inter-urban corridors, and also invests in 'Max' routesⁱ;
 - Transdev has recently upgraded its flagship 36 route that links Leeds to Harrogate and Ripon, as well as investing in its Keighley area servicesⁱⁱ;
 - First has invested in a new StreetLite fleet for Halifax and Bradford, as well as the 'pulse' brand in Leeds. Following its recent public consultation, and subject to a number of caveats, First also has plans for 'the New Bus for West Yorkshire', a proposed new fleet of vehicles which would be funded by First and would be based on London's New Routemaster vehicleⁱⁱⁱ;
 - Park and Ride services began to operate from a new facility at Elland Road near the Leeds United ground, to Leeds city centre in 2014. High quality investment through contractual agreement with WYCA has seen the introduction of well-lit bus shelters and real time information throughout the route. More than 80% of users previously travelled into the city by car;
 - Since 2010, WYCA-Metro and the five West Yorkshire local authorities have, in partnership with bus operators, implemented a programme of traffic light priorities for buses, giving buses priority when approaching 200 key junctions;
 - An example of investment by WYCA/LCC in infrastructure to deliver bus priority is the Quality Bus Corridor on the A65 in Leeds. The investment has resulted in improved reliability, safety and service frequency, and patronage.

3. Roles and Responsibilities

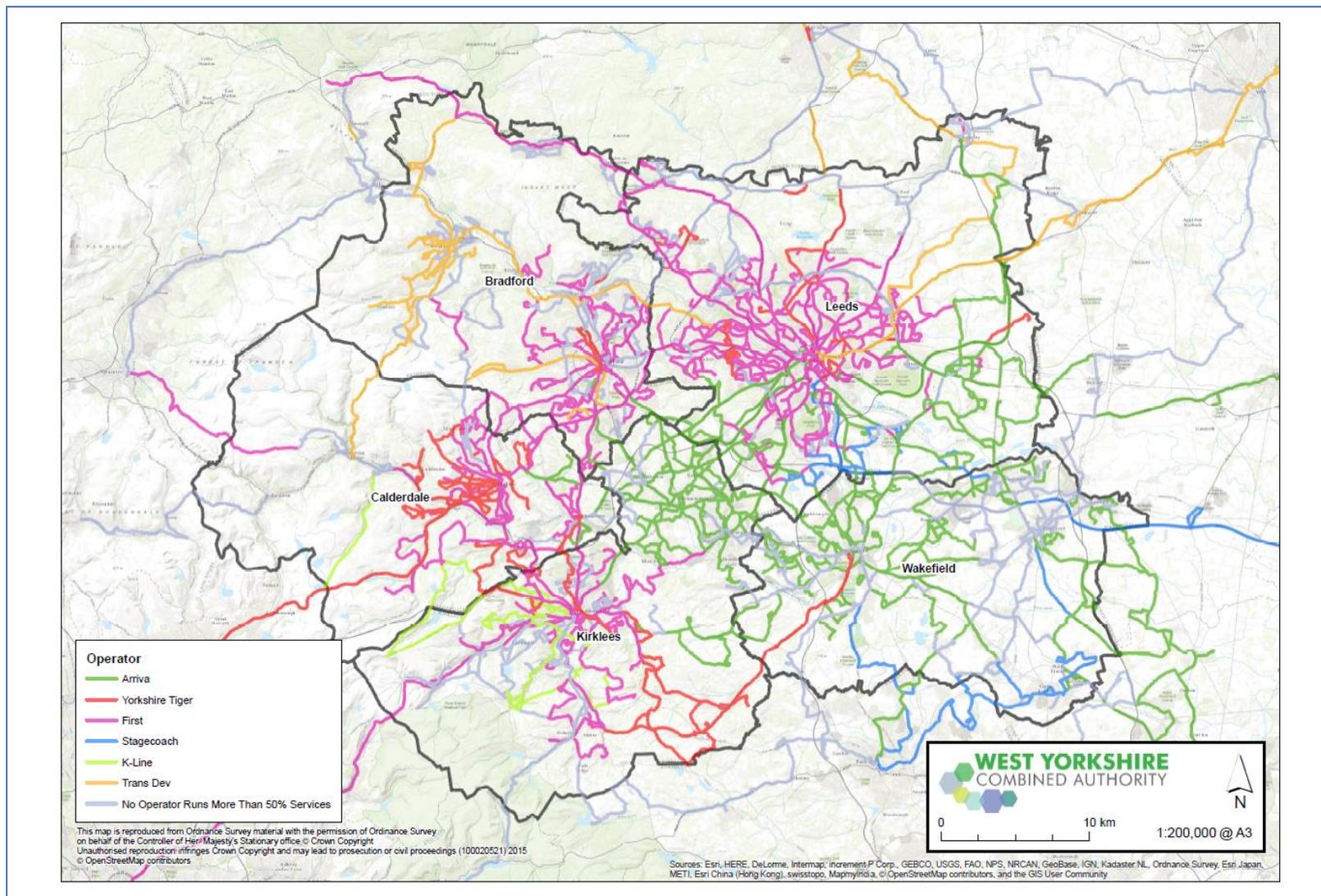
The role of Bus Operators

- 3.1. In 2014/15, there were 36 bus operators in West Yorkshire which together operated 58.1 million vehicle miles^{iv}. Two firms, First West Yorkshire and Arriva subsidiaries are predominant, together accounting for over 80% of the market^v. Their market share has remained broadly constant over the last decade, whilst the number of small operators has declined. Figure 3.1 illustrates the network coverage of the main operators.
- 3.2. Figure 4.1 illustrates that in financial terms, the West Yorkshire bus market has a total income of about £250m a year, with the public sector providing around 40% (around £95m) of that income, supporting the bus system through various grants, subsidies and reimbursements. Bus users contributed most of the rest through fares.
- 3.3. At present, each bus operator determines the services they intend to operate on a commercial basis and registers services with the Traffic Commissioner. Around 85% of the bus network is provided on this commercial basis^{vi}. For these services, operators decide on the route, timetable, fares, tickets and the type and capacity of bus used. Operators are required to give 56 days' notice of their intention to operate, change or withdraw a commercial service to the Traffic Commissioner.
