

# Transport Committee

## Oral evidence: [Health of the bus market](#), HC 1425

Monday 14 January 2019, Liverpool

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[Watch the meeting](#)

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

Questions 313 - 379

### Witnesses

**I:** Howard Farrall, Area Managing Director, Arriva Merseyside, Matthew Goggins, Head of Bus, Liverpool City Combined Authority, Merseytravel and Rob Jones, Regional Managing Director, Stagecoach Merseyside.

Written evidence from witnesses:

- [Liverpool City Region Combined Authority](#)
- [Stagecoach UK bus](#)

## Examination of witnesses

Witnesses: Howard Farrall, Matthew Goggins, and Rob Jones.

Q313 **Chair:** Welcome, and I thank our witnesses and members of the public for coming along today. We appear to have quite a packed audience, which is really good. This is an opportunity to see the work of a Select Committee in action here in Liverpool rather than down in Westminster, where we usually meet. We are really happy to be here in the city. For the benefit of our record of today's session, would our witnesses introduce themselves, please?

**Matthew Goggins:** Matthew Goggins, Head of Bus at Merseytravel.

**Rob Jones:** Rob Jones, Managing Director for Stagecoach Merseyside.

**Howard Farrall:** Howard Farrall, Area Managing Director for Arriva Merseyside.

Q314 **Chair:** Thank you. We are going to get started straight away. First of all, I would like to know: what is unique about Liverpool when it comes to bus transport and what is its approach to bus services? Matthew, I will start with you before moving on to hear from the bus operators.

**Matthew Goggins:** One thing that is not quite unique, but certainly rare in the UK, is that bus patronage is growing in the Liverpool City region. We have taken a very deliberate approach to try to work in partnership with bus operators, and bus operators have done the same and come to meet that challenge. I think that the approach that we are taking locally may be delivering some different results here from elsewhere in the UK.

Q315 **Chair:** How long is it since patronage started to grow? I know it was in decline for some period.

**Matthew Goggins:** It is really over the last four years. I am sure we will get to the Bus Alliance that we have here locally. We have done a lot through that Bus Alliance, but prior to that we had a longstanding tradition of working in partnership with bus operators. Certainly some of the measures we have put in since the inception of the alliance and before that have combined and helped to deliver growth in patronage and buck the trend.

Q316 **Chair:** Rob, do you want to tell us a little bit about how you see it as an operator?

**Rob Jones:** It is not unique—obviously there are other partnerships around the country—but I think it is the fact there is a joined-up approach, and joint responsibility. Both the bus operators and the local authority take responsibility for it and come together to improve bus services.

Q317 **Chair:** There was a decline in bus use and we have heard that that has turned around in the last four years. What specific things have started to



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make a difference here in Liverpool City region that are perhaps different from other parts of Stagecoach's operations?

**Rob Jones:** I think it is the joined-up focus and getting investment into the city as well—the fact that everyone has been able to come together, as opposed to trying to do it individually, with the local authority doing one thing and the bus operators individually doing something different. It is that joined-up approach that has allowed us to make a difference and improve things and highlight the advantages of bus.

**Howard Farrall:** I think it started before the alliance began. We had a very good relationship with Merseytravel and with the local authority, and I think that helped form the basis of the partnership. There was a lot of trust between the operators and the local authority, so it was quite easy to put settlement packages together because we all wanted the same thing. That was really important right from the outset. It was about trying to grow the patronage, so that made it a lot easier.

Q318 **Chair:** At some point something has changed if bus patronage had fallen and now it is growing. Was it a change in the people involved that led to this growing working together, or was it just the realisation of the need to be doing something different? It is not going to be lost on any of us that Liverpool is a place that removed its bus lanes in 2013; that attracted a lot of political attention. It seems counterintuitive, from all we know, for that to happen and then bus use to go up. Bus priority measures are one of the things that often stop buses getting caught up in congestion. Is there some more you can tell us about what has happened that is making the difference?

**Matthew Goggins:** One thing we did was to take a step back and look at what the bus network was doing. We saw that it was absolutely critical to the way that the city region operated, it was critical to the economy and it helped get so many people to their places of work and education, but we were on the back of a long-term decline in bus patronage here. For us those two things did not marry up, so we could not have allowed the bus network and bus patronage to continue to decline. We needed to see that change because buses are too important to us for that to happen. I think the starting point was recognising that buses are critical to the region.

Then it was a case of having some quite straightforward conversations with the bus operators, because we can take a view as the local authority, but bus operators are delivering the service. We can have whatever views we want, but if bus operators do not want to work in partnership, for example, we might as well pack up and go home as far as bus services are concerned. We had some quite honest and open conversations with the bus operators. As a result of that, it felt like we were willing to start to work together at a different level than we had done before and we started to look at the different aspects of the bus offer and the things we could make a difference in.



If you get under the skin of the bus patronage changes, you see that it is about young people in particular. There has been a massive change in how we approach young people when it comes to the bus offer. A lot of the growth that we have seen has been driven by more and more young people using the buses.

Q319 **Chair:** I am going to come on to ask a bit more about the Bus Alliance in a while—I am guessing that the changes around young people and concessions are part of that—but first of all I am going to ask Matthew about new entrants to the market. We have two of the biggest operators in Liverpool here, and they are two of the biggest names in bus operations across the country. There have not been many new entrants—smaller operators—to the Liverpool bus market for a while. In fact, I think some have ceased operations. Why do you think that is, and does it matter that there is not growing competition for bus passengers in Liverpool?

**Matthew Goggins:** You are right to say that. There has not been a new significant entrant to the market since Stagecoach bought First's previous operation. There has been a contraction in the number of bus operators in the region. I think it is quite challenging for companies to come and set up an operation and begin operating in the system that we have. If you are a bus operator looking at new markets, you are going to be looking at the commercial end of that, and that is quite a challenge for bus operators. In our system, contracting opportunities and acquisitions are probably the way in which new entrants would come in, rather than setting up a new operation.

Q320 **Chair:** Can you say a bit more about what makes it difficult for people to break into the market? When a small operator comes into the market to challenge, do the big operators push them out again, or is it just that it is too difficult to set up with the infrastructure to make it worthwhile? What are the things that are happening? I appreciate that they are sitting next to you and you have a good relationship with them, but we want to know how it really is.

**Matthew Goggins:** We have a number of small operators operating in the Liverpool City region, and they do their thing. They operate some contracted services for us. Some of them do commercial services, and do that well; in some cases, they compete with these guys here. What I am talking about is a company that is not here already saying, "I fancy a bit of the Liverpool market," and then trying to establish itself. That may be easier to do where you have a failing bus service, but I would argue that with the network that is here now, a decent level of service is being delivered. I struggle to think what the niche would be for an operator to come in and be successful.

Q321 **Chair:** Are there any particular challenges faced by existing operators maintaining their positions and surviving in the market? Can you explain to us or set out what those might be?



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**Matthew Goggins:** I think revenue is a challenge in the whole industry. Although we have seen growth here, it has very much been in patronage terms. We have done quite a bit of work trying to forecast what the bus market will do in the region over the next 10 years, and we see a narrowing of the gap between the costs of operating services and the revenues generated from those services. If it is not doing so already, that will provide an increasing challenge, particularly for smaller operators, to maintain margins. That is certainly an issue.

One of the other key issues, particularly for smaller operators, is contracted bus services. We have a lot less money as a local authority to spend on contracted bus services. Smaller operators tend to be the ones that pick up those contracts. With less money to spend, naturally there is less revenue going to those smaller operators. I think those are two of the key challenges, particularly for smaller operators.

