

Transport Committee

Oral evidence: Health of the bus market, HC 1425

Monday 26 November 2018

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[Watch the meeting](#)

Members present: Lilian Greenwood (Chair); Ruth Cadbury; Huw Merriman; Grahame Morris; Graham Stringer; Daniel Zeichner.

Questions 156 - 312

Witnesses

I: Mick Lynch, Assistant General Secretary, RMT; and Bobby Morton, National Officer, Unite the Union.

II: Martin Dean, Managing Director, Bus Development, Go-Ahead Group plc; Bill Hiron, Chair, ALBUM; Malcolm Robson, ALBUM; Alex Hornby, Chief Executive Officer, Transdev Blazefield; and Steven Salmon, Director of Policy Development, Confederation of Passenger Transport (UK).

Written evidence from witnesses:

- [RMT](#) [and [supplementary evidence](#)]
- [Unite the Union](#)
- [Go-Ahead Group plc](#)
- [ALBUM](#)
- [Confederation of Passenger Transport \(UK\)](#)

Examination of witnesses

Witnesses: Mick Lynch and Bobby Morton.

Q156 **Chair:** Welcome both, and thank you very much for coming along today. Can you please introduce yourselves for the record of our proceedings?

Bobby Morton: I am Bobby Morton. I am the national officer for passenger services with Unite the Union.

Mick Lynch: I am Mick Lynch, assistant general secretary of the RMT, responsible for buses in our sector.

Q157 **Chair:** Thank you very much. I have an interest, in that my stepson is a bus driver. Other members of the panel also have interests to declare.

Grahame Morris: I am a member of Unite the Union. I am chair of the Unite parliamentary group. I am also a member of the RMT parliamentary group.

Graham Stringer: I am a member of Unite.

Daniel Zeichner: I am a member of Unite.

Q158 **Chair:** I am sure you will feel delighted by that. We are here to talk about concerns around the bus market, and who better to ask than the people who work in the bus industry. Both of your unions have asked your bus members what they think about the bus market. What are the top three issues that your members have identified with the way the bus market operates at the moment?

Bobby Morton: There are three major themes running through it at the moment. The major one that we are all—I will use the word—terrified of is the automation that is not only on the horizon but already on the streets of the UK. I am talking about driverless buses.

There is also a great fear running through the industry, among the drivers, about fatigue. At the moment, the bus industry is very understaffed. There is turnover of maybe 25% per year. There are driver vacancies throughout the whole of the country. What is happening is that bus operators are actually running their companies based on overtime payments; people already working longer hours have to work overtime. I will leave it by saying that there have been quite a number of fatalities over the past three or four years involving bus drivers through fatigue that have been proved at different investigations.

Q159 **Chair:** That is very worrying. Mick, would you agree? Are those the top issues that are being raised by RMT members as well?

Mick Lynch: Yes. I guess the top one is the hours of work. UK bus drivers can work up to five and a half hours behind the wheel at a stretch. There is some dubiety about European law. I do not want to open that debate here, but there is a European regulation and a UK regulation and, as usual, the UK one is worse. If you ask most bus drivers what they



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are most stressed about, it is the length of time they can be compelled to get behind the wheel without a break. Often they do not get their breaks anyway because of late running and congestion.

Bus drivers, like most workers, always want a few more quid in their pocket at the end of the pay cycle, but I would say that is not their main concern at the minute. Most of them are really worried about decline, about the service itself going into the decline and the lack of support from the Government in just leaving things to the market. It is a shame that this investigation is called the “market”. It would have been nice if it was called “bus services” rather than predicating that there has to be a market in bus services.

Our members are genuinely interested in the issue. They are generally in rural areas. We have a lot of members in Devon and the west country, Lincolnshire and places like that. They are very worried about the ability, and sometimes the willingness, of county councils to provide support.

It might be a bit of a cliché from the RMT, but they are looking for more obligations to be brought into the system—ideally public ownership, in our view. If we are short of that in the short or medium term, we should put more obligations on the people who can control bus services. We should require city councils, town councils and county councils to deliver a service that is valued by vulnerable communities and all the rest.

That might lead to reforms in terms and conditions, because if the market or the service grows, the terms and conditions may follow it. At the minute, I think people are worried about decline in general. Decline leads to decline, and it is a vicious circle. Once the service is not available, it tends to mean it is going to be written out of the agenda pretty soon.

Q160 Chair: Obviously we understand those concerns. Concerns about the availability of services and about decline go a lot wider than just those who work in the industry.

Bobby, you mentioned fear about what automation will mean. How do you think that bus operators and bus companies will respond to those developments? What are you seeing happening at the moment in companies where your members are employed, and how are bus operators responding to the possibility of more connected and autonomous vehicles?

Bobby Morton: Without naming the company I was with last week, which is very shortly going to put autonomous vehicles across a bridge in Scotland, I have spoken to the company on a number of occasions and conveyed the feelings of the workers. Once driverless buses come in, obviously there are going to be fewer drivers’ jobs. If you go with the rest of the new technology in the depots as well, many traditional jobs are disappearing.

With most of the operators I deal with, I ask for meetings with them purely on new technology, so that we can find a way forward that suits



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not only the bus operators but the people who work for them and who are feeling in a precarious position at the moment because they may lose their job. I have not yet had a bus operator say to me, "We won't meet with you," but I have not had a meeting with any of the bus operators to discuss the problem.

Q161 Chair: From your discussions with your members, do you think the drive to automation is meeting the needs of passengers? I get the sense that one of the things that people value about travelling on the bus is the interaction with the driver. They value being able to say hello to the driver and feeling that they are being looked after while they are on the bus because there is a member of staff there. Is that something your members feed back to you?

Bobby Morton: Yes, it is very often fed back to me, but if we are talking about passengers and the interests of passengers, which Mick touched on, services are being reduced across the board in the UK. Since 2010, there has been a reduction of 3,088 routes, which has been done for the benefit of the shareholders of the private operators; it is not done for the benefit of the passengers. When you ask me about the future, the way I see it, and the way our joint members see it, is that the operators will be looking after their shareholders in terms of increased profit, but they will not be looking after the bus drivers, and they certainly will not be looking after the passengers.

Q162 Chair: You are waiting to have those discussions with the operators about what new technology might mean for services, particularly for your members.

Bobby Morton: Yes.

Q163 Chair: Mick, have you had any discussions with operators about the changing nature of work and what that means for your members, and perhaps what might be necessary in the future?

Mick Lynch: Not very deep conversations. It is more that they make announcements. It is a similar experience to Bobby, if not exactly the same. They make an announcement that they are going into a project. The one in Scotland was announced last week.

A lot of our members were thinking it was a long way over the horizon, because they are often long-term and committed employees of the industry, but now it is upon us people will become more and more insecure. People see bus drivers coming into the industry but it is hard to get them to stay. They see it as a declining industry and somewhere you cannot make a career. I think that will be a problem.

I think the bus companies will just seek the most profit-making routes. That is their motivation; it is not to provide a service to communities. Anywhere you cannot get an automated bus, or you have to have the overhead of a bus driver, they will seek to get out of commitments to run those routes. That is the nature of bus companies and all companies in



this sector. They follow the profit, not where the community needs them to be. That is not what they are set up for.

The conversations have not been very deep. They are following the grants and allowances that have been given by the business and industry section of the Government. They are saying, "We have to develop this technology." It is all very wow and flashy with lots of hipsters designing flash software, but they are not thinking about what is going to happen to the communities and the world of work. It is not just the bus industry. Everybody needs to think about what the world will be like if many hundreds of thousands or millions of people do not have meaningful work to do. Bus driving is a very useful and meaningful job, and long may it continue as far as we are concerned.

It will creep up on people in the next couple of years that something needs to be done to address the situation. I do not think we can leave it to the market. I do not think the market is capable of dealing with it.

Chair: You are right that the issues of automation go far wider than just this industry, important though it is. We will come back to look at issues around recruitment, retention and remuneration packages.

Q164 **Grahame Morris:** Mick and Bobby, I am sure you are familiar with the terms of reference of the inquiry. We are looking at bus services and the bus market in England outside London.

I do not know if you are familiar with some of the submissions that the private bus operators have made, or if you have had the chance to see them. Go-Ahead Northern put in their submission that they support a national strategy for buses. Is that in line with your thinking? Is your view of a national strategy rather different from some of the private operators?

Mick Lynch: Yes, I had a quick look at the Go-Ahead one, which came our way just before we came in. Most of what is in there—I think there are five sections in their submission—we can go along with. It is common ground that we want to reinvigorate the bus sector. Obviously they want a bigger sector to operate in, and we want a bigger sector for the communities and the people who work in it.

They are looking at a national strategy, but again they are only looking at targets. They will want to deliver the target, whichever way they go, that accords with their business plan. We want to see regulation. I am a bit old-fashioned on this. I like regulation and I like direction and obligations on people, so that they have to fulfil what they are told to fulfil on behalf of another estate. If it is for elderly or vulnerable people in villages, I want that to be an obligation while they are seeking their profits.

I think they are trying to get away with some kind of volume target, whereas we might be looking more at a quality target and quality of life in communities. I do not disagree with what they said. It will be interesting to have a national framework. We had one until the mid-'80s.



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We had a national bus company and it served communities very well. The car became the thing of fashion and took us over.

Looking at how we recruit and retain bus drivers, how we get ecosystems, electric buses and new types of vehicles, a national strategy and an industrial strategy for the manufacturing sector and the bus provision service would be a good thing. The detail is in what that means. Again, we would like regulation, and I suppose they would like a bit of licence to get away with what they can to make their profits, but a national forum and a national strategy would be common ground for us.

Bobby Morton: I apologise; I have not actually seen the documents. This may sound crazy, Lilian, but from where I am sitting the national strategy of the bus operators appears to be not to have a national strategy. If we had a national strategy, we would be going back to regulation. From the window I look through on the bus operators, the likes of Stagecoach, First Bus, Go-Ahead and Arriva are large groups that are separated into maybe 40 different operational companies, all on different rates of pay and all on different holiday rates. There are different work conditions within all those 40 opcos. I do not see them having a national strategy to bring it all together, which is the way I think it should happen, to bring some regulation to the industry. They all operate as individuals.

Q165 **Chair:** When we set out our terms of reference, we were thinking about the Government. The Government have a strategy for aviation and for rail, but they do not have a strategy for bus. If you agree that there should be a national strategy for bus—you may say that structures and control are what really matter—is there anything else you think should be in a national strategy for bus?

Bobby Morton: There are so many things; we could talk about it all night. For instance, on some of the correspondence you sent, I noticed training across the industry. Training is very often outsourced to different companies. That tends to lower standards as you go along. Training should be part of the national strategy, and there should be one objective. For me, it should be Government-run to make sure that the standards are adhered to. That is just one of them, but we could reel off more. That is my way of thinking.

Mick Lynch: From our point of view, it would be not just about targets but about obligations on how you repopulate the bus services. Bus services have fallen by half since deregulation. There are half as many people using them as there used to be, so the room for them to make a return from the operators' point of view is limited.

The strategy needs to expand buses. There is a golden opportunity where technology meets provision and obligation. You can say that we should be a market leader in bus manufacture of all sorts of different stuff that we do not have to imagine here—that is up to the engineers and the



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designers—but it should meet express Government policy to expand the bus market and reinvigorate communities.

Let's not forget that people are getting older and living longer. We want people to have access to towns. We want to reinvigorate towns and get people from outlying communities into shopping areas. Those who do not use the internet and all that stuff are more and more vulnerable. They will feel more and more isolated. There has to be a coherent transport policy that connects with rail and everything else on the agenda. We cannot just all turn into a society where we sit in our little pods, and those who can afford it order Ubers and travel to out-of-town shopping places, or whatever people do with their lives, selling each other coffee forever, as it seems the future of Britain is.

We have to have a strategy that is a bit industrial and brings back manufacturing and is a bit about reinvigorating communities. It cannot just be, "We're going to do this with buses." It has to be the whole thing connected together. For me, public ownership has to be in there. We cannot just be reliant on bus companies to say, "This is how we're going to order our cities and communities," because they will not do it in the way that most of us would want it to be done.

Bobby Morton: The whole strategy would need to be geared towards passenger needs rather than anything else.

Chair: Even if they want to go and buy coffee. We are going to move on to look at what it is like to work in the bus industry.

Q166 **Ruth Cadbury:** We have heard from bus companies and local authorities that there is a shortage of drivers. Do you agree? How easy is it to recruit bus drivers and to what extent is retention also a challenge?

Bobby Morton: I pointed out before that there is 25% or 26% turnover every year. It is very difficult for operators to retain their staff. There are many reasons for that. The roads are obviously congested. When the timings for a particular route are made up, they just look at a clear road or a clear route on a nice sunny day with no distractions. They are not taking any notice of congestion. That leads to stress on the drivers who have to meet targets all the time.

In the north-west, where I hail from, one particular depot in the last few weeks recruited six drivers on a Monday, and by Friday the six drivers had left because they did not like what they saw on the roads at all and did not want to carry on in that industry. They just left the company they were working for.

There are many stories coming from drivers. I mentioned the fatigue element. People are in a very bad situation. The operators' answer to it at the moment—I am absolutely shocked by this—is to introduce what they call seeing machines. If you are a man or a woman driving a bus, you have numerous cameras trained on what you are doing, what is happening on the road and so on. The seeing machines shine an infrared



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light into your eyes. You cannot see them, but if you blink for too long and show signs of fatigue, the seat that you are sitting on will vibrate violently to shake you awake. Those are the types of things that drivers are having to put up with.

The fatigue is there. No one is doing anything to combat the fatigue, but they wake up a driver who looks as though he or she is going to nod off. All of that adds to the pressure on a driver who, outside London, has to be an accountant dealing with maybe £1,000 in cash every day. They have to be a health and safety expert responsible for the health and safety of maybe 80 passengers on their bus. They have to be a psychologist as well, because very often members of the public who have been waiting in the rain for a bus that is 10 minutes late are not in the best of moods when they get on. Those are the pressures that affect drivers.