- 3.4. For non-commercial services (often referred to as 'socially necessary', 'supported', 'tendered' or "contracted" services), the Local Transport Authority (WYCA) specifies the route and timetable and pays the operator for running the service. The bus operator, on almost all these services, takes on all the risks associated with passenger revenues and therefore sets fares and ticket prices. These non-commercial services are run under a contract with WYCA. Between one to four bids are typically received for each contract and WYCA assesses the operators' bids against a quality and price criteria, with the criteria dependant on the nature of contract to be awarded.
- 3.5. For all bus services, through a joint ticketing arrangement and the West Yorkshire Ticketing Company Ltd (commonly referred to as 'TICCO'), the operators also set fares of the multi-operator M-card products.
- 3.6. Under the current deregulated market, bus companies are able to compete against each other and are restricted, due to competition law, from:
 - Coordinating fare levels between operators, except as permitted by the Ticketing Block Exemption; or,
 - Coordinating and planning bus services jointly between operators, other than in specific situations where it is judged to be in the public interest^{vii}.
- 3.7. The de-regulated operating environment is intended to encourage on-road competition and product differentiation between operators. One consequence of this is that there is a wide range of different ticket types and products available, with over 400 different ticketing products available across West Yorkshire. While there are many different products, these tickets and passes broadly fit into three distinct categories:
 - Operators' own products with fare levels set commercially by each operator. Operators retain all revenue from their own-product ticket sales. Operators are not able to work together to set their own-product fares as this would breach competition law;
 - Multi-operator and multi-modal (bus and rail) tickets provided through the M-Card system. Operators receive a proportion of revenue from each ticket sale, reflecting usage

of the tickets on their services. Pricing is agreed by operators through a Ticketing company (TICCO) facilitated by WYCA^{viii}. The TICCO Board makes decisions on fare levels based on voting rights which broadly reflect respective market shares (two votes for rail operators and for First Group, one vote each for Arriva, Transdev, and small operators) with WYCA having a single vote. The M-Card system is administered by WYCA under a set of rules approved by the TICCO Board;