Q322 **Chair:** You have touched on fares. Leaving aside concessions, what has been happening to fares across the city region over the last few years? Have they been rising in line with inflation, higher than inflation or held steady? What is the picture?

**Matthew Goggins:** My take is that it is probably a bit of a mixed picture. One of the things that we set out in our bus strategy was that we wanted to see a consolidation of fares. There were lots of different single fares and pretty much every bus operator, both inside and outside the alliance, has moved to a flat fare approach. It is quite difficult, when you look at all the different fares that were previously charged, to try to make an assessment of whether a single and a return have gone up or down. We have seen perhaps some tougher pricing for things like weekly tickets, which I am sure the operators will be happy to talk about.

For our own tickets for Merseytravel contracted services and the Merseytravel suite of ticketing products that are valid on all buses, we took a decision to implement some very significant fare cuts for some people for the multi-operator period tickets. That is offset a little bit by changes in the single and return fares and bringing them up more towards the market rate.

It is quite a challenging question to answer. Some have probably gone up, and some have probably done down. It is a bit of a mixed bag.

Q323 **Chair:** Now I would like to ask a few questions about the alliance. We have heard that one thing that is making a difference here in Liverpool is the partnership between the combined authority and the bus operators. I understand it took 12 months to bring it into being. How did you make sure that it was going to work right from the outset? What were the key challenges and what were the barriers? I will give you a bit of a rest, Matthew, and ask Rob or Howard to set us off from an operator's perspective. How did the combined authority approach it and what made it work for you?



**Rob Jones:** I think it was the willingness of all parties to realise that something needed to happen, and that we needed to do something different, stop the decline and grow the business. There was nothing that we wanted to achieve that was not the right thing to do. When we first sat and discussed it, it was clear that we all had the same aims and goals. We were just doing it in our own way, but by coming together we could do it far more succinctly. We already had the trust built up, as Howard alluded to, with the quality bus corridors, so we already had some of that relationship there. It was about building on the trust we already had. I think the personalities have had a big impact on how we have taken the Bus Alliance forward, after that first couple of days of thrashing out what it should look like and how we grow fare-paying patronage to everyone's benefit in order to have a more sustainable network for the city region.

Q324 **Chair:** Were there any barriers to setting up the alliance? How did you, as an operator, feel about things like removal of bus priority measures? Was that one of the things that brought you to the table? Were you knocking on the Mayor's door?

**Rob Jones:** The removal of the bus lanes was a local decision within Liverpool City as opposed to Merseytravel, the combined authority. That was not necessarily part of it, but it was about the wider remit to improve punctuality and reliability across our network and work together to come to a common aim. When we sat down and talked through everything, and in what eventually went on to be workstreams—we may come on to those—there was nothing there that it was not right to do anyway. Why would you not be looking to improve the timeliness of your buses, to run your buses more reliably and so on?

Q325 **Chair:** Howard, from your perspective, what are the key things being developed through the alliance, and what are the challenges of meeting some of the ambitious targets that have been set out?

**Howard Farrall:** A number of things were key when we all sat locked away in the room for, I think, two days doing this. It was things like affordability, which is how MyTicket came about. It was about trying to encourage young people, and we had perhaps been guilty of not doing that in the past. When kids got to the age of 16 or 17, we charged them full fare, so we were almost encouraging them to go and buy a car. We thought a good argument was that if we could raise the age to include all under-19s and perhaps encourage them to stay with us, that would give us our future passengers. Affordability was one of the key things.

One of the alliance's targets is that vehicles have to be under seven years old. Rob and I have invested a lot in the city, with the support of our operating companies. Investment was important, because it encourages use and gives a viable option to try to get people out of cars. Doing the network reviews was key. It was about involving the right people, and Passenger Focus, and getting to understand customers' needs. Those were the key things that we tried to thrash out and come up with a list of



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targets to be the best. On Passenger Focus, I think we came out joint first initially. I think our target was 95 and we are 90, overall, for satisfaction at the moment. There are some good stories to tell, but those were the key targets for us.

**Q326 Chair:** If you want to get more people on to your buses, I guess you have to talk not only to the people who currently use them, but to the people who might shift from using their private cars. You talked about the age of buses, so I am guessing that people don't come and say, "I want to travel on a newer bus." They probably say, "I want to travel on a bus that is cleaner, that looks nicer and has USB charging." What were the key things that passengers and potential passengers wanted to see being different?

**Rob Jones:** I think passengers want smart, clean vehicles that have some technology on them. That enables us to make the difference between a car journey and a bus journey, potentially, and also to provide an alternative to rail, in certain circumstances, making the bus an attractive offer. We have a marketing campaign to go with that to sell the virtues of what we have. We advertise that on the sides and fronts of our vehicles to raise awareness of what benefits we give to customers who travel on board our services.

**Q327 Chair:** Is there anything about the alliance you would change if you were doing it again or if you were advising someone else? If you had to pick out three things, what are the three best things that have come out of it? If there are one or two things that you think, "I wish we had thought of X," what would X be?

**Howard Farrall:** For me, there is only one key disappointment, and that is that the alliance has not tackled, and that's the punctuality and reliability. The Passenger Focus surveys tell you that that is the key priority for passengers. You can have the best buses in the world, but if they do not turn up on time, you are going to lose the passengers. If I was going to change anything in the alliance—and I would definitely do again—it would be making the highways accountable as part of the partnership. A disappointing aspect of the alliance is that we do not have that on board.

**Q328 Chair:** What is the thing that is getting in the way of your punctuality? Is it the state of the roads, roadworks or congestion? What are the key things that are undermining your punctuality?

**Howard Farrall:** Roadworks are definitely one. There needs to be a more joined-up thought process about how roadworks are planned. Emergency works can't be helped, but I do think a lot more could be done on joining up roadworks. We have had the worst 12 months for a long time on the major corridors coming into the city, so that is an area, as is general congestion. You talked about the bus lanes, and there are some key ones that we certainly miss. I would argue that there are some that we do not miss, but there are some key ones in terms of coming in



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in the morning. Our average running times, from our point of view, have gone up between 15% and 20% in the last five years. Just to stand still, we are having to put more buses into the cycles, which does not do anyone any good.

**Q329 Chair:** Rob, is there anything you regard as the key thing that has come out of it or has it been a success? Is there anything that you would like to do differently if you were doing it again?

**Rob Jones:** I would echo Howard's point that reliability is the nut that we have not cracked, and that we still need to try to do something with. The difficulty of doing that is that the accountability is not there to bring someone to task so that we can see the benefits. The bus does not have the benefit over the car when it is travelling down the roads. It is on a par, but it is also having to stop to pick people up, as well as all the traffic lights and everything else. There is nothing there to benefit the bus. There have not been measures to restrain car use in the same way as there have been in central London, where they have done things to make bus a more attractive choice.

**Q330 Chair:** I am going to have to ask Matthew. The submission we had from the city region does not mention bus priority measures. I know from my own city that if I am going from the city centre I can get on the bus and fly down the bus lane past all the traffic that is stuck. Why isn't bus priority a key issue here in this city, at least on some of the routes, given what the operators are saying?

**Matthew Goggins:** I would not dispute anything that Rob and Howard have just said. As part of the alliance, bus punctuality and reliability is absolutely critical. The evidence is there from Transport Focus that satisfaction with that is declining and that is something we need to address. It links with your previous question as well.