Q167 Ruth Cadbury: Do you think those kinds of pressures do not help the passenger experience, particularly if they are rushing to get the route finished in time? Perhaps they drive fast or start and stop suddenly, or are a bit sharp to passengers. Do you think that is a potential issue?

Bobby Morton: Yes, it all adds to passenger dissatisfaction. I said before that drivers have to meet targets, and there is pressure on them to do that. As you described, they may brake very sharply, which affects a passenger. There are all kinds of things like that going on in the bus.

Q168 Ruth Cadbury: You mentioned the psychology.

Bobby Morton: Yes.

Q169 Ruth Cadbury: Do you think the age profile of drivers is an issue? Quite a lot of the core workforce is getting towards retirement age. Is that adding to the problems?

Bobby Morton: I feel that it greatly adds to the problem. One of the problems that the operators face at the moment is that younger people do not wish to enter the industry. They have seen what it is like, and there is nothing there for them. You will find that the majority of bus drivers in the country are vocational people. That vocation does not apply to younger people. Where we are going with that at the end of the day, I do not know. The job has to be made more attractive than it is now.

Q170 Ruth Cadbury: Are they going on to jobs that are better paid, less stressful or more attractive in some other way?

Bobby Morton: I would not know where they go. All I know is that every year 25% of them go somewhere, but I do not know where.

Q171 Ruth Cadbury: In your evidence—I cannot remember whose evidence it was, maybe both of you—you said that bus companies are getting rid of experienced drivers, those who have longer service so their pay scale is higher. The bus companies have told us that they are short of drivers. Which is the case?



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Mick Lynch: Both things can be true. A lot of bus companies have a two-level or sometimes a three-level contract. People who have signed new terms and conditions will be cheaper. They may get a slightly higher hourly rate but they will not get sick pay or as much holiday. They have almost casualised their own workforce internally. People think that they will not progress up to the old contract, which the veterans may be on—the 20-year people—so they move on because they think it is a temporary job.

All those things are true. There is an ageing workforce who are clinging on to some terms and conditions that were negotiated quite a while ago. Younger people do not see the bus industry as a place to make a life. I presented a medal to a bus driver last week in Devon who had been driving a bus for 55 years, would you believe. He was 71, and they asked him to come back from retirement because they cannot get bus drivers in the Exeter area.

That is what life used to be like. We have a lot of 40-year members in the bus industry, but now if anyone ever got a 25-year medal I would be very surprised. They cannot stand the stress. It is an extremely stressful job, and in country areas like the west country you are looking at wages of between £10.50 and £11.20 or £11.50 an hour as a top rate. There are no premiums for overtime and no shift money. It is flat rate all the time. That is not minimum wage, but compared with what you can get in the retail sector, do you want to be a bus driver, sometimes working 24/7 with all that responsibility—in the morning 50 or 60 kids, and in the evening a lot of rowdy people wanting to go into town for their night out—for that rate when you could go off to a good retail provider and get something much steadier?

The pension has gone. A lot of the benefits that used to be involved with working in the transport industry have been stripped away because there are no reciprocal travel arrangements any more. It is very stressful. They cannot get people through the training. People think it is all going to be like a video game. I have spoken to three bus branch secretaries this morning. They say that, through the training regime, one out of 15 is still with companies within two years of starting their training. That is from coming in the door as a trainee bus driver. Soon we may have to give out medals for reaching two years rather than 40 and 50 years, because people just cannot hack it.

There is a danger for us in that, because they may say, "That means we must go for automation. If it is so stressful, let's take you out of that position." That is a very short-term position because I doubt if they will ever automate to the villages. I doubt they will try to get automated vehicles to go to the smaller towns. We have the danger that we are on a bit of a precipice. They cannot get the staff and it becomes a self-fulfilling prophecy that you cannot fulfil the timetable. That is a real danger now.

Q172 **Ruth Cadbury:** You made reference to London. It is cashless so that is



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one less thing that London drivers are doing. Do either of you represent drivers in London, and is there a difference in the driving experience? I am a London MP, and there is an issue with recruitment and retention in London. In your experience, is it less of an issue?

Bobby Morton: I remember maybe four years ago speaking about London bus drivers in this place. I made the point at the time that I use public transport here and in other places in the country as well. Whenever I used to get on to a bus in London, I was met by a stony-faced person who stared straight ahead. It might as well have been a robot. If I was in Liverpool and I entered a bus, someone would say, "Good morning," and, "Have a nice day." When I got off, I would thank the driver. It was two different things.

Thankfully, TfL have got to grips with that. There were all kinds of issues in London. One day, you could be working for one company and the next day you could be working for another company in a depot 40 miles away on a different pension scheme and so on. That has largely been taken care of. Outside London—I mentioned this before and I repeat myself—most bus drivers appear to the customer to be happy people. What is lurking underneath is a totally different entity.

Q173 **Ruth Cadbury:** They have to interact because of the cash, whereas in London there is no need to interact with the driver.

Bobby Morton: No, there isn't. The other point I was going to make on the back of what Mick said is that there is not the incentive there used to be for bus drivers. There used to be excellent pension schemes.

Q174 **Ruth Cadbury:** That is the same in London and outside London.

Bobby Morton: Yes, they do not exist now. The pension schemes that were there have been taken away from them, which is a big shame, because the incentive to stay 30 or 40 years with a bus operator has been taken away.

Q175 **Chair:** Mick, I think you said that with certain operators only one in 15 make it through the training, which seems—

Mick Lynch: Two years after training.

Q176 **Chair:** That is a really high level of turnover, and it is obviously a big waste of the investment you have put into someone's training if only one in 15 is still there two years later. Do you think that is primarily around the stress of the job, dealing with the public and the shift work? What would you put as the most important factor?

Mick Lynch: It is all of those things. There is a market. I do not want to get into other areas, but I asked our members in Andover and Basingstoke, which are reasonably sized towns where there is not much unemployment, what it was like for working people in that area of the market. Are there any eastern European people? All the eastern European bus drivers have left. We had a load of Nepalese bus drivers in the



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industry and they are starting to leave now. People are just drifting away from the bus sector due to the price for your labour compared with what you have to do to get the bus service moving.

Let's not forget that people are starting work at 3 o'clock in the morning on some shifts and not finishing until 2 o'clock in the morning on other shifts. They are going through a whole rotation for flat money. A lot of people just think it is not worth the candle. "Why should I do this? I get up before everyone else and often I'm going to bed after everyone else. If I can get a job in a cashier sector, I'll just go there."

It is a whole panoply of things. They think subconsciously that the sector is in decline, whereas before they would have said, "I will cling on here because it has a great pension and if I do get a bout of sickness the company is going to look after me in a paternal and benevolent way." That just does not matter any longer. People feel you are just a number, as you would be working in any other sector of industry. That is the way British working life is now. There is no loyalty to the worker, and the worker does not feel particular loyalty to the organisation. That is where we are, and it is happening to buses.

It is less prevalent on rail. We are largely a rail sector. The wages on the railways are higher than they are on the buses. There is pension and sick pay, so it is not quite the same.

Q177 Daniel Zeichner: It is nice to see you both. On that point, can you say a little bit about how the remuneration has changed over time if you look back at the industry over the last 20 or 30 years as compared with other jobs? Where is it now?

Mick Lynch: The great one is a London bus driver compared with a London train driver. They are probably on half the money since deregulation. A train driver in London, whether he is on the mainline or on the tube, will be on approximately double the wages of a bus driver. They obviously do not have the support they used to have, with conductors and all the rest of it.

It is behind where they would be in the engineering sector. There is a massive problem in recruiting bus mechanics and auto electricians. Servicing is quite a skilled job; buses cost £250,000 and are packed full of electronics, but you can get a better job working in industry, where there is still a market.

There has been decline. Generally pay settlements with the big bus companies are at CPI level. They are not at RPI, whereas in some other sectors you are getting RPI-plus pay settlements—generally where there is union organisation. Even outside union organisation, the market is causing bus sector wages to be pitiful compared with others, and Brexit will accelerate that next year. It is the other stuff as well; the duty of care and the pension have gone out of the window, so there is nothing to



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hold you at a bus company compared with light industry, retail or any of the other service sectors.

Bobby Morton: I became national officer with passenger services six years ago. I did a lot of research before I took the job. What I discovered six years ago was that deregulation had devastated the industry in terms of the workforce and remuneration. I followed the average increases in pay, the percentages. Six years ago, had deregulation not happened, bus drivers would have been earning £25 an hour. I stopped doing the calculations after a while, but keep that in your mind; £25 six years ago probably would be £30 by now. That is how it has gone down. In London, the rate of pay is probably about £15 an hour now. Up towards Manchester it would be £9, £10 or £11. Wages have been vastly depleted.

Q178 **Daniel Zeichner:** It is a curious thing. Market theory would say that if there is a shortage there ought to be a possibility that pay should rise, so why hasn't that happened?

Mick Lynch: We are dealing with tough companies. I do not want to name any of them but they do not take too many prisoners with anything, and they are very difficult to deal with. Compared with environments where there is no union and where people have had a freeze of 1%, they have done better than those people. They are not at the bottom of the labour market but they are not at the top. Now that there is alternative work available—maybe there was not five years ago and people were forced to stay with the bus companies—the bus companies will start to lose labour. That is obviously true because they have even put it in their own submissions.

We would like to get the wages higher, but it is a difficult struggle to get people to commit to holding out. Nobody likes us when we campaign for higher wages or to defend wages. In fact, the bus companies have been driving wages down. It is not just that the wages have ossified; the contracts they have been offering have been lower than the contracts that exist. It is a form of re-engagement really. You get a churn of staff, and you want that turnover so that you can get people on to a new contract. Generally, they all have at least two or three contracts available to hire new staff on, and people get the lower one.

Q179 **Daniel Zeichner:** But the knock-on effect of course, and we are seeing it in my part of the country, is that we have a crisis in our bus services because there are not enough drivers. It is the passengers who end up paying as a consequence.

Mick Lynch: And the fares never get any lower either. The fares are right up, so a strange thing is going on with the market. There is not the level of competition that forces fares lower, but they cannot get labour either. I do not quite follow how it is, but bus companies have taken nearly £3 billion in profit out of the industry in the last 10 years, so there is something going on that causes them to do very well out of the current



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situation, even though it may go too far over the next couple of years; if they cannot provide the service, they cannot collect the fares.

Q180 Daniel Zeichner: Could you say a little about the difference between the big five and the rest? What is the experience for drivers and other workers in the bus industry with smaller operators?

Mick Lynch: In my experience, a lot of the smaller operators in the west country, where we have a lot of membership density, have gone to the wall. The very small operators—the mum and dad company with 30 or 40 drivers—tend to go out of business fairly quickly. Occasionally, you get another one starting up on the remnants, but they are chasing smaller and smaller amounts of return.

One of the bus companies pulled out of King's Lynn, for instance; they decided that they could not make enough money in that area so they would not run a service at all, having bought it three years before. They bought it from a small operator, decided there was not enough return, shut the operation down entirely and closed the bus depot. There are a few small organic firms coming through, usually ex-directors of the former company that tried to get the bus company going. That has been the pattern in the west country and some of the rural areas. There is no flourishing small bus company market as far as I know. I do not know if Bobby's experience is different.

Bobby Morton: No. I was going to quote the municipals. We are probably down to about nine municipals now throughout the country. My experience of the municipals is that the drivers are quite happy in what they are doing. The remuneration is much higher than they get with the big five that you mentioned, Daniel. They are still making a return to the councils and so on. Those are the smaller bus companies that I look at, and they seem to be doing it right. Once again, everything is geared towards the passenger in the municipals. With your big five, it is geared towards the shareholders.

Q181 Daniel Zeichner: I want to go back to something you said earlier about the stress on drivers and the fact that they can only drive five and a half hours a day. Whose responsibility is it when they start to get to the end of that five and a half hours? Is it them or the bus company?

Mick Lynch: In the way the duty schedules or rosters are written, it is five and a half hours at a time; they might do a 10 or 11-hour shift depending on the agreement. What bus drivers want is the ability to have shorter turns. Of course, if you have more breaks built into the day, you have to have more bus drivers, because somebody has to come out and take over the service. It provides a more comfortable environment.

Bus drivers have a lot of ill health problems with heart and bladder disease. They have all sorts of issues and problems. Welfare facilities have all been closed. Public toilets are being closed. Many people think



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that is trivial, but it is very important to bus drivers who are doing turns. Doing five hours without a toilet break is not a comfortable situation.

They are stripping down the level of staffing so that there is no fat in the system. It is now worse than that because there is not even enough to make any meat at the minute. It is the duty of the people, under the agreements, to compile the rosters so that they do not exceed, but the companies always take it up to the exceedance. They never say, "Well, actually our standard is good practice and you'll only do three hours or three and a half hours at the outside." If the regulation takes them to five or five and a half hours, they will make the drivers drive that time. That is the way they work. If we have a bit of regulation making them provide a service, perhaps they will do that as well. They will do the minimum that they have to do under the law.

Bobby Morton: I made the point before that at the moment the industry is being run lock, stock and barrel on overtime. Where they are not recruiting drivers, it is very easy and much cheaper for a bus operator to pay a record amount of overtime than to employ workers. Unfortunately, from our position, our members get sucked into that. They work the overtime and they have a higher standard of living.

It is a vicious circle and they are locked into it. You have fatigue from the five and a half hours that Mick mentioned. You might have the same five-and-a-half-hour duty in the afternoon, which tires you out and so on. Then there is the opportunity to work on a Saturday or a Sunday, and they do that to maintain the standard of living they have come to expect, but that adds to the fatigue and it has to be dealt with. I travel on public transport and my children do. I do not feel that my children are as safe as they should be, because very often the driver is tired and fatigued.

Q182 **Daniel Zeichner:** What number of hours are drivers doing a week, from your experience?