- The concessionary travel schemes; the national scheme (English National Concessionary Travel Scheme (ENCTS) set by the Government, supplemented by a local discretionary scheme. Together these provide free bus travel to those over female State Pension Age and to eligible disabled people including their travelling companions in certain cases; a half fare to all young people up to the age of 19, and a free entitlement for children under 5.
- 3.8. Within each of these categories there are various ticketing products including combinations of singles and a small number of returns, and for different periods of travel. A common feature is that all fares, including M-Card tickets, are set by the TICCO, which is dominated by operator interests. There is an inherent commercial incentive for larger operators with their own network tickets to focus on their own operator tickets and encourage purchase by passengers rather than M-Card products, since the operator take 100% of revenue in respect of its own products where as they only receive a proportion of revenue from M-Card ticket sales. This has also created a barrier to entry around ticketing for smaller operators when attempting to compete against the larger operators. For example, the owner of TLC, a smaller operator based in Bradford has stated that “West Yorkshire is sewn up by the big groups, and their ticketing makes it almost impossible for us to compete.”^{ix}
- 3.9. The majority of bus tickets are purchased by customers as single operator tickets, from the driver. Some operators on some services have introduced period ticket payment online but overall most tickets are still bought from the bus driver at the point of boarding a service, with payment by cash. Appendix D illustrates that an unintended consequence of this leads to services on Monday mornings being slower than on other days (as many passengers purchase their weekly ticket from the driver at the start of the working week).

FIGURE 3.1 PREDOMINANT AREAS OF OPERATION FOR THE MAIN BUS OPERATORS ACROSS WEST YORKSHIRE



Source: WYCA 2015, Morning Peak

The role of WYCA and District Councils

- 3.10. On its formation in 2014, the West Yorkshire Combined Authority (WYCA) brought together into a single body the decision-making and delivery powers around transport that were previously held by West Yorkshire Integrated Transport Authority (WYITA) and the West Yorkshire Passenger Transport Executive (Metro), and took over some of the powers in respect of economic growth, and regeneration of the five West Yorkshire District Councils, and City of York Council. WYCA operates on behalf of the 2.2 million people of West Yorkshire and York, retaining the brand 'Metro'^x, to help plan and coordinate public transport services. It undertakes the following roles that have an impact on with respect to bus services. As the Local Transport Authority (LTA) for West Yorkshire, WYCA has a statutory duty to:
- Produce and maintain a Local Transport Plan for the region that meets the needs of the people living or working in the area, or visiting or travelling through the area;
 - Fund, plan and procure bus services which are considered to be “socially necessary” but which bus operators do not regard as commercial. These services represent around 15% of the bus network in West Yorkshire^{xi}, largely operating in rural areas or early in the morning, during the evening and on Sundays; and
 - Fund and manage the concessionary travel scheme (ENCTS)
- 3.11. In addition, WYCA:
- Delivers school transport bus services for school pupils across West Yorkshire, co-ordinating the needs of the students who are the responsibility of their Local Education Authorities and those who live closer to, but not within walking distance of, their schools and colleges;
 - Funds and administers a supplementary locally determined concessionary travel scheme (those groups described in paragraph 3.7 not covered by the national scheme).
 - Administers and facilitates the development and implementation of M-Card smartcards^{xii};
 - Invests in and manages transport assets across the region, including 14,000 bus stops/shelters, and 30 bus stations / interchange points;
 - Provides travel information at stops, stations, online, and over the phone through Metroline;
 - Maintains the local 'Metro' transport brand and of stops, assets and services;
 - Develops and implements policies and programmes that deliver improvements to the transport network, including highway, rail and bus schemes.
- 3.12. As the local highways authorities, the five District Councils across West Yorkshire play a significant role in shaping the bus network. They are responsible for the highway network 'track', including providing bus lanes, the Urban Traffic Management Centres (UTMC) to manage traffic flows and maintaining the road surface, including in bus lanes/guideways. As local planning authorities they are also responsible for the Local Development Plans and planning process for new developments and work closely with WYCA on strategic transport developments, such as HS2. Many of the highways and public transport schemes being developed through the West Yorkshire Transport Fund are also being led by local highway authorities.