Since the alliance was formed, we have had the election of a Metro Mayor and the creation of a key route network of local roads, which covers the whole of the Liverpool City region, or certainly the key bus corridors. That begins to change the conversation a little bit. It enables us to look at highways not just in the context of districts and district boundaries, but of the city region as a whole and what these key bus corridors need. I accept that we have not made a significant amount of progress in that, but I think the conversation about that has changed quite a bit. It is about looking at what we need: is a bus lane appropriate there, or would it be better to have a segregated bit of highway or traffic signal priority?

If you look under the skin of some of the customer satisfaction scores, satisfaction with punctuality in the morning peak is pretty decent, but it falls off the edge of the cliff when you look at satisfaction with punctuality in the evening peak. If you are going to start to target things, you would be targeting outbound on key corridors to try to change the bulk of opinion. There are new technologies that we have successfully trialled and are looking to roll out—traffic signal priority, for example, for late-



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running buses. Bus lanes are part of the solution, but for us it is about trying to make the right decision in the right places to improve bus journeys. Punctuality and reliability is as important a priority for us as it is for the bus operators.

**Chair:** I think you have started to touch on the very issues that my colleague, Grahame Morris, is going to pick up, so I will hand over to him.

Q331 **Grahame Morris:** As Lilian indicated, you have touched on some of these issues. To emphasise the point, you realise the terms of reference that the Committee is working to. According to the chronology of events that we have here, in April 2016 you launched the Liverpool City Region Bus Strategy. In September you had this formal agreement—nevertheless, it is a voluntary Bus Alliance—which everyone says is a wonderful initiative. You made reference to Steve Rotheram’s election as Metro Mayor in May 2017. Is there anything that the election of a Metro Mayor has brought to the party? You mentioned those four particular routes, and a more co-ordinated look at how you get the buses moving to meet the requirements of the operators in terms of running on time, and so on. Is there anything specific we can identify that the Metro Mayor has brought to that?

**Matthew Goggins:** Buses are a very high priority for Steve, and he has spoken about them many times since he was elected as Metro Mayor. That is in no doubt for us, as officers. What the Metro Mayor does in a city region is to give access to the full suite of options in the Bus Services Act, so we know that those different options in the Act are available to us. I have just touched on the key route network of local roads that has been established. We are working with our local authority partners on how that will be managed and developed in practice, but that is not something that is going to change overnight.

We have had some other specific things. At the end of last year, Steve launched a big conversation with residents, workers and businesses in the Liverpool City region to start to ask: what do people want from their bus services; what is working well now; what do we need to do more of; what are the things that we need to change and what are the things that we need to solve? That will be an ongoing process of two-way dialogue between the residents of the city region and the Metro Mayor.

We have other things as well. At the end of last year we launched a travel card for apprentices that gives them half-price bus travel. That is about trying to encourage apprentice opportunities and making sure that the cost of travel is not a barrier to people who want to take up opportunities around the city region. In the future we are looking at things like the devolved Transforming Cities Fund and how that might be used to help to improve the bus offer by investing in infrastructure.

The election of a Metro Mayor has changed the conversation and may even have changed the profile of bus in the city region. Some things we have been able to do quite quickly, and some things will be longer term.



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**Grahame Morris:** Rob, do you have a view on this?

**Rob Jones:** I think the Metro Mayor for the Liverpool City region has to be seen as an enabler for us. One of the benefits that Steve can is to remove the silos, instead of everyone working on their own. That is a bit like what the Bus Alliance has done by bringing Merseytravel and the bus operators together. Steve is able to look over everything and bring into the bus conversation air quality and other things going on within the city region, and we are slowly becoming able to join up things more. That wider picture, wider view and longer-term strategy across all the different sections will hopefully be of benefit. We will start to reap the benefits of that, and things like Transforming Cities are just one of those benefits.

**Grahame Morris:** Howard, do you have anything to add?

**Howard Farrall:** I echo what Rob said. The other thing that Steve did at the very beginning was to appoint Mick Noone, who is known for his highways skills and experience. He has been a real help to the operators and Merseytravel because, like Rob said, he can join up the pieces so that everyone is, hopefully, working in the same direction. He has certainly been a positive for the Bus Alliance.

Q332 **Grahame Morris:** I hope you do not think we are obsessing about bus priority measures, but I am sure you know the purpose of the inquiry. We have been in Bristol, which is a city where bus usage has also increased. There are a number of strategic routes into the city—I think there are 10—and they think that those have been a key factor. You mentioned a little earlier the decision to remove the 26 dedicated bus lanes and come back with four. Matt said that it is not just about dedicated bus lanes; there are other things that can be done in highway engineering and dedicated parts of the road network.

What should we be telling the Department for Transport about their guidance for bus priority measures? The Department's advice goes back to 1997. Is it out of date? Should this Committee be saying, "It is no longer fit for purpose. You need to take a different approach"? Do you have any observations about that guidance?

**Howard Farrall:** Technology has moved on so much. There are solutions out there that are not just about having dedicated bus lanes. There has been talk about red routes, and there are various other options. The UTC that we are looking at in Liverpool probably needs upgrading. I think it is a mixture of everything. There is not one thing that fits all, and there could be different solutions for different corridors. That depends on the number of cars that use those corridors. There is not one thing that fits all, but with technology these days, there is certainly a lot more that can be done.

**Rob Jones:** I think it is about looking at some best practice, as well. You mentioned Bristol. Belfast is another one that seems to have put in some quite high-level bus priority measures. It goes back to car restraint as much as to bus priority on the key corridors, so that you can get in and



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out of the city—and not just the city, but through some of the local neighbourhood centres. The environmental credentials of our vehicles give us the ability to get through there, but still keep the neighbourhood centres as flourishing areas.

**Q333 Grahame Morris:** That brings me on to the next question. Matt, you mentioned the big conversation that has been taking place—this extensive consultation—and Merseytravel completed those reviews in November last year. What were the three top issues identified as a result of the consultation?

**Matthew Goggins:** There are a couple of things. One is that over a couple of years we have undertaken a quite comprehensive set of bus network reviews. We have done that in tandem with the operators, but we have made sure that we included stakeholders and public opinion. A lot of the issues are very local, and at a very micro level, because of the nature of the reviews. It is about how the change of a bus service—or the withdrawal of a bus service, in some cases—affects the person living at number 47, for example. It is quite hard to give a lot of themes from those network reviews. In each review we try to build up broadly what people were saying about access to certain health centres, hospitals or shopping areas, for example, to try to address those concerns.

**Q334 Grahame Morris:** What do people say about the Mersey Tunnel tolls?

**Matthew Goggins:** Not so much in the bus network reviews. The bus operators pay them.

**Q335 Grahame Morris:** But they impact on passenger fares as well, don't they?

**Matthew Goggins:** That's right. Yes, they do.

**Q336 Grahame Morris:** Do you have any thoughts on the results of the consultation?

**Rob Jones:** I think it is exactly that—the consultation. We have never been that good in the past at consulting with our customers as widely as we have done since the alliance was formed. We now have a best practice of how we should go about that and the length of time we should give to consulting, on how we go and where we go. For me, it is about the lessons we have learned from the consultation and the things we have taken out of it. When we have gone into that level of detail, it has sometimes changed our minds or our opinion, or we have done something slightly differently as a result of it. It has definitely been a big help.

**Q337 Grahame Morris:** You have not been very specific about what has come out of it. I have read the written evidence and it is excellent. There is the apprentice scheme, where there is a 50% discount for apprentices and so on, and the MyTicket scheme for younger people. Has that come about as a consequence of asking passengers in the public consultation?