Bobby Morton: It is difficult to say. I was in a depot in Glasgow just a couple of weeks ago speaking to the drivers on the same issue. I was saying to them, "You should be looking to reduce your hours, not increase them." One guy turned round to me and said, "But you don't understand; I can earn £700 a week here with the overtime thrown in as well." He had no qualms about safety issues or anything like that. It varies across the country, but there are record amounts of overtime being paid. I do not think there is an average. It differs everywhere you go.

Mick Lynch: In general, a bus driver will be rostered with a commitment of over 40 hours with the big companies. It will be 41 or 42 hours. There will be overrunning on that; buses are late and they will have to finish their turn. If you do not do overtime, you will probably be doing at least 43 hours, but most bus drivers do a schedule of overtime on that with either extended shifts or rest-day working and coming in for a complete set of shifts. It is a bonanza at the minute, if that is a good thing. At the



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moment, you can probably get as many hours as you want, or are capable of doing, in a week.

Q183 **Huw Merriman:** I want to follow up Daniel's point. If the pay and conditions are so bad, why are bus drivers not going out on industrial action in the way your members have done very successfully in pushing up their pay and conditions on rail?

Mick Lynch: I will pass on your advice, Huw. If that is the way to get there, I would certainly welcome it. Bus drivers in Unite had big disputes last year, and Bobby will speak to that. We have had a number of disputes. Not all of our members are militant. Some of them are from areas of the country where there is not a massive density, but it is building. In Devon, I think we are going to have some reaction soon.

It is still not the worst job in the world compared with some parts of the labour market. There seems to have been an exercise over the last 25 years of driving wages down for working people in that part of the labour market and treating them as chattels in many ways, without any terms or conditions. There are still remnants of terms and conditions that people value, but there will be an up-tick in organisation and people willing to do something about that. Maybe we have to encourage that more as we go forward because the labour market will come into play. I will pass that on as soon as I can.

Q184 **Huw Merriman:** I am not sure that they would take my advice.

Mick Lynch: I am sure they would.

Q185 **Huw Merriman:** This may be linked to it. You have been very successful in the unionisation of the rail network. What proportion of bus drivers belong to either of your unions, or indeed another?

Bobby Morton: There is 80% density unionised in the industry across the country.

Q186 **Huw Merriman:** So it is not as if union clout is not there.

Mick Lynch: No. People are very loyal in both unions. Where we have recognition, we have virtually complete membership. There are some smaller sectors like coaching that are slightly different. That is where you probably get non-union organisation, in coach charters and that kind of area. Bus services are almost completely unionised.

Q187 **Huw Merriman:** Despite what you may say, Mick, rail's profit ratio is actually quite small, whereas the bus companies' profit ratio seems to be higher. If people are not being paid enough and there is a shortage, which means the market does not work, you would think there would be enough money in the profit system to be able to pay. I suppose I am really saying that you may dispute the market and think it is not fair, but if there is such a shortage surely it would work its way through the process.



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Mick Lynch: We make these arguments in negotiation. "You are short of bus drivers. You need to get more bus drivers. One of the reasons you cannot get them is because you do not pay enough and you are not providing enough sick pay or a proper pension as used to be the case." Unsurprisingly, some of the big cheeses in the bus industry do not want to pay the wages. They have made fortunes in the last 20 or 30 years out of the bus service, and rich people like keeping their money, Huw.

Q188 **Huw Merriman:** I can imagine they do; I would not know. My point is that they will not earn any money if there are no bus drivers collecting the revenue, so there must be sufficient bus drivers, otherwise they would not make the profit.

Mick Lynch: That is not always the case. They do not want to run services where they cannot make enough money. If they do not have enough bus drivers and they do not run a service to an outlying village where there may not be as much profit as running along the high street, they quite welcome the idea that they cannot fulfil the service, and then they do not have the service after a while. That is part of the decline. In some ways, it suits them; they push resources into the areas where they can make complete profit all the time, running people up and down high streets. That is where they make their money. They do not make it going out to collect pensioners at lunchtime and bringing them into town.

Q189 **Huw Merriman:** You believe that the bus companies are almost using the shortage of drivers to not operate certain routes and are moving their drivers into the profitable parts of the business.

Mick Lynch: I am not saying it is as worked out as that. I could not go as far as to prove that, but certainly the message our members have given us in surveys is that the decline is not entirely accidental. Our membership happens to be in the county towns and in the counties themselves, and that is definitely the way our members feel. Bobby has more membership in the bigger towns and he may feel slightly differently, but it was definitely a view at our bus conference and in the surveys we have done among members that there is a deliberate push to make rural services go into decline.

Q190 **Graham Stringer:** Bobby, you mentioned municipals. I assume your members were employed by the Rossendale municipal company. It might have been Mick's; I do not know.

Bobby Morton: Sorry, which one?

Graham Stringer: Rossendale.

Bobby Morton: Yes.

Q191 **Graham Stringer:** Were you consulted about that privatisation?

Bobby Morton: No.

Q192 **Graham Stringer:** You were not consulted at all.



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Bobby Morton: The first we knew about it was when it was sold. There was no consultation with Unite.

Q193 **Graham Stringer:** Have you any comments, beyond that it seems to be wrong, on the motivation and what the terms and conditions are after the privatisation?

Bobby Morton: No. I deal with bus operators nationally, not so much regionally. I am aware of what happened at Rossendale, but I do not have the detail of what has happened since it became privatised. There are other municipals on the brink at the moment, which we are watching closely, where the operators want them. I think there is a clause somewhere in the Bus Services Bill that says there won't be any new municipals created. I think that is absolutely dreadful.

Q194 **Graham Stringer:** That is right. Do you think you could get one of your officials to send us the details on what has happened in Rossendale?

Bobby Morton: Yes, I will make sure that is done.

Q195 **Graham Stringer:** That would be very helpful.

In terms of the way the industry is structured, Mick, if you read the financial pages it appears that FirstGroup are going to be taken over by a hedge fund because they are not making sufficient profits. Do you have any particular comments about what has gone wrong with FirstGroup?

Mick Lynch: FirstGroup have been struggling for a while. They have taken some losses in America, I believe, and they have taken some hits on the railway. What I do know is that if a hedge fund or a private finance institution gets hold of them, they will try to wring the profit even more rapidly and then sell it on, hopefully, or get it amalgamated into something else.

I am not sure that FirstGroup's problems are any different from any of the other major bus companies. Stagecoach have their problems at the minute, largely down to rail. Most of those big firms still make their core profits, as I understand it, from bus fares. It is still a profitable area for them. We do not have a massive involvement with FirstGroup down in Cornwall. I have no particular views on why they are struggling or would be more attractive to a hedge fund as opposed to another company.

Q196 **Chair:** You have both talked about the high levels of stress and driver fatigue. Is there evidence of an increase in accidents among bus drivers as a result of fatigue? Are those figures collated or collected? Are you aware of anything?

Bobby Morton: There will be figures available. I do not have them with me, but I have noted some very newsworthy incidents. One was in Coventry where a bus drove through the window of a Sainsbury's supermarket and there were fatalities. This is not about buses, but the Croydon tramway investigation found that the driver probably fell asleep. Not so long ago, in the southern part of the country, a driver



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unfortunately fell asleep at the wheel and ploughed into an articulated lorry, and there were fatalities. The fatalities seem to be more regular now than they were six years ago when I became national officer.

Q197 **Chair:** Do the companies share details of accidents through your health and safety committee? Are those statistics shared?

Bobby Morton: No. We have health and safety committees, but they are largely company-run. We put people in there, but very often they are not invited to meetings and so on. No, they do not share the data. Any data we pick up, we have to do it ourselves.

Mick Lynch: Most bus companies are federal. Stagecoach South West does not have interaction with Stagecoach North West, or only on very big issues. We do not get data for national accident facilities from the companies, as far as I know. We can probably try to find out and send you a note on that. Our members constantly complain about fatigue. It is not just about accidents; it is about their health as well. I could go on about that, but you probably do not want to hear it. We are convinced that, as the workforce gets older, there will be more and more issues related to fatigue. It is stressful for them and generally our membership say that they cannot continue with it.

Q198 **Chair:** It is a concern that it has an impact on people's health. I wondered if it was also starting to show in terms of accidents.

Mick Lynch: We will try to get some figures from our research.

Q199 **Grahame Morris:** You have already covered some of this in your earlier answers. These questions are particularly about training and apprenticeships for workers in the industry. Mick, you told us your view that training was variable. Bobby confirmed that that was the case in different parts of the country. Is there anything you would like to say for the information of the Committee about the impact of apprenticeships on the workforce and on training?

Bobby Morton: Yes. I will quote, for instance, Arriva. I am going to say nice things about Arriva on engineering work. They have a proper apprenticeship scheme. They take young people into the company. They train them in the apprenticeship scheme. They give them training at the workplace. They send them to colleges and so on. That is all well and good, and I praise them for doing that. At the end of the day, when they have served their apprenticeship, they very often move into engineering jobs in that company.

When I looked at other aspects of apprenticeship, I was quite shocked a while ago to find that there was an apprenticeship scheme for driving a bus. I was incredulous. You learn to drive a bus within a couple of weeks. It is not an apprenticeship. How can it be an apprenticeship? At the end of the apprenticeship, you get a bus driver's job and so on. I think it is a scam. It is a cheap labour thing: "Come in as an apprentice and we'll teach you how to drive a bus, and at the end of your apprenticeship we



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will give you a job as a bus driver.” Why not bring them through on traditional methods, give them the training to drive the bus and then give them the rate of pay, instead of keeping them at a lower rate for a number of years?

Mick Lynch: To be fair, we do not have too many complaints about the way bus companies have traditionally trained bus drivers. It is adequate and it does its job, but it is a training scheme. I totally support Bob. I did an apprenticeship as an electrician in the 1970s when there was work in that type of field. What bus drivers do is nothing like that. The bus companies have struggled to get the apprenticeship levy to work with the bus training schemes. Some of them are attempting it, but I am not sure that it always conforms with what the Government have put together. It is a bit of a nonsense. What you need to do is train people properly, monitor them for 12 weeks after and then set them loose as a bus driver. I do not think apprenticeships are applicable, but apprenticeships do not seem to be applicable to a lot of the work we now have apprenticeships in. It seems an odd scheme.

Q200 **Grahame Morris:** I want to raise one more thing with you. We have had evidence from people with disabilities and from groups representing people with disabilities. They have reservations about travelling on the train, and particularly travelling on buses, because they often do not feel properly supported by the staff. Could that be an issue of lack of training provided by the operators? Is it something that should be addressed as part of a national bus strategy?

Bobby Morton: I hesitate to say that it is lack of training. There was a famous case not so long ago of a Mr Paulley, who was not allowed on to a bus because there was a young woman with a child in a perambulator. At the hearing, the judge said that the driver should have got out of the cab and done something about it. What the judge did not say was that a driver cannot get out of the cab because he or she may be leaving £500 in the cab. If the driver goes to assist in that way and leaves the cab, and the money goes, the driver is sacked the following day.

I have a great record in championing people with disabilities. What I am saying to the bus operators is that if people with disabilities cannot get on to the bus—for instance, because there is a perambulator in the way and it should not be there—that bus should not move. There should be someone sent out by the bus company to take care of the problem, instead of leaving it to the driver to make a decision on whether or not to leave the cab, because if he leaves the cab he could be sacked the next day.

Mick Lynch: I am a Londoner and I am used to London buses. They are often very good, first-generation newer buses, and there are a lot of ramps built in. They are mostly good, but we have all been on crowded buses when the bus driver is under a lot of pressure and a person with access needs comes on. It is not just the bus driver. A lot of people see that as an inconvenience. That is the way the world is at the minute.



Bus drivers are under enormous pressure from passengers to run to time, and it is a very stressful job. Most bus drivers want to help disabled people and people with access issues, as part of their duties, but I can understand it if there are reports that occasionally there is a bit of tension in the system. I am sure that everyone can put themselves in that situation. I would encourage the bus companies to get some of these accessible buses out into other areas. Country buses are often the third or fourth iteration of a bus being used. It will have been used in a city centre, and, as they buy new buses for the more prestige areas, the other buses get repainted and are moved out into the provincial towns and country areas. They are not always as accessible.

Bus drivers are pretty much locked in. They have questions about their own security and there are attacks on bus drivers. Getting out of the cab on a bus is not an easy situation. Going back into the cabin and intervening in a dispute is not always the easiest thing to do either when the controller is saying, "Why aren't you moving?" and all the rest of it.

If people have had that feedback it is very regrettable, but we have to find ways and means to resolve it, with equipment and a bit of tolerance of bus drivers occasionally being late. It is sad if that is the feedback being given from disabled and accessibility groups.

Q201 **Chair:** Let me follow up on that. You seem to be suggesting that it is not lack of training; it is the fact that bus drivers are not empowered by the bus company to leave the cab to help the disabled person. It sounds like they would be worried to do that. Is that right?

Mick Lynch: Yes.

Chair: Thank you both very much for giving evidence this afternoon. That concludes our questions to you.

Examination of witnesses

Witnesses: Martin Dean, Bill Hiron, Malcolm Robson, Alex Hornby and Steven Salmon.

Q202 **Chair:** Welcome, and thank you for coming along today. For the record of our proceedings, would you please introduce yourselves?

Steven Salmon: I am Steven Salmon. I head up policy for CPT, which is the largest trade association of bus and coach operators. We have about 1,000 members.

Alex Hornby: I am Alex Hornby. I am CEO of Transdev Blazefield, which runs 500 buses across the north of England.

Martin Dean: I am Martin Dean, managing director of bus development for the Go-Ahead Group. We run buses and trains. We run about 2,500 buses in London under the TfL regulated network and around 2,500 outside London in the regions.



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Bill Hiron: I am Bill Hiron. I am here as chairman of ALBUM, which is the Association of Local Bus Company Managers. I also have my own company. ALBUM effectively represents the municipal sector and the independent bus sector. We represent about 52 or 53 companies in that bracket across England, Scotland and Wales.

Malcolm Robson: I am Malcolm Robson. I am here in the role of support for ALBUM. Until three years ago, I had spent 20 years as a managing director of Ipswich Buses, one of the remaining municipal bus companies.