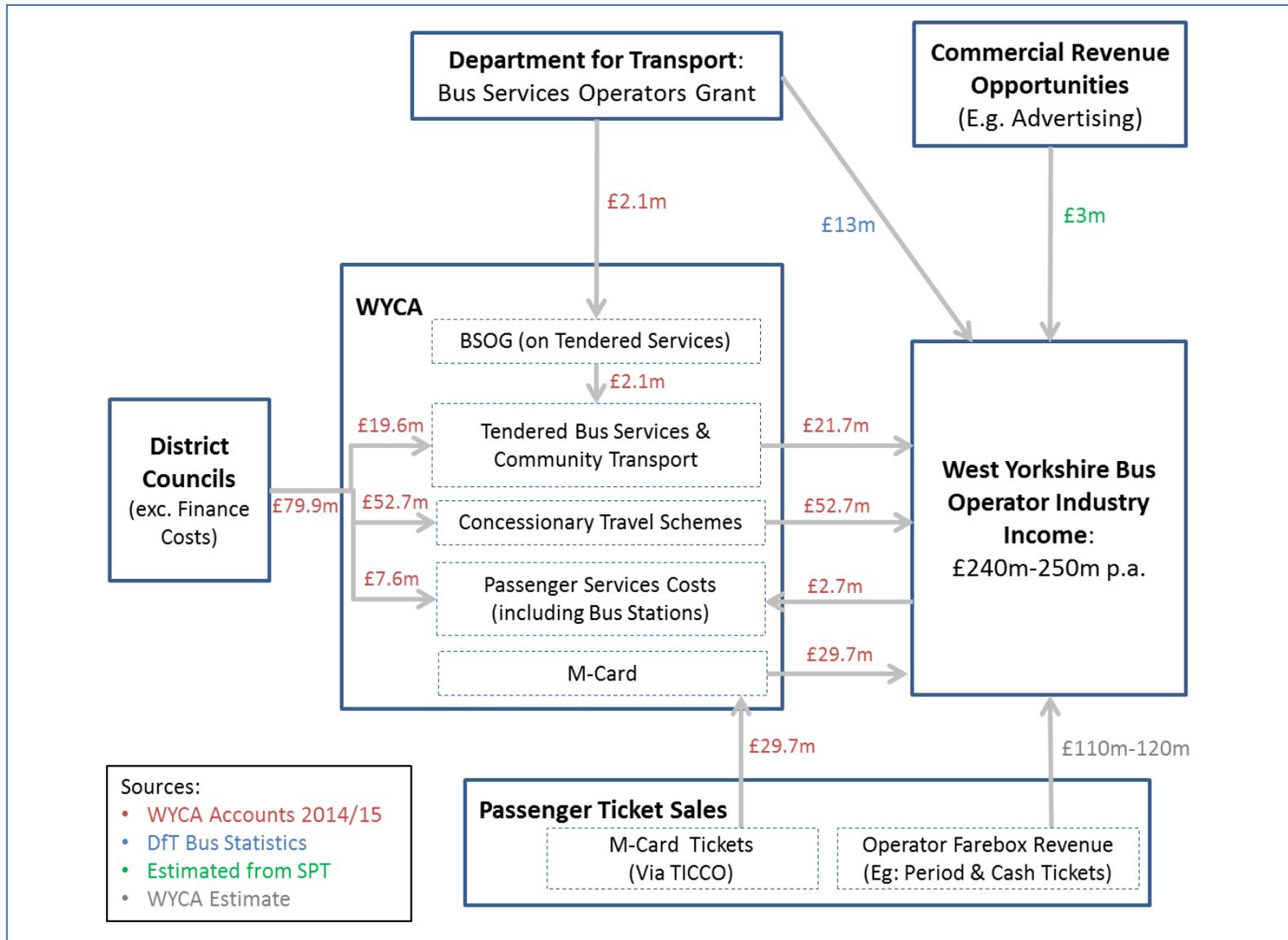
Cross cutting areas of responsibility

- 3.13. In terms of information and promotion of services, information on some individual services is provided by operators for their services, in addition to Metro-branded materials at stops and online. Operators provide information specifically focused on their own customers and services, both on and off-vehicle. A common belief held by some members of the public as identified through previous consultation is that they believe that bus services are all run by Metro, even though it is 30 years since this was the case. Information and promotion of services and the bus system varies across the region in terms of consistency, quality, duplication, and in frequency of change and across the many media platforms. This has created confusion amongst the travelling public regarding who is responsible/accountable for the bus system.
- 3.14. 'Real-time' or 'live' information is an increasingly important part of all aspects of information provision. Over the last decade, WYCA and its predecessors have invested in live bus departure information displays at around 900 bus stops. Real-time bus information is available at all bus stops through text message/online. Almost all buses in West Yorkshire can provide live real time tracking data, however, from a customer perspective the real-time system can be unreliable, with it only working successfully around 85% of bus services. Different operators achieve different success rates in delivering the real-time system, but overall one of the most common complaints is that buses often appear 'due' on real time screens, but then fail to turn up at the stop.
- 3.15. Whilst there is a universal West Yorkshire-wide "back office" system for real-time information, the quality of information which goes into the system is variable by operator. The increasing availability of other systems and information in other aspects of people's lives that does give 'live' information raises expectations of public transport, and specifically bus, systems. This is particularly the case in terms of the impact of disruption, such as from road-works. Information on disruption is an important aspect to get right, especially in the context of the rise in social media use and rising levels of expectation with respect to instant information. In these situations, the value of real-time information is highest, but the quality of the predictive information is at its poorest. This is because there is no overall coordination (across WYCA, Operators and the Highways Authorities) or formal data sharing at times of disruption.

4. Funding of the bus system

- 4.1. The funding of the bus system is complex. The public sector indirectly contributes to the funding of all bus services. Broadly, funding for bus services comes from the following:
- Fares paid directly by passengers directly to operators, largely on the vehicle;
 - Fares paid by passengers for M-Card tickets, which are administered by WYCA. These fares are then redistributed to operators based on the rules agreed by TICCO;
 - Bus operators receive a partial rebate for fuel duty called BSOG for commercial services. In West Yorkshire, this is paid directly by the Department for Transport to operators reflecting the vehicle miles operated. The DfT pay WYCA a sum equivalent to BSOG for non-commercial services;