**Howard Farrall:** I told you before about how when we sat in that room, one of the issues we had was affordability. MyTicket came about from the initial discussions. The apprentice ticket has been driven by Steve as Metro Mayor. It was his idea to try to encourage apprentices to travel by bus rather than by car or other ways.

Going back to the consultation, I would say it is about learning. As Rob has mentioned, perhaps in the past we have made decisions on a commercial basis, and this is more about trying to understand what the customers' needs are. We do not always get it right, and it is about making sure that we learn from those mistakes and put things right.

**Chair:** I am going to hand over to Daniel, who is going to pick up some of the issues arising from the Bus Services Act.

Q338 **Daniel Zeichner:** Good afternoon, everybody. The Bus Services Act 2017 was introduced by the Conservative Government. It was perhaps a surprise to some of us that they noticed that operators seemed to get a much better return outside London than in London, where there is a franchise system, and perhaps the Treasury wondered whether the market was working as it should. You will know there is a range of options offered within the Bus Services Act, including franchising, which has attracted quite a lot of interest, but also enhanced partnerships and quality partnerships—the kind of thing passengers talk about on a daily basis, obviously. Do you think any of those approaches have any attraction here? Perhaps I could start with Matt and then go to the operators.

**Matthew Goggins:** As I mentioned, we have a Metro Mayor for the city region, so that gives us automatic access to all of the options in the Bus Services Act. The legislation is quite prescriptive about how we, as an authority, need to look at it. For quite some time, we have been working our way through what some of that means and some of the practical stuff. My task in this is to make a recommendation to the Metro Mayor about the Bus Services Act and the different options that are available. We are going through a process at the moment that is undertaking that analysis in quite a significant amount of detail. That is what the legislation says, so that is what we are doing. It is my job, as an officer, to explore all the options that are available to us and make a recommendation on them. That is exactly what we are doing.

We are not wedded to a particular outcome on that. We know the different options that are available to us. We know some of the benefits and risks that they might bring. We are doing that homework to be able to present to the Metro Mayor what we think the right option is for the region.

**Rob Jones:** We have a successful alliance that is working really well in the city region and probably delivers the best value for the taxpayer. We are not perfect and there are still things we could do to improve, and we should work towards doing that, as the alliance. I think that is the right



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and proper way forward. Margins outside London, in the difficult operating environment that we find ourselves in more and more, are not that dissimilar any more.

**Howard Farrall:** I am sure that you would not expect me to say anything different, but from Arriva's point of view we welcome the partnership approach.

Just touching on the margins, in the last five years we have invested more than we have made in profit, so I can sit here, hand on heart, and say that that investment needs to go back into the network and back into the business. The partnership approach allows us to do things a lot quicker and react to the market. Having the right approach and the right partnership is a big incentive.

Q339 **Daniel Zeichner:** Do you think it gives you the tools? Communities will often say, "We need to get people to work early, we need buses to get people home and we need Sunday services" but operators say, "Frankly, those are not the most cost-effective things to do." There is a balance there, isn't there? Where are the tools within a voluntary alliance setup to make any of that happen?

**Howard Farrall:** One of the key milestones in the original alliance was to help to reduce the support from the local authority—I think it was something like £5 million in three years. That is about working together on the networks and identifying where we can run things commercially. Obviously, there is a risk to that, but at least we can monitor it as we are going along, so that helps to cut the subsidy that Merseytravel has to pay. If we cannot, there are avenues where Merseytravel is able to step in, but certainly over the last four or five years we are probably running 90% or 92% of the commercial operation within Merseyside. That reduces the impact on Merseytravel, and that is how you do it. You have to be able to trust each other and work together.

**Rob Jones:** I think that is what some of the consultation network reviews have brought out. Generally in the city region the services are very early in the morning until late at night, and people like a service on Sunday. The network reviews have brought out where perhaps it is not there. That has identified if there are gaps, and then we work together for a solution as to how we can make that happen.

Q340 **Daniel Zeichner:** Matthew, do you think you have sufficient leverage to make those things happen through a voluntary arrangement?

**Matthew Goggins:** I think the leverage we have comes through relationships and trust, more than it is written down on a piece of paper. The point you make is a really good one and a fair one. I have touched on our projections for bus service finance into the future, and about the squeezing of margins. That is going to put pressure on the ability to deliver some of those more marginal bus services. Our challenge as a local authority is that we are not in the same place as we were five years



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ago in being able to bridge some of the gaps. The operators have stepped in to cover quite a lot of the previously supported bus services that are now commercial ones, but I am realistic.

As businesses, they need to make a return on those and if margins are squeezed, that can be more challenging. We are already seeing some cases where we are out of our budget. In some cases, there are areas where we would want to do more, but we are not able to because we do not have the finances in place. I would not say we are at tipping point, but I can see that challenge growing into the future and we can only provide what we can afford to pay for.

- Q341 **Daniel Zeichner:** I think what you were suggesting, Howard, is that there is the opportunity for the public authorities to step in to subsidise services if they wish, but what Matthew is saying is that there is not the resource there to do that. Howard, if I was a passenger in Liverpool and I was fed up with your fare levels, I thought they were too expensive or I was not very happy about punctuality, in the absence of competition where are the incentives for you to improve or where are the penalties when you cannot deliver? Do you live in fear of the Traffic Commissioner, for instance? Do you lie awake at night?

**Howard Farrall:** I do not lie awake at night, no, but I think you have to realise that if we are going to grow fare-paying patronage, punctuality and reliability is as important to us as it is to the passenger. If we turn up when we say we are going to turn up, hopefully that gives confidence to the customers. It is just as important to us that we deliver exactly what we say is on the tin. It is important to us for that reason.

We have worked hard over the last three or four years on fare levels. Only last year we reduced our weekly ticket from £17 to £15 because we recognised that we cannot keep putting up the fares all the time. We have to find alternatives, and doing that helps to grow patronage. Those are the sorts of things that MyTicket did. It was able to give us that growth that then enables a little bit of stability on the network.

Also there is an opportunity to look at different alternatives. You travelled today on ArrivaClick, which is an alternative, and that could be an option later on with pockets of services that have become isolated. We may be able to do something with alternative transport exactly like Click to cover the first and the last mile of the journey at a lower cost base.

- Q342 **Daniel Zeichner:** I will move on to another structural issue. There has been some discussion about the lack of a national bus strategy. There are strategies for all other transport modes, including cycling and walking, but not for bus. The evidence we have been getting from across the board is that people feel the time has come. I would be interested to hear your response on that—particularly from the two operators. If there were to be a national bus strategy, what would be the one or two top elements that you would like to see in it?



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**Howard Farrall:** From Arriva's point of view, we would welcome a national bus strategy. We think it is the right time to do it because it can be joined up, so if there is any funding available it can be linked into things like clean air zones, air quality, pushing investment forward with electric vehicles and infrastructure. We would welcome it.

**Rob Jones:** We would welcome a national bus strategy as well. It is the most used form of public transport and there is no overarching strategy to pull it together. Devolution does not necessarily give the big national picture on how we can get the best value for money.

Q343 **Daniel Zeichner:** I think there is national agreement breaking out on this, so it may be something we have to pursue.

Moving on very quickly to concessionary fares, you have talked about MyTicket and that has been very successful. Matt, where did the idea come from? How did you convince these guys you should do it?

**Matthew Goggins:** The starting point for us was a political one. When this started to be considered there was a clear political drive to improve the lot for young people in the city region, which continues to this day. A lot of our politicians were hearing stories about families not being able to afford to send their children to school on the bus on a Thursday and Friday because they had run out of money and buses were expensive. Howard has already touched on some of the ways that fares used to be and have now changed. That was the starting point—the very clear direction of travel from politicians that they wanted to see this whole area reformed.