Q203 **Chair:** Thank you. Everybody sitting in this room would like to see more people using the bus. Does it need to be easier? If you were a visitor to London who had never been on a bus before, you might be a bit put off by the fact that you cannot pay cash, but once you had worked out how to use the bus in London you would know what the rules were everywhere. If you went to any other place in the country, there might be a different set of rules and there might be different sets where there are multiple operators. Collectively, what are you doing to make using the bus easier?

Martin Dean: One of the things that a lot of the industry has done, and Go-Ahead has done, is to introduce contactless ticketing. That means you do not need a special bus ticket or bus pass to travel on our vehicles. It is something the industry has been rolling out in a number of locations. For example, in my business we have them in most of our locations now. As long as you see the contactless symbol, you can jump on a bus and use your bank card to pay for your bus ticket. That obviously makes buses a lot easier for people to understand straightaway because they do not need to buy a special ticket.

Q204 **Chair:** That is Go-Ahead. For most Go-Ahead services you can use contactless.

Martin Dean: Yes, absolutely.

Q205 **Chair:** What about some of the smaller and medium-sized operations?

Malcolm Robson: In the smaller sector we are all going down the same route, trying to get contactless on buses as quickly as we can. At the same time, smaller operators are working with the larger organisations such as Go-Ahead to try to form alliances. Sometimes the cost to smaller operators of adapting to new technologies and open data can be quite extreme. We do not have the size to merge those costs into the organisation. Working with larger organisations means that you can start looking at joint ticketing and joint frequencies under the Competition Act. We have all started to do that to try to make things easier and simpler for people to use buses. In the past, we tried too much to put hurdles into the way of people using buses. Now we are demolishing those hurdles and trying to make it easier.

Q206 **Chair:** Are most of your ALBUM members moving to contactless bank cards as the default way of paying, or is there a tendency to look for your



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own method because you then get customer loyalty?

Malcolm Robson: No; we are looking to contactless because it is easier for people to use. One of the issues we have had in the past is that some municipalities have had exact fare systems, where we do not give change. We tried to say to people, "Yes, use our bus but we won't tell you what the fare is until you get on and then we want the exact money off you." We are making it easy for people by using contactless.

Alex Hornby: As well as contactless, one thing we are participating in, with Martin's company and a number of others, is creating across the north a completely integrated smart system that will enable using contactless. It will be all bus operators, rail and so on. That is in addition to many multi-operator schemes. We are members of four different multi-operator schemes, not just concentrated in the big cities but in some country areas as well, that mean people can buy one ticket and use any bus, train or tram, whatever it may be, without fear that it will not be permitted. The idea is to let contactless be the key to all of that instead of there being a smartcard. It caps at day rates, week rates and so on. That makes it totally easier for the customer, in the way that Oyster works in London.

Q207 **Chair:** Are all bus operators signed up to that, Steven? Even in Nottingham, which has good buses, it can be difficult to work out the best thing to use. I have my Mango card and I have my Robin Hood card; I cannot use contactless. Are operators really committed to making it easier, or are they sometimes looking to encourage passenger loyalty?

Steven Salmon: I am giving a different answer from the answer I would have given a year ago. A year ago, I might have said it was many operators or most operators, but we learn from each other and we learn from what we hear in the big world. Once you hear that London Underground's gateline at Heathrow has seen contactless cards from every country in the world that issues them, it gives a really strong message that this is a way that customers want to pay.

We have an issue with customers who are too young to have a bank card or those who for one reason or another may not be able to get one. We do not want to turn them away either, so there may be a parallel solution for them, but the understanding that the vast majority of our customers want to pay easily with something they already have is shared knowledge now.

Martin Dean: In Brighton and Hove, where we have just rolled out contactless, literally this weekend, we still have smartcards available. If parents want their children to travel around with a prepaid card, they can still do that with a smartcard. Contactless does not mean that we are getting rid of all other retail channels. I know sometimes that might mean it seems a bit confusing, but we are trying to segment the market with retail channels that each of our customers appreciates. In the case



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of children who do not have a bank account, we still have smartcards available. We are not eliminating other forms of payment.

Q208 **Chair:** Some people like them because they can budget more easily if they have a dedicated card.

Bill Hiron: From my perspective, wearing my own company's hat, we are moving towards contactless. In the area where we operate, the other key payment method will remain cash for the foreseeable future. We are not in a position where we can get rid of cash—it might be the case in London—and we are not envisaging doing so in the foreseeable future. It has to be horses for courses. There has to be mix and match depending on what the local market wants.

Q209 **Chair:** Turning to fares, as well as how you pay your fare, we have heard repeated criticisms about the complexity of ticketing for passengers. It is not just how you pay but how much you pay and knowing which is the right sort of ticket to buy. What are you doing to reduce complexity for passengers? Steven, what is CPT doing?

Steven Salmon: We are making it easier to find out. I am not pretending that we are going to reduce the complexity, because there is probably a rationale behind the complexity, but there is no rationale for having complexity linked with secrecy.

There are two things going on. One is prompted by legislation, and that is the opening up of data, which will include fares as well as timetables. We have a group of activists, including the man sitting on my left, who want to test things in front of the legislation to see not just what we can open up but whether we can use the same data through our own channels to provide really clear and useful information to passengers about what their options are.

Q210 **Chair:** How do people find out about fares? It is not very often that I go to a bus stop, but if I get to a bus stop and it has a timetable, that is a good start. It is very rare that I get to a bus stop and it has a timetable that tells me anything about fares as well. Alex, what are you doing in your area?

Alex Hornby: Interestingly, the roadside information that we control ourselves, as opposed to what the local authority controls, has fares on it. It is when we move into areas controlled by the former PTEs and those types of organisations that it becomes standardised and consistent, and fares information disappears.

As operators, we work hard to get information on our website, on the buses themselves and in timetables, risking the cost of reprinting timetables when fares change. As Steven says, we are working very hard, as part of the group we are involved in, on what is called the operator digital initiative, to try to get there before the legislation and open up all the data on fares for other app developers to use, as well as using it on our own apps and websites.



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It is fair to say that, while the open data agenda is all very exciting, there is a set of customers who will not get to see that. We firmly believe that they want things on paper, in hard copy and on buses, and we know that because we talk to them. It is providing the whole mixture and providing the information to people in many different forms of media.

Q211 **Chair:** Do other members of the panel have anything to add?

Martin Dean: From our point of view, in Go North East, which is one of our biggest operations in the Tyne and Wear area, we have just introduced a £1 flat fare for anybody under the age of 18. They do not need to validate that with a pass. The £1 fare has been very popular with our customers, so that simplifies things.

In Brighton we have a big operation, and we only have three forms of single tickets. We have a city single, a short-hop fare and a central area fare. We have three fares that cover the whole of Brighton.

What you say, Chair, is absolutely right. We recognise that people want simplified fares and timetables. Where we can do that, we are progressively moving towards it. The other thing we promote a lot of—I think I talk on behalf of the industry in this respect—is day tickets and weekly tickets, which are the ones that offer good value. Once you have bought a day or a weekly ticket, you can travel around the network for the purchase of one ticket for the day or the week. That works very well with customers, and they are very popular.

Q212 **Chair:** There are a couple of things I want to follow up. Have you looked at changing your weekly or monthly tickets to accommodate people who increasingly are not working five out of seven days a week, or perhaps are working flexibly?

Martin Dean: Yes. Some of our companies offer carnet tickets, where you get individual trip tickets and a discount on the number of tickets, rather than a fixed period ticket. That is absolutely right and is something that is happening more and more. We are developing products.

It is another extra product, I am afraid, but again it is an example. Although sometimes it might seem that there is a lot of complexity, what we are trying to do is offer products tailored for individual groups of people.

Q213 **Chair:** You mentioned having a youth or children's fare that goes up to age 18. Slough Youth Parliament told us that youth fares in their area do not go to 18 even though young people are now required to be in education or training until that point. Where youth fares are seems to be quite patchy and it varies. When we went to Leicester, we heard that children did not get half fares, and they only got a youth fare to age 16. Does Go-Ahead offer youth fares up to the age of 18 across your entire operation?



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Martin Dean: The vast majority, yes; I would say for about 95% of our mileage. It is up to the age of 18, yes. The reason we do that is that we appreciate, as you said, Chair, that young adults are in education up to the age of 18. The concept that we should penalise them with an adult fare just when they could get their driving licence does not really work. It is trying to encourage them to stay loyal to bus travel and to use bus travel. One of the ways we do that is to extend the validity of the child fare.

Q214 **Chair:** There is a lot of sense in trying to get people to be bus users, and then maybe you will keep them. Alex, what is the approach in Transdev Blazefield?

Alex Hornby: As well as the cheap fare, the important thing is to build a relationship with individuals based around trust. We have been very keen to eliminate the need for ID when people want reduced fares. One thing we find when talking to young people is that it is about not just the reduced fare but the fear of what the driver may say, or what the policy is. We say that, by getting rid of ID, it is not just adding to convenience; it is also saying, as a bus company, "We trust you and our drivers trust you. When you get on, just say you want a cheaper fare." It also goes up to the age of 19, the same as with Martin's. It creates a relationship that says buses are for young people. It does not have the reputation that many adults think buses had when they were younger.

Malcolm Robson: Alex is quite right. We have not had that level of trust before in our passengers. We have said to people, "You must produce ID to prove you are 18." We should trust people to be honest with us and pay the proper fare.

Q215 **Chair:** Is that happening?

Malcolm Robson: People are dropping ID cards slowly, as they realise that trust has to be built into the system.

Q216 **Chair:** Bill, do you have anything to add?

Bill Hiron: Only in terms of simplicity. Certainly if you look at ALBUM members across the country, most of the operators in urban areas have moved to a fairly simple zonal system. It is either two, three or four zones—something that is fairly easy to comprehend.

We have to bear in mind that in rural areas it is much more difficult, because one bus route could be serving a person travelling one stop or another travelling 10 miles between towns. You have to be very careful then because, of course, fare simplification in that scenario equals either a very expensive fare for a short journey or a very cheap fare for a very long journey. In some of the services I am involved with in rural areas, while we can simplify to a degree, we are always going to have a fare scale that has a range from one end to the other, otherwise we are just going to turn off travellers by charging them far too much or make no money by charging them far too little.



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Q217 **Chair:** Where it is more complicated, how do you advertise what the options are? How do you tell people?

Bill Hiron: The easy bit is to promote day and weekly tickets, which still tend to be a simpler range. What many companies are doing, as the technology enables it, is to put fares on websites. While it is theoretically possible to print a complex fare chart on a piece of paper on a timetable or a separate leaflet, very few people would understand it, so that is not really an option. Fares look-up on websites is one very good answer. Of course, it depends on people having access to the internet. It is more difficult with a complex fare scale to make it easy to access.

Q218 **Chair:** If I am on my holidays and I turn up at the bus stop, I may not know who the bus operator is to go and look on Go-Ahead's website or FirstGroup's website. Are you providing enough information so that it could be picked up by Google Maps or whoever it is?

Alex Hornby: There is a company that supplies most of the data to Google. Lots of us as individual operators, and indeed the industry, work in tandem with them. If you go on Google, the information is there; journey planning, transparency of routes and real-time information is emerging. I often find the test is that, if you can go to a different country in Europe and use Google to navigate your way around, do we pass the same test over here? I think we now do.

Martin Dean: We should not forget that we have had Traveline since the Transport Act 2000. That is a multi-modal journey planner that all of us are involved in. If you go to a stop in a location and you are not sure which operator is coming, normally most bus stops in most areas have the Traveline.org moniker and you can look that up on your mobile phone, if you have one. There is also a phone number so you can still phone up and talk to somebody. Go-Ahead companies all have information lines where people can phone up and talk to a customer service representative if they want to. That is still available to people.

Q219 **Chair:** How well known do you think Traveline is? If I went on to the street and asked 10 people, "Do you know about Traveline?" how many of them do you think would know about it?

Malcolm Robson: Very few. I do not think it is as well publicised as it could be. Certainly when I operated, we promoted our own traveline rather than Traveline itself; local people wanted local facilities and local people to talk to, whereas Traveline is a national link.

Q220 **Chair:** Steven, what do you say?

Steven Salmon: Traveline has run awareness campaigns regionally, and of course we have looked very carefully to see what effect they had. We had a time when we did not really want to promote a lot of interest because it cost us money to handle the calls. Now that we have a much bigger web presence we are delighted to have as much contact through that channel as people want to give us. That is why a lot of time has gone



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into making the website attractive, easy to use and accessible to people who are using special equipment and all those kinds of things.

We believe in ourselves now, but the jury is out on the value of spending money on awareness raising. We hope that it will get out through stickers on bus stops and people telling each other that it is good and it works. In a year's time, when it has good fares information on it, as well as times, we hope that the word will be out there even more.

Q221 Chair: Can I ask each of you individually what is the most important thing that bus companies are doing to encourage more people to travel, so that they know about timetables and routes? What is the key to making it easier?

Alex Hornby: The key is, first of all, talking to your customers, to see how they want to find out information; and talking to non-users and ensuring that there remains a range for individual users. We have just done some research on a former Rossendale route to see how they want information; 70% of those customers said they would still like a timetable leaflet. It is that kind of thing. We are all deeply fascinated in how apps will make it easier and will reduce barriers, but there is still a need to provide different types of information in different types of media. That is the key. Talk to your customers and find out how they want to do it and react accordingly.

Q222 Chair: Do you talk to non-customers?

Alex Hornby: Yes. We go round town centres and ask, "Why don't you use the bus?" to understand what the barriers are. Normally, the non-users want access on the web, which we do. It is usually once they are converted bus users that they want the trusty timetable in their hands so they can carry on choosing their journeys.

Q223 Chair: Is that generally the case? The web is becoming much more suitable for some people, but do you all provide paper timetables as well?

Martin Dean: Yes.

Malcolm Robson: It is essential. It depends where you are in the country. Different attitudes may prevail, but at the end of the day you try to produce as much information as you can in as many formats as you can, so that you get to as many people as you can.