 - Reimbursement to bus operators from WYCA for carriage of concessionary passengers under both the national and discretionary local concessionary schemes;
 - WYCA pays operators providing tendered services, according to the contracts awarded on a competitive basis.
- 4.2. Figure 1.2 summarises the funding flows across West Yorkshire. It illustrates that the market is worth about £250m^{xiii}. The taxpayer provides around 40% (just under £100m) of funding towards supporting the bus system through various grants, contracts and subsidies, slightly less than passengers contribute. Although the public sector provides 40% of the annual investment in the bus system, it has limited ability to specify what the system as a whole should deliver.
- 4.3. The ability of the public sector to invest in the growth of the bus system is constrained. Interventions under the Transport Acts are limited and constrain risk and profit sharing between public bodies and commercial operators.
- 4.4. Operators' investment is largely focused on renewal of the vehicle fleet and the upgrading of fixed assets for example depot equipment.
- 4.5. Finally, with funding flows being complex and not always transparent, Figure 4.1 also demonstrates a broader issue around the lack of overall accountability for the bus system across West Yorkshire. It shows that when things go wrong for the customer, it is very challenging for the customer to identify who is responsible, let alone whether they will be fully accountable. For example, the M-card tickets, whilst using the Metro brand, are coordinated and controlled by operators through TICCO. In many cases, the customer's right to redress when things do not go well is ill-defined, and different parties can each appear to be seeking to evade responsibility.

FIGURE 4.1 HOW WEST YORKSHIRE BUSES ARE FUNDED



References

- i <https://www.arrivabus.co.uk/about-us/sapphire/>
- ii <http://www.harrogatebus.co.uk/news.jsp?newsID=1647>
- iii Letters from Dave Alexander to Cllr box (19 August 2014) and from Paul Turner to John Henkel (26 March 2015)
- iv DfT Bus Statistics (2015). Table BUS0208a: Vehicle miles on local bus services by local authority and service type
- v Bus 1006 <https://www.gov.uk/government/statistical-data-sets/bus10-number-of-trips-and-information-systems>
- vi Bus 208 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/463809/bus0208.xls
- vii Such as through a qualifying agreement which has been certified by the Authority as being in the interests of the persons using local bus services
- viii TICCO is the company that administers the West Yorkshire Ticketing Scheme
- ix Route One magazine (2014). 'TLC Travel – Building a niche operation', published October 2014.
- x Although this no longer refers to the organisation.
- xi Bus 1006 <https://www.gov.uk/government/statistical-data-sets/bus10-number-of-trips-and-information-systems>
- xii Although not setting the fare levels of M-Card which is the responsibility of TICCO.
- xiii Bus operator profits are not included in this analysis as it is not possible to disaggregate the value of profit in West Yorkshire from published company accounts.