What I started with was the creation of a multi-operator, all-day simple £2 bus ticket, which was just available for people to buy. For a lot of people, that delivered a significant fare cut on day one and made bus travel affordable in a way that it was not previously. We have a lot of very deprived areas in Liverpool City region that this has massively benefited. That started and it was valid until your 16th birthday, and then there were changes made about requirements to stay in education or training until you are 18. We figured that it did not go far enough for those people so it was extended until a person's 19th birthday.

As I touched on before, if you look under the skin of this, that is where a lot of the growth has come from. It has enabled young people in the Liverpool City region to get about more and take the opportunities that the city region offers.

Q344 **Daniel Zeichner:** Are all the operators in the area involved?

**Matthew Goggins:** Yes. It is a multi-bus operator ticket, so this extends further than just the Bus Alliance. These tickets are valid on any bus in the Liverpool City region, which is slightly distinct from Merseyside. We have a Merseytravel ticketing scheme, so that is where our multi-operator and multi-modal tickets lie and just sit within that scheme.



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Q345 **Daniel Zeichner:** We all like things to be free, but someone pays for it somehow. Who has ended up paying for this? Do you pay for it or do the operators pay for it? How is it working? Do you reimburse them?

**Matthew Goggins:** It has had a staged element of public support through its development. In the first two years of operation of MyTicket, it received a subsidy from the public purse on the understanding that beyond that it would operate as a commercial ticket. As it stands, MyTicket does not receive any public subsidy. The revenue from that ticket lies where it falls. If a person gets on an Arriva bus or Stagecoach bus or another operator's service, the operator will keep that revenue and that ticket will be accepted on other buses.

Q346 **Daniel Zeichner:** Rob and Howard, how has that worked out for you? Does it cost you money? Has it generated more usage?

**Rob Jones:** It has certainly generated more usage. When it went beyond 16, it was going into the unknown up to 19. We did not have the raw data to know how many people that was going to affect and what sort of impact it would have on us. That is one area where pump-priming does help. But there is no question but that we have seen quite significant growth on it—something I have brought back to other areas within my operating company in Merseyside and Cheshire. Is it wholly commercial at the price it is at? Possibly not. Is it something that is enabling people to carry on using buses up to 19, when perhaps they would not previously have done so after 16? I think the answer to that is a clear yes.

Q347 **Daniel Zeichner:** Howard, do you have a similar experience or a different one?

**Howard Farrall:** Yes—a quite similar experience. The price of the ticket is probably not a commercial one at the moment, but it is part of a package about going to the age of 19 and about delivering other parts of the strategy and helping to fund that. For operators, at the moment it is probably not a commercial ticket but it has seen growth. There are other things that are offsetting it, and that is what we have talked about with punctuality and reliability. If we can do it as part of a package, it should be sustainable.

Q348 **Daniel Zeichner:** That is young people. What about older people? We often hear from operators in particular that they are not thrilled about concessionary fare schemes. Many politicians were thrilled about it and a lot of older people are thrilled about it, but how is it working out for you here? What changes would you like to see, if any?

**Rob Jones:** I think the concessionary fare scheme is a subsidy to the passenger more than to the bus operator—no better and no worse off. I think the reality of public spending, and the strains on that, means that that is slowly starting to diminish. Operators are not seeing they are no better and no worse off, and they are now starting to suffer from the



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number of concessions that they carry for the reimbursement that they receive.

**Daniel Zeichner:** I suspect you are going to say something similar, Howard.

**Howard Farrall:** I am going to say exactly the same, yes.

Q349 **Daniel Zeichner:** There is a consistent message from the operators. Matthew, from your side's point of view, how do you feel it works for you?

**Matthew Goggins:** In Merseyside we have an enhanced concessionary scheme that starts at 60 and includes travel on the local rail network as well. It is certainly something that is seen as very important locally and something that we will need to invest in as the city region. You have probably heard from other authorities, but I think the guidance around reimbursement is a little bit complex and open to different interpretations. Sometimes that leads to tensions and maybe some of the things that Rob and Howard have just described.

Q350 **Daniel Zeichner:** Given the pressures on local authority budgets in general, is it now more difficult to sustain this than it was, in your view?

**Matthew Goggins:** In simple terms, yes. As an authority, our budget has reduced by over £40 million a year over the last three or four years, and the bill for concessionary travel has remained broadly static. If you just do the basic maths, something has to give somewhere, and there is certainly a pressure on the concessionary element of our budget as we absorb that.

**Daniel Zeichner:** Thank you. I think that we are going to be digging deeper into this as we go on, but that may be sufficient for today, Chair.

Q351 **Chair:** I have a couple more questions about MyTicket. You reported quite a big increase in travel by young people. I wondered if you had dug a bit further. Do we know whether more young people are travelling? Is it the same young people taking more journeys? Are they deciding, "I am not going to bother taking my driving test and trying to borrow my mum or dad's car. I am not going to walk or cycle; I am going to get the bus. I am not going to try to get a taxi"? Do you know where that extra growth is coming from?

Perhaps more importantly, have you collected any evidence on the impact it is having on young people's lives? What is it enabling them to do that they could not do before? Does it mean they are able to go out in the evening whereas they would not have done? Is it making it easier for them to go to the college that is a bit further? Have you done any kind of qualitative analysis that shows the difference that it is making? That question is to any of you.

**Matthew Goggins:** We have not done any really detailed analysis. It is something we have been kicking around as an idea and something that



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our alliance stakeholder board is encouraging us to do. It is something that we would like to get into at some stage.

In terms of where it has come from, it is probably a mixture of all of the things you said. There is an extension for young people, where previously it was up to their 16th birthday and now it is up to their 19th birthday, so there is a whole cohort there of people who have shifted category. There is some growth there. There is some growth in the same people travelling and making more journeys, because it is cheaper and more straightforward to do. There is a cohort of people who know they can just get on the bus and ask for a MyTicket. It is simple and straightforward for them; previously they did not feel comfortable travelling, and now they do. I think there is a mixture of things, and I would not dismiss all the things that we have done through the alliance around the whole bus offer.

One of the things that we agree on is that it is not about just one thing: passenger growth. It is about looking at the different facets of the bus offer and improving all of them. MyTicket is a very clear thing that has happened for young people but we know, as Transport Focus has said, that wi-fi is a really high priority for young people and there has been a rollout right across the bus network of free wi-fi. We know that where single-deckers have been replaced by double-deckers, there is a big leap in satisfaction. There are lots of different things that have contributed to it, and MyTicket clearly is one of those things.

**Q352 Chair:** Operators, do you have anything to add? Have you done any analysis of where those extra journeys are coming from? Is it the same people travelling more? Is it people who would not have travelled on a bus going on it? Do you have any information?

**Rob Jones:** We have no research to that sort of level. As Matt touched on, that is something we are looking to do as part of the Bus Alliance, but I think the Stagecoach experience is a big increase in young people's journeys and travel and only a very slight reduction in adults'. It is not 16-to-19 adults converted to young people's tickets. It is more young people travelling by bus. When I have done that commercially in Chester, where we do not have MyTicket, it has had a similar sort of effect—a bigger increase in young people travelling than in adults not travelling.

**Howard Farrall:** We have done a few surveys on a few key routes. When we spoke to Passenger Focus, one of the things that they wanted to do was to try to identify where the group was coming from, because that was important and it also set the scene for anything that we would do later on. We saw, on some of the routes, a lot of the opposite, so there were a lot of people between 16 and 19 that had transferred from paying adult fares to child fares. That is what I talked about before, about the commerciality of the ticket. Yes, we have done a little bit, but not a lot.