Q224 Chair: What about on bus stops? To what extent do you make sure that there are up-to-date timetables on bus stops?

Bill Hiron: It varies hugely from area to area. In Essex, we are very lucky and we have a partnership arrangement with Essex County Council where the operators and the county council work jointly. We produce panels for each stop that show all operators' services in an easy-to-use format: buses from this stop. That is far preferable to six different operators going round sticking on bits of paper to show what their service does.



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In some areas, local authorities want to control what is on the stops themselves and operators have no input. That can be frustrating. There are numerous ways in which roadside timetables are dealt with. It is a difficult area because obviously in an ideal world we would have a timetable on every bus stop. The dilemma is that in some rural areas you do not even have a bus stop, never mind a timetable to put on it. It remains a challenge. I think that is a fair comment.

Q225 Chair: Martin, you described how in Brighton you have gone to a simpler zonal system. Are the zones the same for all the different operators in the city, or are they different?

Martin Dean: No, they would be different. The situation in Brighton is that most of the network is operated by Go-Ahead. To go back to your previous point, we have put a lot of effort into bus stop information. We think it is very important. It goes back to what Malcolm was saying; although there are lots of new forms, and we use apps and the internet an awful lot, we also put a lot of effort into bus stops.

I recognise what Bill says about it being difficult in some areas, but where we have big city networks we put a lot of effort into the way the bus stops work. We work really well with our local authority partners, and it works pretty well.

Q226 Chair: I know that Brighton has good bus services, but if I arrive at the bus stop and there is all the Go-Ahead information and your zones but they are different from the other operators, that is not a great experience for passengers, is it?

Martin Dean: As Bill said, what tends to happen is that, if there is an area where there is more than one operator, usually you get a situation where the operators co-operate with the local authority and there will be an integrated display put up, so that it is easier.

In the area where I live, ironically not a Go-Ahead area, there are different bus operators and the local authority has an information partnership. You can see the departures from the stop. It gives the time they depart, and it tells you which operator runs each service. You have the departures from the stop for each service, so it is all presented in a very integrated and easy-to-understand way.

Q227 Chair: If people wanted to get the first bus that came along, would they know what ticket to buy so that, when they were coming back, they could still get the first bus that came along, even if it was a different operator?

Martin Dean: That is an interesting point. There are definitely things we could do better. Sometimes, there is a tendency to think that bus users find it very complex, but a lot of bus users—because they use the buses a lot—understand which ticket to buy, and understand the ones that give them really good value. We invest a lot in bus stop infrastructure and publicity, and generally we find that people find their way around the fares and the ticketing systems that are available.



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The way customers use their best services tends to be stratified. For example, in the north-east we have Network Ticketing Ltd, which is an integrated ticketing product for multi-operator ticketing. That is for all the buses, the ferries and the Tyne and Wear metro system. If a customer is using a single-operator ticket, just using Go North East services, there is a ticket available for that as well. People tend to choose the ticket that is most appropriate for the journey they are making.

Q228 Chair: In my experience, people who are regular bus users probably know which ticket to use, and then there are people who are not who are absolutely baffled. Do you not think that is the case, Steven?

Steven Salmon: I cannot disagree.

Q229 Chair: Before I move on to my colleagues, I want to ask how you meet the needs of people with disabilities when it comes to information. I was pretty struck by one of the things that appeared in the written evidence from ALBUM: "The current barrage of new initiatives such as audio visual next stop announcements and clean air zones needs to stop. Such items only serve to waste time and financial resources which creates uncertainty and prevents operators from providing bus services to the benefit of their users." If I were someone who was blind, partially sighted or deaf, I might be quite insulted by the idea that audio-visual announcements were a waste of time. Can you explain why that is the view of ALBUM?

Malcolm Robson: The point we were making is that we believe that bus companies first have to get the basics right. You have to get your bus to the stop on time; it has to be punctual. That is what bus users initially want. They have very simple expectations of our service, and sometimes we do not get the basics right before we move on to all the other telemetrics and add-ons we put on the bus. The point we were making is that we should get the basic product right first.

Q230 Chair: But if you are blind or partially sighted, how confident would you feel to get on a bus if there was nothing to tell you when you had reached the stop you wanted?

Malcolm Robson: It is very difficult.

Q231 Chair: If I was blind or partially sighted, that would strike me as a basic. Would you disagree?

Malcolm Robson: No, I would not.

Bill Hiron: The industry has, admittedly slowly but certainly in recent years in the bigger urban areas, been moving forward and we can take audio-visual systems as an example. Many operators have been fitting AV systems on vehicles, which, particularly in new-build vehicles, can be done on a relatively cost-effective basis. The consultation that came out suggested a somewhat gold-plated approach that in many cases would have meant that the equipment fitted to the bus was worth considerably



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more than the bus itself. There was an element of frustration from operators, which was reflected in the feedback on that consultation.

It is not so much that AV systems are not necessary, or are not appropriate, because clearly they are valued by customers, but that we have to be very careful about over-specifying equipment like that to the extent that we end up having no buses for anyone to use. There is a balancing act, effectively, Chair.

Q232 Chair: Alex, it strikes me that audio-visual announcements are useful not just for people with a disability but for anyone using an unfamiliar bus route. What is the approach you take at Transdev Blazefield?

Alex Hornby: I spoke at a disability conference last week. One of the things that comes across when you talk to such users is that they want to be made to feel as ordinary as possible. One thing we have been very clear about is that we have a policy that every new bus or every refurbished bus gets AV fitted. We have tried to make it a bit more interesting, so that it is not a robotic voice doing it. We have had TV celebrities do it; we have had the guy who reads the local news in our area; we have had our customers voice it; we even got one of our partially blind customers on the 464 at Rossendale to do it. We have made it more interesting and engaging rather than something that feels like a robotic tick-box that we need to do.

Of course, the great thing that you get from it as well is not just that those with sight or hearing difficulties find it easier to use the bus. It is great for new users as well, who are unfamiliar with the bus and where the route is going. We feel that there is lots of value from it for many users. It can be something that makes it easier for all users, in the way that low-floor buses made it easier not just for people in wheelchairs but for people who were heavy on their feet and for parents with buggies. It is another thing that is a good opportunity for the industry.

Q233 Chair: Are there any other examples of things that bus operators are doing to improve access to information specifically for people with disabilities?

Martin Dean: All of our Go-Ahead buses are fitted with some software called "Recite," which means that, if you look at a website, you can press a button and it will speak to you. It converts the website from something that you look at to something that speaks to you. It can change colours as well, if you have a particular issue with colour blindness.

At Go-Ahead, 40% of our vehicles are fitted with audio-visual information. Like Alex, every single new bus that comes into the fleet is fitted with audio-visual information, so we are totally behind it and we totally agree with your sentiments.

Q234 Chair: If you are at 40% now, at what point would you expect to be at 100%?



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Martin Dean: It will take a bit of time. Obviously there is an issue, as Bill mentioned, about the retrofit of other vehicles as well. That is something we would look at for vehicles that have a good economic life.

Q235 **Chair:** Where do you estimate you would get to in five years' time?

Martin Dean: It is difficult to say, but I would say that in five years' time we would be well on the way with it. The majority of our vehicles will be fitted with audio-visual information.

Q236 **Chair:** A majority might be 51% or it might be 99%. Where would you expect to be?

Martin Dean: We will be closer to the 100% rather than at the 50% end.

Alex Hornby: One other thing to add is what apps can do. Bus and other operators have apps that will set an alarm when you are near your stop, so, even on the few buses we have that do not have the equipment, it is possible, and I think a number of other operators have something similar. It is not just about the equipment on the bus. It is how you can use other devices to help as well.

Q237 **Chair:** Steven, are there any other examples of things you have seen in the industry?

Steven Salmon: While Alex has been building his apps, with Traveline we have deliberately offered a simple and less technological way forward. We still have a call centre where you can ring up and talk to a real person. It is open from 7 in the morning until 10 at night seven days a week. It is a pretty good service offering. There is also an SMS service to mobile phones, and because it is a simple text, if you have a screen reader or voice-controlled tools on your phone, they will work with what Traveline is doing. That complements the kind of dedicated apps that some of the operators have.

The Traveline website has a number of accessibility features. Because we are now providing real-time open data on times, free, developers who have a particular interest in developing things for people with particular needs can get that feed of data for nothing and build what they are interested in around it. There is quite a lot of quiet stuff going on.

Chair: Thankfully, there are also some really good bus drivers who will tell you when you have reached your stop. The issue around the availability of data and how it might be used is the next subject of our questions.

Q238 **Daniel Zeichner:** We have touched on some of this. When the Committee went to Leicester, it found a number of different operators, and people had a number of different apps on their phone reflecting the different operators. Why can't it be co-ordinated more effectively? Let's have the positive account. Alex, it can be done, can it not?



Alex Hornby: I think it can, and with open data I think you will increasingly find that not many operators have apps that do not share other operators' information as well. That is clearly our aim when we get to that point. I am sure the aim will be reflected by the industry because once the data is there to use, and it is open to other developers to use it, why wouldn't bus operators do it as well? The art of the possible will begin to happen quite quickly.

Q239 **Daniel Zeichner:** Is it better that the operators ultimately provide this data, or that you can, effectively, get it through Google, as somebody mentioned? In the end, are you just going to hand over the data and let someone else provide the information?

Steven Salmon: There is a battle royal going on at the moment, because we know, and Google knows, and the other big app people know, that the memory on people's phones is only so much, and people do not want two or three apps when they need only one. There is a huge prize for the people who have the app that you need to run your life from, including bus times and prices, if that is what you need.

In a sense, we backed both horses, because we have members who are building their own apps, but we are also putting out open data, which Google uses. Google could not exist without the data we give it; it does not have an independent line into it. Our ultimate aim is to have the easiest access for the greatest number of people, and we are not desperately precious about whether they come to it through something that has our name all over it and looks purple because it is our particular colour, or has somebody else's idea all over it. We are actually pretty open on that.

Q240 **Daniel Zeichner:** You say that, but it has had to be dragged out of the industry, hasn't it? It took the Bus Services Act to push you there. Why has it taken the bus industry so long to become customer focused?

Martin Dean: If you look at TraveLine, for example, there was open data a long time before the Bus Services Act. We have been doing this for a long time.

Q241 **Daniel Zeichner:** For timetable data, maybe. But if I want to know what the punctuality rates are in my city, I still cannot get them. Why is that still the case? It is one of the big five bus companies, with the technology, but they still cling on to the data.

Martin Dean: You have moved the discussion on to punctuality, which will be an interesting one.

Q242 **Daniel Zeichner:** It is still data.

Martin Dean: The punctuality issue is important, because we would like to talk about that in the context of congestion. On open data, there is no doubt that the industry was very co-operative in making the data available a long time before the Bus Services Act. We are working now



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with the Department to fulfil their objectives, and we have no problem with that at all, but it would not be right to say that it is something that has had to be dragged out of us. We have been doing Traveline for a long time, and the information has been available to Google and other app developers and software users for a long time.

Q243 Daniel Zeichner: When is anyone going to provide the data in a format that is readily usable by others? That is a question as well.

Bill Hiron: Sorry, which data?

Daniel Zeichner: All the data, effectively.

Bill Hiron: The data on timetables is already universally available, to Google and anyone who wants it, through Traveline. Real-time data is pretty much available, isn't it, Steven?

Steven Salmon: For about half the mileage at the moment.

Bill Hiron: Fares data is more complicated but is getting there. It is in progress, isn't it, Steven?

Steven Salmon: Yes.

Bill Hiron: But it will be there sooner rather than later.

Q244 Daniel Zeichner: It is getting there.

Bill Hiron: Yes.

Q245 Daniel Zeichner: Okay. You raised congestion, which is obviously a key issue around the industry at the moment. How much of the data you have, real-time information in particular, can be shared with local authorities at the moment, to get them to do the kinds of things that might help on bus priority, and so on?

Alex Hornby: That is already happening in partnership areas. We already share our data quite widely with our counterparts in West Yorkshire to campaign for bus priorities, and so on. We use the data very actively to create timetable information, as well as sharing real-time predictions with our customers. Again, where that is progressing, it will begin to be shared more widely. Indeed, operators are beginning to share it with data experts to create more information around typical journey times on roads, so that it can help not just bus users but, in general, all road users navigating around the system.

Q246 Daniel Zeichner: Do you think that local authorities have the capacity to use the data to make a difference, or do you think there is a problem?

Alex Hornby: I think it varies from local authority to local authority, probably.

Martin Dean: But it certainly helps to build the argument. If we go along as operators and say that we have a problem, it is much more compelling



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if we have a problem we can quantify. With the real-time information that we have, the information on the ticket machines, it is a big data issue; we can get lots of data and can distil it to very clear information about point A and point B and the variability of journey times between days of the week, which shows how difficult it can be to do something reliable. That helps to build an argument. We know that there is a lot of pressure on local authorities, and that helps us to illustrate our arguments. Particularly in partnership areas, as Alex said, it is something we do as standard—sharing that information with local authorities.

Chair: We want to look at how you devise your services and meet demand effectively.

Q247 **Huw Merriman:** I would like to start by looking at profitability, using my newly found status as shop steward for the RMT. Mr Dean, if I look at the profit ratio for your organisation as it pertains to rail, it is 2.3%; for train operators there is, largely, no public subsidy, and it pays for itself. The same ratio for buses, excluding London, is 12.5%, where of course a lot of taxpayer money goes into the bus market, centrally or locally. That suggests to me that taxpayers' money is going through to shareholders, and it could be done more efficiently to save money. Those are the figures for 2017.

Martin Dean: Yes, I recognise them. In the last financial year, 2017-18, in rough terms the amount of profit we made was totally reinvested in capital investment for new vehicles, plant and equipment at our depots. It was not something that went to the shareholders; it was reinvested. The difference between rail and bus is all about the level of capital investment and the return on capital. That is the reason for the difference. The rail industry is a low capital investment industry; you lease your trains and pay an access charge for depots and stations. In the bus industry, we tend to buy all the vehicles we use and, as somebody mentioned, they are very expensive. We tend to buy the depots and the equipment inside the depots, too, so it is all about return on capital, which is why you tend to get a higher margin.