**Q353 Chair:** On wi-fi, what proportion of your buses have wi-fi on them?



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**Howard Farrall:** We both have 100% now.

Q354 **Chair:** Do you think some people use the bus specifically to access free wi-fi? I know for a lot of young people it is a desperate, "I do not want to use up all my data. I need to be able to use the phone." Do people like to sit on a bus to use the wi-fi?

**Howard Farrall:** I think you would be pleasantly surprised, because we get details of the usage of the wi-fi, and I think it is fair to say that Liverpool is top of the Arriva Group for usage of wi-fi. Yes, I think they do use it a lot, especially on some of the long-distance routes. It has been popular.

Q355 **Chair:** Yes. There is nothing wrong with that, is there, Rob?

**Rob Jones:** Yes, we have had the same experience. It is well received by the customers, as is the USB charger we have on all the new services. A lot more packages now are free data, effectively, or a higher percentage of data for the same sort of value. I think people find the charging is of much benefit as well. Everyone likes to charge their phone once it goes below 99%.

**Chair:** Too right. We want to look a little bit more at funding issues and the Bus Service Operators' Grant. I am going to hand over to Ruth.

Q356 **Ruth Cadbury:** The Bus Service Operators' Grant refunds some of the fuel duty that you, as operators, have to pay. Do you think the current BSOG scheme is fit for purpose?

**Howard Farrall:** From Arriva's perspective, we have made our point that we would welcome a reform. It is like everything else. It has to be part of a package. I do think there is an opportunity now for electric vehicles, and it is about the infrastructure and the costs. As far as Arriva is concerned, as long as it is done with a measured approach, we would welcome any reform of that.

Q357 **Ruth Cadbury:** A bit more around encouraging you to use a different kind of energy technology.

**Howard Farrall:** Absolutely, yes.

**Rob Jones:** Likewise, I think a reform would be welcome. Obviously, the current duty allows us to give lower fares and have a more extensive network. If that was taken away, it would lead to potentially higher fares and not being able to give that level of service. There has been a duty freeze on cars for the last nine years, and trains and planes do not have that. Yes, I think there is some work to be done there.

**Matthew Goggins:** I agree with what both Rob and Howard said. For us, as an authority, it is a slightly different situation, but certainly having something that rewards fuel burn seems a bit outdated. We have already made a commitment to DfT to be part of any discussions around BSOG.

Q358 **Ruth Cadbury:** The Committee heard from Bristol City Council that it



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uses the grant incentive payments towards funding real-time information and smart ticketing. Do you think it would have been possible to pursue these initiatives without the grant? Is the grant quite significant in terms of enabling you to use it for positive purposes?

**Matthew Goggins:** In terms of the devolved element of that, we plough all of that back into bus services. We take a slightly different approach and we do invest in other things around the bus offer, but it is not directly related to BSOG and the devolved element of BSOG.

Q359 **Ruth Cadbury:** You have covered what you think should happen with BSOG in the future, so I will move on to a couple of questions about modal shift. That is encouraging people to get out of their cars, and the role that buses have in that. What are the main factors that stop people moving from cars on to buses in the Liverpool City region?

**Howard Farrall:** It is what I touched on before. I think there has to be a suitable alternative in place. That means punctuality and reliability is key. Again, I keep talking about that, but it is the most important thing for existing customers. Any bus priority measures can drive up bus patronage. A bus can take 60 to 70 cars off the road, and that helps congestion. Again, it is those sorts of things, as well as the investment and everything else that goes into it. It is important that you give a reliable service, and I think that will help drive people out of the car and into the bus.

**Rob Jones:** Yes. I echo that. I think bold steps on car restraints are needed in order to get some modal shift. Again, as I have just touched on, the fuel duty freeze obviously is making the car more affordable.

**Matthew Goggins:** We probably look at it slightly differently as an authority. We look at it not from a bus perspective, but from a multi-modal perspective. We have taken decisions here locally around, for example, procuring new rolling stock for the Merseyrail fleet. We are in the process of procuring a new Mersey ferry—the first one in 60 years.

In terms of the bus offer, that is about the Bus Alliance. You may have seen our bus strategy. One of the things that we have seen in terms of getting people to shift modes and shift out of the private car is that, quite simply, buses have an image problem. It is probably not just an issue here; it is probably an issue for many parts of the UK. That is something that we have tried to tackle through the Bus Alliance. Some of that is perception and some of that is reality, so it is about trying to tackle those two things together.

Some of the reality is what Rob and Howard just talked about around improving bus journeys, making them more punctual, making them quicker and more attractive and investing in them so the vehicles are nice places to be. Then there is the perception element of things, so that is about properly marketing the bus in a coherent way, and communicating straightforwardly to people how to use it.



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An interesting local example was at the beginning of 2017, I think it was, when we had some quite significant rail works, which meant a large-scale rail replacement bus operation here. We did that very differently from the way rail replacement operations are done elsewhere in the UK. We used 30 brand-new Arriva hybrid buses to take what were previously rail passengers—to be their rail replacement. Lots of people who had never been on a bus before, or who had not been on a bus since they were young, were sampling something that may have been very different from their perceptions. The overwhelming mood of the feedback was really positive about, “Wow, aren’t buses different from my perception?” The perception bit is really important, but you need to tackle the operational bits as well.

**Q360 Ruth Cadbury:** Do you have data that shows that that is happening—the shift of people who travel anyway now travelling on buses—given that you are still struggling, like a lot of areas are, with flatlining or some decline in public transport and bus use?

**Matthew Goggins:** Modal shift is quite hard to get under the skin of, to be honest. What we do see—and it is in common with other areas—is probably a reduction in the number of trips people are taking. People are travelling less. I think that is just something that is happening in society in general. We have seen increasing bus patronage. That has to come from somewhere, so we do believe that there has been an element of modal shift within that. The number of bus passengers has gone from 136 million passenger journeys a year to just shy of 150 million passenger journeys a year. Within that, it is natural that there would be an element of modal shift.

**Q361 Ruth Cadbury:** Would the Liverpool City region consider something more radical that is happening in other areas, such as the workplace parking levy, which has operated in Nottingham for a number of years, or even a congestion charge, which we have in London?

**Matthew Goggins:** We looked at some of these things and the positive impacts that they have had. We have very good relationships with the authorities in Nottingham and also with TfL, so we certainly see—because we hear at first hand from them—some of the benefits that those measures have brought and some of the investment that can happen because of that revenue stream. We are not in that place at the moment, if I am being quite honest. We are quite a young local authority, as a combined authority.

One of the things that we want to look at first is addressing air quality, and looking at some of the measures that can be put in place to try to encourage more sustainable travel. We are looking at that and a taskforce is being established at the moment. I would hope that some new measures for how we do public transport, and maybe how we finance it, will come out of that taskforce. We are not in that place yet, but we are looking at how we might do some things differently.



**Q362 Ruth Cadbury:** Finally, I want to talk about a group of people who do not travel at all because of the actual or perceived barriers: people with disabilities. To what extent do you plan to improve up-to-date information and real-time information on the buses? How do you plan to meet those information needs, and will audio-visual announcements on buses be introduced at any point? They do not just benefit people with disabilities.

**Matthew Goggins:** I will let Howard and Rob answer about the onboard AV capability, but first I will make a wider point around accessibility. We have a 100% accessible bus fleet here. We have just touched on the new Merseyrail rolling stock that will come onstream from 2020, which will be fully wheelchair accessible. We are looking at how those connections are made to ensure that when someone who has a mobility problem gets off a train they can easily access the local bus network and make those connections.

We continue to invest in upgrading bus stops to ensure that they are wheelchair accessible. That is something that has continued even through some of our tough financial times, and we continue to have a dial-a-ride service for people who cannot access the regular bus network. Those are some of the more practical measures that we have in place.

Real-time information is important. For us, the priority is getting a system that people can rely on first before we start displaying it.

**Ruth Cadbury:** Yes, I recognise that.

**Matthew Goggins:** We do have 150 or so real-time displays at bus stops, but the reliability and accuracy of the system is less than 90%. For us, that is the thing that needs to be fixed before we start to widely promote and display real-time information at bus stops and stations.

**Howard Farrall:** Yes. Again, it goes back to being part of a package. Real-time information is a key driver, as are things like wi-fi on board. Service 500, which goes between Widnes and Liverpool, has audio-visual on, and that has proved to quite successful. At the same time, it can be costly, so I am not sure about retrofitting. But certainly, on new vehicles, it is something that I believe the group is looking at quite seriously.

**Rob Jones:** AV is quite expensive to fit and certainly to retrofit, so the question is whether there are other technologies out there—and there are—that could possibly do a similar function for customers, without the need for the screen inside the vehicles, like some areas have. My question is whether we couldn't just use better technology to do that in a more cost-effective way, rather than retrofitting all our vehicles with the current screens and microphones.

On other information, that is something that we have recognised within the city region in relation to way finding. If you have used the bus for 20 years, you know that you need to cross that road and turn right and it is the bus stop on the left. But where is the information for the first-time



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user or the non-regular user? How can we improve that, especially at key interchanges that are not necessarily bus stations but that may be just road junctions where bus services interconnect? How can we make that information available and better for people? There might need to be some signage that tells you, "This is where you need to go to get that service." We might just need to think about it differently.

**Q363 Chair:** There were just a couple of things I wanted to pick up. One is about the potential for isolated areas, even within urban areas, and not necessarily just in rural ones. Public transport is really important when you are developing new housing. There is huge pressure to build more housing, and of course there is development in new industrial areas too. Matt, how do you work with other people in the combined authority to make sure that new developments are suitable to be served by public transport and can be served by effective bus routes?

**Matthew Goggins:** You touch on a very live issue for us, because there are lots of new housing and industrial developments happening in the Liverpool City region. That is something that we champion, so as an authority we need to make sure—and we do—that we first do our formal bit around looking at planning applications and formally responding to them. We have a very good process and a lot of knowledge around how we do that.

We have a very good understanding in our local authorities around what buses need in terms of those developments, but I do think there is a tension there in terms of the developers. Again, from the point of view of a developer, you want to maximise the development space that you are investing in. In the developer's eyes, they are not going to get the return on that development spend if it is wasted on, for example, a wider road than is necessary or additional infrastructure. We do understand that there is a tension between developers and authorities who want to see developments in their area. I guess that the risk for an authority is around losing that development to somewhere else that maybe does not push as hard on the requirements for bus infrastructure.

I would say that there is a very good level of understanding of what is required. In terms of what we do formally, there is a good process in place, but there is that kind of challenge around the edge in making sure that where those things happen, buses are taken into account. That is probably a role that the combined authority can play, perhaps in a different way. We touched on the key route network of roads. We also have a SIF—a Single Investment Fund—where we may look to make a financial contribution to developments. That gives us a lever to ensure that the right kind of bus measures are in place. It is a very live issue for us locally, and something that we are very conscious of.

**Q364 Chair:** Rob and Howard, as bus companies, how do you get involved? How do you plan bus routes around new developments? How does it happen in practice? Are there any obvious new developments where you think, "Oh my goodness, there is one route in and one route out. It just



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doesn't lend itself to bus use"? Are there any examples of that or any good examples of when bus companies have been involved in trying to make sure that something like a major work site or a new housing development can be well-served by public transport?

**Howard Farrall:** Matt touched on that. It has been quite difficult in the city regions, but I think we have started to get a grip of it. I have a good example of what we have done as part of the Arriva Group in Wales. We had good contact with the local authority and the developer, and we managed to do a deal with the developer where we gave away an annual bus ticket to each of the 750 new houses, provided that they put a link in to enable the buses to go around there.

As Matt says, it is about space. As a developer, you want to try to get as many houses on there as possible, and it is a balancing act. We do have success stories where it does work—encouraging people to use the bus right from day one, so they do not get established in their car. The bus is there, going around the estate, and I think that is key.

One of the ideas that we have brought into the city region is, again, about Click. If the roads are a bit narrow for the bus to get around, it could be an opportunity for a smaller bus—an ArrivaClick vehicle—to go around there. Fingers crossed, we can start getting to grips with the market.

Q365 **Chair:** Is that always the way around it? It strikes me that you would want developers to incorporate the needs of buses when they are planning developments, rather than you having to try to adapt to an estate that just does not lend itself to public transport.

**Howard Farrall:** Yes. It is about trying to change people's mindsets and getting them to think, whenever they are building an estate, about public transport links first rather than after. In the past we have certainly come in at a later stage, when it has been too late.

Speke Retail Park is a good example; it is a really busy retail park, but you just cannot get a bus in there. People have to walk from the retail park to the main road with all their shopping to catch a bus, because we cannot get a bus in, which just seems crackers to me. It is about that reverse psychology of getting them to think about the bus operation first rather than later.

**Chair:** Rob, do you have anything to add before I come to Ruth?

**Rob Jones:** Yes. I think it is mixed, not just in Liverpool City region, but up and down the country. There needs to be some sort of guidance to housebuilders from local authorities about how we would like estates to be built, and how we would like to be involved to ensure we can get buses through them.

You can have occasions where a developer or their consultants will be in touch with you years in advance of the estate being even mooted to see



how we can put a bus in there, how it would work, does it need a bus gate and so on, and how best we can navigate around it. In other instances, you want to run a bus service there, but you find out at the last minute that the road is not adapted and you cannot get through. By the time you are able to get in there, people have already made their choice to use the car or find alternatives, so it can be quite frustrating. This has all been identified as part of the alliance. In the last few months we have definitely started to get a better handle of it in the city region.

**Q366 Ruth Cadbury:** I find that situation with the retail park quite surprising, but maybe it is a London thing that bus access is sorted out at the beginning. Is this an issue where different local authorities in the city region have different policies? To take Rob's point right at the end, is the alliance in a position to encourage local authorities to include bus access in their planning policies at the beginning, when they talk about new developments?

**Matthew Goggins:** I do not think there is any particular divergence in approach from London authorities. I touched on the fact that the understanding is absolutely there, so there is a good understanding around what is required. As I mentioned, the tension is between, "Is that one of the things that I may be willing to trade off to make sure that that development is in my area?" Just to expand the point a little, it is probably a conversation to be had, and to be repeated and repeated, about how, if you make good transport links part of your development, you might attract more people to either live there or use it.

If you look at Liverpool City centre, a third of the people here arrive by bus, so why would you not design a city centre with bus stations and good bus access? That is no different in principle from a housing estate, a retail development or an industrial development. I do think there is a message there that we may need to be a little bit more forceful around saying, "Look, if you build public transport into your development, you are going to get more people coming to it or more people attracted to it."

**Ruth Cadbury:** And perhaps save space on parking.

**Matthew Goggins:** Indeed.

**Q367 Ruth Cadbury:** Based on what you say—particularly that issue about a local authority sometimes not wanting to be too demanding because it does not want the development to go somewhere else—do you think there is a need to strengthen national guidance so you could not have that trading off?