Q248 **Huw Merriman:** None of that profit margin would have gone through to shareholders, on that basis.

Martin Dean: We pay a dividend, but the point I would make is that, of the profit that we made, more than that was invested in new capital. We pay a dividend as well, but a large amount is reinvested in what our customers want, which is good-quality vehicles and a safe place to operate, and indeed our staff want good depots.

Q249 **Huw Merriman:** I would have thought that you would offset that, in terms of the capital, before announcing a profit. I am looking at the figures and thinking that it is your profit to turnover ratio and that, therefore, you would have offset all those capital amounts before you landed on those figures. In fact, that is not the case, is it?



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Martin Dean: The point I am making is that, if you look at our levels of profitability and investment, the relationship between the two indicates that we take investment very seriously. It is not the case that all the profit we make goes to the shareholders; it is quite clear that a large amount of the profit we make, and the investment we can make because of it, is reinvested into the company. That is the way it should be, and we are very content about that; we value our shareholders but we also value our customers, and we clearly value the fact that they want decent kit and vehicles of good quality. If you give them good-quality vehicles, you get better patronage.

Q250 **Grahame Morris:** Can I ask you to clarify that a little? Unfortunately, I do not think I have the figures you quoted for last year, and the figures in our brief are for the previous year. As Huw indicated, there seems to be a huge disparity between bus and rail. Thinking back to the testimony from the earlier panel, when we asked about how technology was being invested, particularly for the benefit of vulnerable and disabled passengers, it seemed to me, representing an area outside London, in the north-east, that we do not have the most modern variant of buses; ours are several years old and repainted. What are the levels of investment and profit over a much longer timeframe, say, 10 years? Is it a reasonable conclusion that levels of profit for the shareholders of private bus operators have been considerably higher than has been the case with private rail operators under the franchise system, or is that a mistake?

Martin Dean: There are a number of issues. The first thing to say is that our average fleet age is seven years. Many years ago, the Government felt that criteria for an average fleet age of around eight years were acceptable. At Go-Ahead, that is something we are ahead of, because our average fleet age is seven years, which indicates that there is a lot of investment.

On accessibility in the north-east, if you want to run a registered local bus service, your bus has to be fully accessible, so our fleet in the north-east is fully accessible; if you have a wheelchair, you can travel on any of our buses. I repeat the point that if you look at the level of profit that we make in the north-east business, and overall in Go-Ahead as a bus business, you can see that it is totally commensurate with the amount of investment that we make in new buses, kit for those buses, ticket machines and depots and equipment for those vehicles.

Q251 **Grahame Morris:** I understand what you are saying. For the information of the Committee, bearing in mind the terms of reference of our investigation and inquiry, are you saying that, for the last 10 years Go-Ahead Northern, the principal private operator in my area, has invested all or most of its profits in its fleet of buses? Is that what you are saying?

Martin Dean: I would need to come back to you with exact figures.

Grahame Morris: I should be grateful if you would.



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Martin Dean: Certainly over the last two years, for example, the investment in vehicles has been higher than the amount of profit we have made. Obviously, that is not a sustainable business model over a long period, because eventually you need to reinvest, pay shareholder dividends and pay back debt, but our investment record holds scrutiny in terms of the level of investment we are making, in making sure that we reinvest in our fleet.

Q252 **Grahame Morris:** Further on, we want to come back with some questions. In comparing the services available now with 10 years ago or more, in areas like the one I represent, you can see a massive diminution of the service on a Sunday or in the evenings. The numbers indicate a huge reduction in the service. I want to touch on what the reasons might be for that.

Martin Dean: A lot of it will be down to the fact that, since the austerity period, local authorities have tended to rein back the number of services they support. Generally, in the Go-Ahead estate, we have always looked to work with our local authority partners to try to protect the comprehensive network. There are good examples around the country where local authorities have come to us and said that they can no longer afford to support services that tend to be to rural areas or in the evenings or at weekends. We have looked at those and have managed to keep some services going. In our Go-Ahead network, we have quite a comprehensive offering of services running in the evenings and at weekends, and to outlying areas as well.

Grahame Morris: That is not our experience, I am afraid.

Q253 **Chair:** To go back to Huw's profitability question, from the figures we have been provided with, profitability is higher in the deregulated sector in England than it is in London. Can you explain why that is?

Martin Dean: In the case of Go-Ahead, it is not a huge difference; it is a couple of per cent. I cannot speak for other companies, but for us there is not much difference at all between the two.

Q254 **Chair:** From the figures we have, which are for 2017, Go-Ahead's profit margin is 12.5% in UK buses, excluding London, and 8.3% in London buses.

Martin Dean: I think that, for 2017, I would recognise a figure of about 9.5% for London.

Chair: Okay.

Bill Hiron: ALBUM does not actually have any operators that run buses in London, but I am aware that one of the factors is that, because of fixed-term contracts in London, it is fairly common for operators there to lease buses, which means that the cost of those buses is above the line, effectively. Your costs are increasing, but the margin you need to make, because you do not have to expend capital to buy buses, can by



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definition be smaller. I believe that most operators in London now acquire most of their buses for London through an operating lease rather than through HP or purchase. We do not have any members in London, but that is the case to the best of my knowledge, if it is helpful.

Q255 **Chair:** It strikes me that, if you were a passenger travelling in London, you would be travelling on a modern bus that definitely has a low floor and audio-visual announcements.

Bill Hiron: You would have a low floor wherever you were in the UK.

Q256 **Chair:** You might have a low floor everywhere, but, as we know, you wouldn't have audio-visual announcements.

Bill Hiron: And a lot of taxpayers' money goes into the system in London, which is not replicated elsewhere.

Q257 **Chair:** Well, I think there was at one time. I'm not sure there is now.

Bill Hiron: It is going down; that is certainly true.

Q258 **Huw Merriman:** I have one last question on how you work out your service. If I was looking at it from my cynical world, I would want to know how we make sure that the following scenario does not occur. Because there is taxpayer money and those profit ratios, how do we make sure that you are not just focusing on profitable routes that already make money for you? There is not enough competition on those routes, so you are protected as a result, and the taxpayer subsidy goes into that element, at the expense of the rural, just-about-managing routes, which are then lopped off. You will have heard the previous panel talking about drivers being skewed towards those profitable routes as well. How would you alleviate my cynical concern?

Martin Dean: In Go-Ahead networks, a lack of competition is not something we recognise. For example, in Southampton we have competition, and in Bournemouth and Poole we have a big network and we have competition. In the north-east we have competition, and in Oxford we have competition. Saying that it is an area where there is no competition is not something we recognise.

Q259 **Huw Merriman:** I do not want to deviate from the question, but I shall focus on this question as a sub-category. On what proportion of your profitable routes would you have competition?

Martin Dean: The service between Bournemouth and Poole is run by the Go-Ahead company, and then there is a company called Yellow Buses, run by a company called RATP, so there is very active competition on that route. There are three or four corridors in Southampton where there is competition from FirstGroup.

Q260 **Huw Merriman:** I appreciate that there are examples where there is competition, but what is the overall proportion? I remember, when four bus companies came before a predecessor Committee, that it was a



struggle to work out where you were overlapping. What is the proportion of your entire routes?

Martin Dean: It is difficult to say the exact mileage, but in a lot of locations with big urban networks we have very active competition. In the example I gave you between Bournemouth and Poole, we run a very high-frequency service, but we have high-frequency competition against us. On the four main radial routes we operate in the Oxford area, we have competition. There is both co-ordination and competition, so people have the choice of using a joint ticket or they can, if they want, use one operator over another. There is active competition.

Huw Merriman: I see that you do that in Brighton, and particularly well, I have to say.

Alex Hornby: There is a broader question. It is not necessarily about bus versus bus; it is also about bus versus other modes, or sustainable modes versus unsustainable modes, whether that is bus versus rail or bus versus car. The thing that motivates us in the market we are in is that the threat of competition is very real, as are the barriers to enter the market.

We have a number of low-cost operators on our services, and on a number of our routes customers have a choice. They either have a bus service of quality, which I like to think is what we promote, with a well-paid driver and a value-for-money fare, or a rail service, which is slightly more expensive. Between Harrogate and Leeds, we have both a growing bus service and a growing rail service. The two almost get a kick off each other, and we have the same thing between Birmingham and Manchester.

Q261 **Huw Merriman:** That is great, but the trouble where I represent is that it is a question of bus or nothing. The concern I have is that if there is taxpayers' money and subsidies going in—we have talked about the figures—yet we are still losing our services, where is that taxpayers' subsidy going?

Bill Hiron: Taxpayers' subsidies, where they exist, are specifically focused on tendered services, which are generally on the decline. Reimbursement for concessionary fares is not a subsidy to the bus operator; it is a subsidy to a pensioner, if you like, or a passholder.

Q262 **Huw Merriman:** Do you make money from the concession?

Bill Hiron: We could have a whole separate debate.

Q263 **Huw Merriman:** I know that it is the same for a mile as it is for 10 miles, but you must have done some industry research on it.

Bill Hiron: Generally, we believe that we are significantly under-reimbursed for carrying concessionary passholders.

Q264 **Huw Merriman:** You run it at a loss, on that basis.



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Steven Salmon: Yes, we have to; we are under a statutory obligation to give the travel away.

Huw Merriman: But, obviously, you are reimbursed.

Steven Salmon: We are under a statutory obligation to give the travel away and take the reimbursement we are offered. There is an element of appealing against the reimbursement, but we do not set the rate of reimbursement.

Q265 **Huw Merriman:** I know you do not. Are you therefore lobbying to look at that again as a whole new policy on the basis that it could be means-tested, or something along those lines? Are you all actively involved in that?

Steven Salmon: That is an entirely separate question.

Q266 **Huw Merriman:** Why is it a separate question if you are running at a loss?

Steven Salmon: Because the question of who gets the benefit should be independent of what we are paid to give that benefit on behalf of the Government.

Q267 **Huw Merriman:** I am a bit stupid on that front. Can I just ask you this? Surely, if you are losing money from it, you have an interest in it being reformed so that you do not lose money on it?

Steven Salmon: We certainly would, yes. That could be an issue about who gets the benefit, but the more direct problem we have is that the Government have decided to give the benefit to everybody who meets the criteria without having big enough budgets here and there to reimburse operators properly for it. That is a different argument from who ought to get the benefit.

Q268 **Huw Merriman:** But you would support something like means-testing, for example.

Steven Salmon: If you means-test it and then find that a different group of people get it, the economics of that group using the buses might be quite different, so we would have to do the whole exercise again about how much we are entitled to get for carrying people who, let us say, have paid £200 a year for a pass. We are perfectly happy to do that exercise, but we have never been allowed to, because successive Governments have put off limits debates about who ought to get the benefit, which is not really the industry's argument at all. We say to the Government, "Give the benefit to who you like, but reimburse us properly for what you've decided to do."

Q269 **Huw Merriman:** Chair, I know I am wandering off all over the place, but I want to come back on this. The BBC is doing a consultation on whether it should change the over-75 licence fee. I know that it is responsible for funding that, due to changes. None the less, you are responsible for



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funding this, because I think I am hearing that you are running it at a loss. Is that how you see things going for the bus market as well—some form of consultation as to whether we can carry on like this?

Bill Hiron: As an industry, we do not want to get into the politics of who is or is not eligible. That is not our job; our job is to provide a bus service where we can, and it is for people in this place to decide who gets that benefit.

Q270 **Huw Merriman:** Not if you are running at a loss. You will go out of business.

Martin Dean: Yes, but that is the reimbursement issue. There are two different issues: eligibility and reimbursement. The eligibility is a public policy decision; the reimbursement is something that follows on from that. If central, regional or sub-regional government decide that there is a certain level of eligibility, that is a public policy decision. The reimbursement follows on from that.

Huw Merriman: That is the bit that is relevant for you, because if you are not being reimbursed enough to cover your costs—maybe that is another way of putting it—surely you have an interest in saying, along the lines of the BBC, that you cannot carry on like this, because you will go out of business, because you are not making any money.

Q271 **Chair:** We will have to be very brief on this, because we are rather getting off the point. I think it is a public policy issue, if operators want to express a view about whether you are not getting full reimbursement for the services you provide under the concessionary pass scheme, which is what I am hearing from you. Is that right?

Bill Hiron: Yes.

Steven Salmon: Yes.

Martin Dean: Yes.

Alex Hornby: Can I give an example? It answers the profitability question as well. One of our coastal operations about 15 years ago was making a margin in excess of 25%; now we get £1.54 for a concessionary pass, when the equivalent adult fare is more than £10, and that operation is making less than 3% return now. That gives you an indication, particularly on the types of services where the peaks are often at half-nine, and we have to supply even more buses to pick people up. It can really skew things in a dangerous way.

Huw Merriman: The BBC does not choose the eligibility either. It was very difficult to decipher; that is why I kept asking the question.

Chair: I do not disagree with you asking it, but I am conscious of the time and we have a lot to get through.

Q272 **Ruth Cadbury:** Would you like to be more involved in transport



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planning? We have 300,000 new homes needed, and there are specific plans in the Oxford, Cambridge and Milton Keynes area. The other planning issue is where an increasing number of towns and cities seek to reduce traffic congestion and encourage more people on to public transport. Would you like to have a role in those areas?

Malcolm Robson: It is key; that is what bus operators do. One of the roles of a local bus manager is to make sure that he is aware of what is happening in his area by way of planning.

Bill Hiron: Or she.

Malcolm Robson: Yes, or she.

Q273 **Ruth Cadbury:** That is responding to your service. What about playing a role as a consultee in development proposals, and so on?

Malcolm Robson: You should be doing that; you should be monitoring what is happening on local government planning websites to make sure that you are there early in the process.

Q274 **Ruth Cadbury:** And commenting particularly on estate developments.

Martin Dean: Two of our companies have taken on transport planners to work full time for us, and they monitor what is going on in development in their area and liaise with local authorities. They are both ex-local authority people so they know how the system works; they have good contacts in local authorities and sub-regional bodies, and they support our bus managers. That works because, if you get in early, you can influence how the development pattern starts to emerge and make sure that you have routes through housing estates rather than dead ends, which are quite difficult to serve by bus routes.

Malcolm Robson: The key thing is to get in there early and not to have an arrangement with a developer that says, "When you have built 100 houses we'll put on a bus service." In Ipswich, when we converted the airfield into 900 houses, we had a spine road built and a bus service operating, without any houses, just so that people could see immediately that there was a bus service in the area when they moved in. Otherwise, you lose the opportunity if you have built too many houses before the bus service happens. Also, as Martin says, you have to make sure that the spine roads are designed so that you can take buses through the whole development and get near where people live.

Q275 **Ruth Cadbury:** Is investing in transport planning something that some companies do because it is good business? Is that true across the sector?

Steven Salmon: It is certainly true for the larger companies. I can speak for Stagecoach, because I know the person involved; they are a member of my organisation. Stagecoach uses its local management network to get early notification of where things might be happening; then it has an expert in both commercial and residential development, who will talk to the relevant planning authority and the developers as soon as they



possibly can. They do not really want money; they want practical measures that will give alternatives to car ownership and use for the residents, including, ideally, bus use.

Q276 Ruth Cadbury: We have focused on new developments. What about reducing private car congestion in town and city centres? What is your level of engagement in that? Is current guidance from Government useful and clear? Are you incentivised? How does the process work?

Bill Hiron: The short answer is that it varies dramatically from area to area. Certainly, there is generally a willingness to be engaged in conversations like that. It is our *raison d'être*; our whole business model depends on making the bus more attractive relative to the car. We can only do that if we minimise congestion, because that is the elephant in the room for the bus industry. It always has been, but particularly at the moment.

Q277 Ruth Cadbury: Outside London, how do you do that?

Bill Hiron: You do it by engaging with local stakeholders and politicians. The dilemma is always that reducing freedom for private cars is not a vote winner. Even the bravest of local politicians has to be very brave to do anything that curtails freedom or increases cost for a car driver.

Alex Hornby: Increasingly, we hope that people will see the bus as the answer to a number of problems, not just the congestion problem but that of air quality. Even new diesel buses now emit less harmful emissions than a new diesel car. That is not per passenger; it is the actual vehicle, so, when you think about the number of people you can fit on a bus compared with a private car, it will solve the air quality question and solve congestion, and I think local authorities are beginning to come around to that. Certainly, in Leeds it is beginning to be responded to, and in Bradford we are beginning to get there. We hope that other towns and cities see fit to do that. Because it is a brave thing, people are waiting to see it happen in one place and then, hopefully, it will happen in others. The key is to make sure that the quality of service is good, so that people are attracted to it.

Q278 Ruth Cadbury: Can I go back to my first probing question on new housing developments? Why do you think that so many new housing developments are being built without public transport links, locking people into car dependency, as you acknowledged? Why do you think that has happened?

Steven Salmon: Because a lot of developers still believe that what sells houses is an element of privacy, so you get more for a house tucked away in its own little corner. They believe that they sell on privacy and car parking—

Q279 Ruth Cadbury: The marketing of the housing is leading it.



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Steven Salmon: And the very intensive use of space. Footpaths cost money to put in. We think that those drivers are still very active in the new-build market.

Martin Dean: That goes back to my point about getting transport planners with a public transport bias involved. A lot of planning is done by development control people at local authority level on the developer side, who may not have empathy with bus users. If we can get our people in there to do very simple things, such as access to bus stops, which does not cost an awful lot of money, and thinking about how a development is framed, lots of things can be done. We talked about getting in there early and influencing how the development emerges when it is being planned. It is often more expensive for a developer to put something in towards the end of his development cycle than getting in there really early and talking to him about the sorts of things required in terms of pedestrian access to stops.

Q280 **Ruth Cadbury:** Is your sector only likely to get involved in fairly big developments of about 900 houses, or can you get in when there are smaller developments?

Alex Hornby: Both. I was with our local council in Harrogate a few weeks ago talking about a small development. We said, "Well, okay, you've told us too late how the housing estate is being built, but via you can we give a week's free bus travel to people to try to get them to think about using buses?" There are several techniques you can use. If the estate is so small that navigating a bus through it is not worth it, there are other things that we can do to try to influence bus use in new build. It is a key change in someone's life when they move house; there is upheaval, changes to work and school, and so on, so it is a great way to get them to change their mode of travel as well.

Q281 **Chair:** How do you actually plan your routes? We heard evidence earlier in the inquiry that there may be a hospital but the bus does not go to the hospital, or the bus stops at the bottom of a hill when something is at the top of it. Whether it is a new development, such as a new hospital built on the edge of town or a new shopping centre, how do you decide whether it is worth putting on a new route?

Martin Dean: At Go-Ahead, we have local management teams that keep an eye on major developments, or smaller ones. A lot of it will be based on empirical evidence—for example, if there is a general hospital, knowing what sort of generation that will attract. It may be that we would support that with some surveys to ask people what they think. We might liaise with the employers themselves and find out if they have some sort of footprint about where people are coming from to work or to visit the facility. That would help us to plan a service.

It brings into sharp focus the relationship between transport and land use. Obviously, if a general hospital is built on the end of a high-frequency bus route, we can extend the route into the hospital grounds,



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which will give a really good level of service. The problem we get sometimes is that the hospital is plonked in the middle of an inaccessible location for public transport, and it can be quite difficult to serve by good public transport networks, although we certainly try our best. The relationship between transport and land use is really important.

Q282 **Chair:** I hope you would be saying that at the planning stages.

Martin Dean: Absolutely, yes.

Q283 **Chair:** Do you have any more information on how you plan bus routes? If an operator has pulled out of providing a service and you are looking at it and thinking about whether it is worth doing, would you be able to access any information from the operator who has stopped operating it?

Bill Hiron: Usually, it is through the local authority. We have done that on several occasions in the past, and the information comes via the local authority. Any operator giving up a route will usually happily give loading information to the local authority.

Q284 **Chair:** Is there an obligation to provide it, or is it good practice?

Bill Hiron: I do not think there is, but I defer to colleagues who might know better.

Steven Salmon: I am blushing. I think there is provision for it in the Local Transport Act, but the relevant regulations have not been made yet. I think that is where we are, but I would need to go away and check.

Q285 **Chair:** We heard from the earlier panel that there was concern that it was all about profitability and not about service to passengers in a locality. Do you think about the network as a whole, or do you just think about whether the route will make money? Obviously, you can only run a route if it makes money. That is the nature of it.

Alex Hornby: It is a whole mixture of things. You asked whether we talked to our customers. A number of the successes we have had at Transdev and, indeed, at my former employer, Trent Barton, have come from talking to customers and seeing what they want, and what non-users want. One thing that is becoming increasingly popular is faster buses. They really do get people out of cars because, in a sense, the bus does what the car does, except that you do not have a steering wheel in front of you. Increasingly, as operators talk more and more to customers, and to those who are not using buses, those kinds of opportunities emerge. A lot of the new success that operators are having is borne out by those kinds of ideas, as well as from talking to staff, who identify some of the opportunities, too.

Chair: I will hand on to Graham, who is going to look at some issues of competition in the bus market.

Q286 **Graham Stringer:** Isn't it true that bus companies hate competition?



Martin Dean: No, I would not say that. Competition generally, and the threat of competition, drives us to make sure that we give customers a good level of service. We want to do that anyway, but it avoids any complacency. In general terms, the bus industry is one with low barriers to entry, as we would argue at Go-Ahead. That means that we have to be on our mettle at all times; otherwise, if we got complacent with high fares and poor frequencies or whatever, it would allow others to move in and take some market share from us. Competition or the threat of it is a good thing; it is good for the customer and means that we have to think all the time about what we can do to deliver a good product.

Q287 **Graham Stringer:** That is good economic theory, but it is not the real world, is it? In Manchester, where FirstGroup and Stagecoach operate, Stagecoach has south Manchester and FirstGroup has north Manchester, and to a certain extent Arriva has west Manchester. I am not saying that there is a written agreement, but there are very few routes where there is competition, although there are some. That is why you were unable to give a quantitative answer when you were asked previously how many routes Go-Ahead compete on.

Martin Dean: It is difficult in actual terms to give a number. I was describing in the Go-Ahead networks we operate the example of Bournemouth and Poole, where we have competition, as well as Southampton, Oxford and Tyne and Wear, where we have competition.

Q288 **Graham Stringer:** But you are failing to give an answer as to the percentage of the routes. I do not know those areas very well, so you could tell me. I know in Manchester it is a very low percentage. I find it frustrating, and it probably undermines your case, that you cannot give us those figures. Would you be able to give us them in writing?

Martin Dean: In Oxford, for example, there are four main corridors into the city, and on each of those corridors there is competition between two operators. Every major radial corridor into Oxford is covered by competition; people have a choice between routes.

Q289 **Graham Stringer:** Oxford is a very specific case, isn't it, with a highly constrained centre, and, as you said previously, a partnership with the local authority and the two different bus companies? Overall, outside London, which has a completely different system, my impression is that there is very little competition on the road. It would be useful to have those figures.

Alex Hornby: I can give you the situation in Harrogate, which is a small-to-medium-sized town. On the six main routes we run there, we have competition on three routes. It happens in certain areas. Indeed, in the Rosso operation we run in Greater Manchester, we have competition on two of our main routes. We found that on some of the routes where the competition has gone—as First, in this case, left the route—we have actually improved the service.

Graham Stringer: It is not surprising against First.



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Chair: Steven wants to come in.

Steven Salmon: There is an interesting case in my home town of Guildford, where six years ago only one of the big five operators had a presence: Arriva. There was a competition for a park and ride operation, and Stagecoach won it and, on the basis of that set-up, they have premises in the town, which they did not have before. They have gone on from those premises to compete very vigorously with Arriva on a number of contracts, including the concession to run through the university, and on a number of individual routes. That is an example of two of the big five absolutely competing with each other.

Q290 **Graham Stringer:** I am sure there are examples; it was the overall picture I was trying to get at. Aren't there just as many examples, when a new operator enters the market, of one of the big five trying to run them off the road by putting on a new service, competing with lower fares and greater frequency, because they do not want competition? We have plenty of examples of that in Preston, Manchester, and other parts of the country. We can probably swap examples of that, as against examples of regular competition.

Martin Dean: In Go-Ahead's situation, we compete very vigorously and competitively on frequency and fares; I mentioned the corridor between Bournemouth and Poole. But we would regard that as fair competition, not what you described.

Q291 **Graham Stringer:** But you would recognise that that happens.

Martin Dean: Not in Go-Ahead, no. I cannot speak for anywhere else, because I don't operate in those areas.

Q292 **Graham Stringer:** After a number of questions, you have not provided us with the number of routes on which you have competition, and the number where you do not. Would you be able to provide us with them?

Martin Dean: We can certainly give you an approximation.

Q293 **Graham Stringer:** That is an interesting answer—an approximation.

Martin Dean: Yes, we can certainly tell you about route corridors.

Q294 **Graham Stringer:** Right. Apart from buses where, in what I would believe is the minority of cases where fair competition exists, who is your main competitor?

Martin Dean: The private vehicle provides a lot of competition to us. Alex mentioned why that was. A lot of people have access to a car, so that is competition. Cycling and walking can be competition for us. As bus speeds have tended to decrease over the years, particularly for short journeys in city centres of two to three stops, we are very aware that sometimes it can be quicker to walk or cycle. That is why we call for bus priority measures to speed up buses.



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Alex Hornby: It is also whether we look at it as competition or choice. There are a number of examples on corridors that we run where we compete for people. We find that people will drift from car to train to bus. You are giving them that level of choice. It is ensuring that we have a role to play. I do not think any of us will say that we want death to the private car. We accept that the private car is here to stay; it is how we can ensure that we have a valid role to play in people's everyday lives, or their week or whatever.

Q295 **Graham Stringer:** Apart from asking local authorities to give over road space to buses, can you tell us where you have taken initiatives to get people out of cars?

Alex Hornby: Yes. One example is our Leeds to Harrogate route, which is the No. 36; 65% of the users have access to a car. In our view, we have made the standard of vehicle better than that of a car. We have 60 seats on a bus that could squeeze in 80; for example, if it was to a London specification, the bus would fit in 80 passengers. We fit 60 passengers in it. We spread them out; we give them leg room; we have two-plus-one seating so that people can spread out.

We give people an experience. Our aim on that route is for people to say they are proud to use it, and we want the bus to be seen as a badge of honour. That is what happens in Harrogate. People do not use the bus or train to get to Leeds; they use the 36 and they are proud to use it. That is our aim in many things we do, where it is possible.

Q296 **Graham Stringer:** Following up Ruth's question, one of the key factors in where you send your buses is having a market and passengers to get on the bus. Isn't another of the key factors the dead mileage from the garage? Doesn't that determine your network as much as almost anything else?

Martin Dean: It is a consideration. One of the requirements of having a licence to run buses is that you have a place to maintain them and keep them off the road safely. But, again, in terms of the industry being a low barriers to entry business, in the vast majority of locations you can find places at least to outstation vehicles, and then there might be a place where you would maintain them somewhere else, in a main depot, which means that you could be quite flexible in where you park your vehicles and run your networks, if you wanted to.

Bill Hiron: We operate primarily in a rural environment, in the rural parts of Essex and Suffolk. Our whole operation is based on some centralised maintenance centres and a number of what are not quite outstations; they are a bit bigger than that. They are essentially yards where we park things. You can minimise it, but you cannot do away with dead mileage completely, because you cannot have a bus parked in every drive.

Graham Stringer: Obviously.



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Bill Hiron: We have buses in reasonable numbers parked where there is an origin point in the morning and a finish point in the evening. That is a very cost-effective way of providing services in a relatively rural area.

Q297 **Chair:** Malcolm and Bill, what do your members say about entering new markets or setting up new routes in competition with a big operator, or do they just not do it?

Malcolm Robson: They do it, and they are quite proactive. The cost base of many of our members—certainly the small and medium-sized businesses—is a lot different from the larger groups. They perhaps can see opportunities. In some instances, when the group has said, “This is just not viable for us,” they can step in and run things on a lower cost basis. Our members are quite proactive and innovative in what they do. In fact, a lot of them take more risks than some of the groups because they do not have shareholders to report to or dividends to pay. They are prepared to take the risk because they want to develop their market.

Q298 **Chair:** They do not think it is difficult to break into the bus market.

Malcolm Robson: It is not easy. It is not difficult to start a bus route, but generating sufficient revenue to make it sustainable is difficult at times.

Q299 **Chair:** Would your members say that, in their experience, where they start a new route, perhaps in competition with one of the big five, they find that the big five respond by trying to run them off the road, by cutting their fares?

Malcolm Robson: No. I just think it is competition. I cannot recall any instances where our members have said, “We’ve been run off the road by a big group.” In fact, in some cases a big group has withdrawn and left us to it.

Chair: That is a different way that competition ends up disappearing. I want to move on to some of the issues around the workforce—driver pay, remuneration and workforce development—that we heard about from the first panel.

Q300 **Grahame Morris:** Perhaps you heard some of the exchanges with the first panel. Alex, you are nodding your head, so I will come to you first. You said something that made my ears prick up after listening to Mr Morton and Mr Lynch. You said your drivers are well paid. We went to Bristol quite recently and held a meeting with the public as well. We listened to the operators. Principally, the First group there but Stagecoach.

I would say that there seems to be a cosy relationship there between different sectors. In the city, I do not think there is active competition. But they were having enormous difficulty in getting drivers in Bristol, despite the attractions of a lovely city and so on. They were, effectively, having to go to other parts of the country, to Cambridge and elsewhere, to poach qualified drivers. You said that you were operating a quality



service and paying the drivers well. What are you doing in Harrogate and the surrounding areas to ensure that you attract enough quality drivers who are going to stay with the service?

Alex Hornby: Our experience at the moment is that we position our products and our buses as very local things. In each of the areas we are in, we position ourselves as the Harrogate Bus Company, the Keighley Bus Company, or whatever. That means a lot; we stand out from the crowd because people like to feel that they are working for a local company that is doing great things locally. The position of the product, whether the buses look good, and whether it is a bus you want to be seen on or not, is a big first step for people when they choose a job.

When you look at the rates of pay in the towns where we operate, we struggle to find other typical hourly wages that are better than ours, when you look at HGV driving or people who work in supermarkets, cafes and so on. We have had a fair degree of success, particularly in a town like Harrogate, which has a huge service industry and is probably the place where we find it the most difficult to recruit, although we still do it and we achieve it. We do it by talking to the younger market when they are working in cafes and are often the only person there; they have to open up and lock up and are on hourly rates of £4 an hour less than we pay. When they come to us, they realise the sense of autonomy they get when they work with us, but they can still engage with people. We are beginning to make that switch.

It has been quite difficult in the past. People say, "How do you get a young person driving a bus?" If you understand what they are getting out of their current job and say, "We can give you similar but at a higher rate. You get to drive this bus all day, it is your own bus and off you go," we get some really good responses. The key is first to make the bus and the company look attractive to work for, and that is what will bring them on, which is why those people are often attracted to some of the service sectors.

Q301 **Grahame Morris:** It is interesting that you set out to recruit from a younger workforce. Did you recognise the characterisation that Mr Lynch and Mr Morton gave about the diminution of wages and terms and conditions of service, and their contention that, over time, that had an adverse impact on retention, particularly of bus drivers, when older drivers were making comparisons with how much they were earning, and pension and sick pay arrangements were worsening generally across the industry? Is that a material factor? I am not singling out your company specifically.

Alex Hornby: I did not recognise some of the picture that was being painted there. Our employee turnover rates are around 5%, which is well below some of the figures quoted earlier. We are holding long service events in a few months' time where I will be shaking the hands of 80 people who have worked more than 25 years. We are still giving people



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long careers, with good pension entitlements and good sick pay—all the kinds of things that people came to us for in the first place.

The people who leave us often say that they recognise the value that the bus industry gave them. It paid for their mortgage and allowed them to go on great holidays. When those people leave, they are often leaving at retirement age, not because they did not like the job. Obviously, some people will slip the net.

Q302 Chair: Alex, we have had some information that suggested there was an industrial action ballot over pay at your Harrogate depot. Is that right?

Alex Hornby: We had a vote for industrial action earlier this year, which was overcome by looking at a two-year deal instead of a one-year deal. There are things like that that happen as part of the negotiation process sometimes, but, in contrast to that, three of the deals I have been involved in this year went through first time because it was attractive and we had a good negotiation process. The first wage negotiation we did with Rossendale was similar. You find that will happen during a negotiation process, but if you look at our wage rates compared with our competitors in the areas we serve, I can firmly say that we are £1 to £2 an hour clear.

Q303 Chair: You mentioned the importance of rewarding people for long service. Has Transdev Blazefield changed its long service awards in the way they are recompensed or recognised?

Alex Hornby: We are quite a sizeable company. We have Lancashire and Yorkshire. We used to serve the Lancashire people every two years and the Yorkshire people every two years. We are changing to serve the whole company together every few years, but everyone will still get the same benefits. What we want to do, as the company gets bigger, is bring people together in a larger event.

Chair: Thank you for clarifying that.

Q304 Grahame Morris: I do not know whether I should ask other members of the panel, but did you hear in the earlier session that I referred to the evidence we had received both in person and in writing from people representing those with disabilities, in particular, expressing concerns about the level of training, and disabled people having some reluctance to plan a trip by bus? Do you think that is legitimate? Does anyone have any comments about the efforts that are being made to recognise the barriers to people with disabilities using the bus service?

Martin Dean: When I joined the industry back in the mid-1980s, you used to get three weeks' training that was all basically bus training, but now, as standard, we do at least five weeks' training. The additional two weeks offered are all about customer service, and included in that is disability awareness. Indeed, a number of our training centres provide disability training for third parties, which shows how comprehensive the training is that we give in our industry.



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In London, as part of turning driver training into a proper apprenticeship, we are extending the number of days that we train drivers. It has gone up from 30 to 52 days. Part of that training as a proper apprenticeship is making sure that we equip our drivers with all the things they need to be even better at customer service, recognising all the things they need in terms of customer requirements. Included in that are things like disability awareness. We can always do better; we realise that. But we are really working on it hard and we think we have made big strides, particularly in the last few years.

Q305 Grahame Morris: As a Committee, we have to come to a view based on the evidence we receive. The trade unions seem to have a different view. That is not to say yours is not legitimate or carries more weight, but could you say something about apprenticeships? I do not know if you heard the earlier panel. Mr Morton heaped praise on Arriva for the work that they were doing with their engineering apprentices. Both the trade union reps—Mr Lynch and Mr Morton—had some reservations about extending apprenticeships to drivers because they thought that it was perhaps a route to accessing some training moneys or supporting the companies' balance sheet in another way. I do not want to put words into their mouths.

Steven Salmon: I have discussed this through a colleague of mine who has contacts with a lot of members on the issue. The apprenticeship levy is real enough, so there is no doubt that our members, many of whom are larger businesses, are paying the levy. They naturally think about how they can structure things so that they get at least some of that levy back. In reality, the world of engineering trades has carried on much as before. We were quite strong before and we are quite strong now, even in the levy world. It is not very visible or public facing, but we probably have more people on apprenticeships in what you might call the office side of things.

Drivers are a real issue because, yes, we would like to be able to have an apprenticeship programme for drivers that is relevant. We do not want to string them out as underpaid people; we want employees who learn and stay. That is important to us. There are some trials going on to see whether we can develop an apprenticeship scheme for drivers that allows us to draw down some of the levy money, but its principal objective is not to get the money down. It is to end up with young, motivated, well-trained employees.

Martin Dean: Go-Ahead London is our biggest operation. We are an accredited employer provider. We are not just doing that for balance sheet purposes. We absolutely believe in it 100%. All our drivers coming into the scheme—around 40 drivers a month—are coming in as driver apprentices. We absolutely believe in it 100%. We are giving them extra training, extra off-the-job training, and we think it will give us a payback in even better staff who recognise issues that will reduce accidents at the workplace.



There were discussions about stress levels. It helps them with life skills as well. It will help them with things like occupational health. It will get them to understand how to deal with it if they feel stressed. If we have employees coming to us with English as a second language, we teach them English and maths to help them with their customer relations and how to deal with accident forms and so on. We absolutely 100% believe in it, and we are going forward with it in Go-Ahead London. If it works well, which we believe it will, it will become a centre of excellence for us to roll it out across the rest of the Go-Ahead fleet. We 100% believe in it.

Q306 Grahame Morris: In your written evidence, Martin, you said that there should be some kind of national framework or national strategy. Would that be part of it—the training strategy, apprenticeships and so on?

Martin Dean: Yes, it could well be. We all agree—unions and on the employer side—that this is a people industry. The drivers are absolutely key to us. How drivers deal with our customers will mean that we can grow patronage. That could certainly be part of it. We think there are a lot of other things that could be part of it as well, particularly things like congestion reduction and reducing inconsistency in the approach to it, but yes, absolutely, people would be part of it as well.

Chair: I am conscious of the time. There are many more questions that we might want to ask you. I am minded to write to you for responses on a number of issues, particularly in relation to partnerships. Martin, you alluded to congestion reduction measures. We heard when we took evidence in Bristol recently that the local transport authority provided some bus priority measures and then found there was no willingness to run a bus service on those measures. We have some important questions particularly about partnership and the potential reform of BSOG. Graham, I think you have a couple of questions.

Q307 Graham Stringer: I have two questions. There could be lots of follow-ups, but in the most general sense I think it is worth asking how you view the Bus Services Act 2017. Do you think it is a good Act? Could it be improved, or do you think it should never have been passed? What is your view of it?

Martin Dean: The first thing is that we welcome the fact that there was an Act of Parliament specific to buses. That is a good thing, because getting anybody in Parliament to talk about buses has to be a good thing.

The good thing about it was that it gave local authorities extra tools in their toolbox to deal with various issues. We at Go-Ahead believe in voluntary, flexible partnerships. We think they are the best way forward because the market we serve is very dynamic. It is moving very quickly. The extent to which you respond to that market as quickly as possible gives you the best chance of success. We would go for voluntary, flexible partnerships ahead of more strategic, quality partnerships where there might be more regulation required and more consultation before you can actually implement them. We recognise that in certain circumstances



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they might be the best way forward, and in that respect it is good that the Act gave additional partnership powers to local authorities.

Q308 **Graham Stringer:** Alex, I do not know the answer to this question. I just listened to one of your previous answers. Have you taken over the Rossendale municipal bus company?

Alex Hornby: That is correct, from January this year.

Q309 **Graham Stringer:** Can you tell the Committee the background to that, because municipal bus companies are quickly disappearing?

Alex Hornby: Yes. As a result of some partnership work with the council on building a new bus station in Rawtenstall, talks emerged as to what the local authority were doing with their bus company. It came to light that they wished to sell it because they could not afford to carry on investing in it. We came to an agreement with them and we shared the news with the trade union and the staff in November, ahead of acquisition in the following January.

Since then, the commitment we made, as well as a cash consideration for the company, was both to invest in the vehicles and improve the quality of the fleet, which had been neglected over a number of years, and to commit to supporting the town of Rawtenstall's development by supporting and using its new bus station, which will, hopefully, come online in the middle of next year. In that time, we have invested over £3 million in new vehicles. We have reduced the amount of cancellations and lost mileage. We have reduced staff sickness. We have reduced complaints and accidents. We are seeing passenger growth. Again, I think that is the result of applying a quality ethos to the product.

There was another useful thing we were able to do to make the investment profile work. The council owned quite an expensive depot up near Haslingden. We were able to house some of the fleet and staff in nearby depots as well as retaining their existing base in Rochdale. We were able to make more effective use of resources. As well as doing all the things we have done, we have been able to give the staff a decent and sensible wage rise, which was slightly higher than the levels they got years earlier at the local council. I like to think it has been a win-win for the staff, the council and the customers.

Q310 **Graham Stringer:** And a decent capital receipt to the council.

Alex Hornby: Something like that, yes.

Steven Salmon: Just before we wind up, I would like to say something about the Act. If you look at it as a whole, it has nudged along some things that needed nudging along, around data, audible and visible information. On the governance side of things, we are left with an enormous range of options that tend to throw back the focus on the lack of a national vision and guidance of what buses ought to be about.



Q311 **Chair:** That brings me handily to my last question.

Steven Salmon: I thought we had had your last question.

Q312 **Chair:** No, no. I will be asking some further questions of you around fatigue and safety, because we have not had time to pick that up, and we had some important evidence from the trade unions, and some questions around regulation of funding and your thoughts on ways we could fund the industry, particularly around changes to BSOG.

I was going to ask whether you think we should have a bus strategy, but I am going to take it as a given that you would all say yes. Would each of you give me the top priority you would like to see in a bus strategy? Obviously, you can add to it when you write back to me about the other things. Steven, what would be the most important thing to have in a bus strategy?

Steven Salmon: It has to flow from a vision about places and a vision about how sustainably people live in particular kinds of places. Buses are not the only part, but they are an important part of that vision.

Alex Hornby: It must have some level of defined outcomes that should not necessarily be on passenger growth, but about a growing share of bus travel and relevance in the towns and cities we serve that will heighten the importance of the bus.

Martin Dean: I agree with all those, and I would mention justification for public investment in terms of the benefits for loneliness, health, employment and education.

Bill Hiron: It has to have a measure in achieving all those targets that enables the issue of congestion to be dealt with.

Malcolm Robson: It has to be a document that we don't just produce and put to one side and forget. It has to be something with real teeth and that we can ensure through partnership that we deliver it.

Chair: Thank you very much. We all want to see better bus services, so I am sure that will help us when we are drawing up our recommendations. That concludes our session this afternoon. Thank you for giving evidence.