**Matthew Goggins:** Yes, quite possibly. The chain breaks at its weakest point. If some authorities hold to different approaches, and they see other authorities that are less stringent getting more developments, that is naturally going to lead to some difficult and challenging conversations. Yes, maybe some strengthened guidance around that could help.

**Q368 Chair:** A couple of quick questions to follow up what we have just heard.



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One is about workplaces and larger employers, or employers with large work sites. Are you doing anything with them, not just in terms of, "Is your workplace well set up for the bus route?" but also, "How do you encourage your employees to change their travel patterns?" Do you have any examples of that sort of thing?

**Matthew Goggins:** Yes, certainly. Howard probably has the best example, which is Liverpool Airport, which I am sure he will be happy to talk about. As an authority we have a team of people who go out to colleges, schools and employers to talk about public transport, to help to educate people and show them how to use the network. That is a very important part of what we do. It is not confined to one place; it is something we do right across Merseyside for a variety of different institutions.

Q369 **Chair:** Howard, do you want to tell us about the work you have done with the airport?

**Howard Farrall:** We have a really good relationship with John Lennon Airport. Over the previous three or four years, we have tried to encourage their staff to use public transport. We have a good hub there, and we have a business-to-business manager who goes in. Only a small section of people are actually employed by the airport. A lot of it is franchised, so it is very difficult to get them all together, but we encourage them by giving weekly tickets at a discounted rate. It goes through their payroll, so they can take £1 a week out of their payroll. That is agreed.

In the latest survey we have, I think it is 12% to 15% of people from the airport are using public transport. Our target next time is to get to 20%, and then to 25% and then to 30%, so we have strict targets between ourselves and the airport. Of course we do employee surveys with them about how to use the bus, why they use cars and whether there are other options. With Click being there as well now, we have started to look at stretching that out so we can expand the hours and be at the airport 24 hours. We can now almost give that 24-hour service there, so that is what we have been doing.

**Chair:** Rob, any examples from Stagecoach?

**Rob Jones:** Yes, we have quite recently been working with the Knowsley Chamber of Commerce. We have quite a big industrial area in Kirkby, and it is ever-expanding. We have arranged some roundtable events with the businesses there just to understand their needs. We have done employee mapping and realised that when you talk to the businesses, there can be some strange shift patterns in there that you do not necessarily appreciate. As we touched on before with the consultation, you don't get everything right. You might think, "That bus service of an evening is fine," but it is running at five past the hour and they all finish on the hour or at five to the hour, so it is not working. There have been some changes just to get that shift so that more people can access



employment, because there are areas where people do struggle, to tell you the truth, because they just cannot get their employees to work.

**Chair:** Thanks. We have had quite a lot of mention this afternoon of ArrivaClick and that sort of demand-responsive transport. Obviously, we used that to get here today, although I am sure we could have walked. We want to ask a few questions to understand what ArrivaClick is and how it might contribute to future bus provision.

**Q370 Grahame Morris:** This demand-responsive travel seems a very impressive concept. We have read the written submission about the services through Kent and Sittingbourne. Among all of the innovations within the bus market here in Liverpool, is that something that been encouraged by the Liverpool combined authority region? Has that been adopted in support? As an exemplar of the services, what are the things that we can do?

**Matthew Goggins:** From our perspective, we have been talking with Arriva probably for a couple of years around Click and around providing transport. We have also talked to other providers of demand-responsive transport as well, but in fairness to Arriva, it has put its money where its mouth is and established a service. It is operating, and people are using the service. Our view, and probably the view of the Metro Mayor, is that we welcome the fact that Arriva is innovating here through bringing Click in as part of the transport mix.

We do not really know what role it has to play within the public transport mix into the future. We have some views around what it might do in terms of maybe helping people who find the traditional bus network more difficult to access because it potentially goes to their homes. Some of the elements of the supported bus network that are not delivered in the most efficient way at the moment maybe could be done differently through a demand-responsive transport solution.

I do not think any of those things are definite for us or set in stone, but certainly that may be where we see some of the potential. That may be where the commerciality of a service like Click or another demand-responsive transport solution might come from, combining commercial fare-paying patronage with maybe some of those other kinds of transport needs as well for us in a more efficient way.

**Q371 Grahame Morris:** There is a lot of work in progress in terms of reviewing and analysing the consultations and how particular initiatives are working, and whether they need to be encouraged or not. It was interesting hearing Howard saying how successful it has been in relation to the airport traffic and so on, providing a service that previously was not available to people at an affordable cost. Ruth mentioned earlier the other benefits in terms of taking cars off the road and not having to designate larger areas for car parking, and some disbenefits such as the impact on existing established services. You said some of them were—I forgot the term that you used—perhaps not terribly well used at the



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moment. Have you had a chance to evaluate those and come up with any conclusions, or any pros and cons?

**Matthew Goggins:** From a local authority perspective, it is early days yet. What we would not want to see is direct abstraction from a commercial bus network to a demand-responsive transport service. We would want to see DRT grow the overall market to take people out of single-occupancy cars.

Certainly from the information that Arriva has shared with us around modal shift in its other pilot area, there has been a significant shift from private car to demand-responsive solutions in a way that maybe the bus network could not do. One of the interesting things will be how you can then convert demand-responsive transport customers to use the bus network and have it as almost as a service that bridges that gap. Perhaps for some people the leap from car to bus is too great, but the leap from car to demand-responsive is something they are more willing to take.

Q372 **Grahame Morris:** That would be interesting information to have, generally. We asked one of your colleagues earlier, who said they would be interested in it as well. There are some issues with the software provider. It would be interesting to know whether people were choosing to use the Click service rather than their own cars, or switching from existing bus routes. That would be interesting intelligence.

**Howard Farrall:** Yes. We have been running Click for coming on for six months. I think the survey is about to start. It starts towards the third or fourth week in January, so we should have the information back by the end of February. Sittingbourne was interesting, because it showed that large chunks of people using it came from the car. I think 50% of the 80% that were on modal shift were coming from the car, which for us is very good news. That is what it is about, so the results of the survey will be interesting. If the Committee wanted, I would be quite happy to send you a copy of that.

**Chair:** We would be delighted to receive that information, Howard. Hopefully it will come before we start to draw up our final report. We have one or two very quick last questions before we wrap up, because we have held you here for the best part of two hours. One of the questions that has come up is about drivers and workforce issues, so I am just going to hand over to Daniel to pick those up.

Q373 **Daniel Zeichner:** Very quickly, obviously you need drivers, and you need people maintaining vehicles. We saw some instances towards the back end of last year in my part of the country where there were significant shortages of drivers, and the same thing happened in Bristol. There was obviously a significant knock-on effect on services and on passengers. Can you tell us a bit about the issues that you are facing here in terms of recruitment and retention? This question is, obviously, to Howard and Rob.



**Rob Jones:** In recent times in Merseyside we have not had any issues with staff recruitment or retention. Retention has been really good and we have been doing a lot of work internally to try to improve our retention rates so that our staff feel valued and want to stay working for us for the longevity. A lot of work is going into that—it has done, and it will do—to make sure we maintain those staffing levels so we can maintain all our services, which is obviously paramount.

Q374 **Grahame Morris:** I am quite interested in this. I am from Durham and we are in dispute, and I believe our bus drivers are the lowest paid in the country. We asked this question to the operators in Bristol as well, and I wonder what the hourly rate is in Liverpool.

**Howard Farrall:** I cannot talk for my learned friend next to me, but our hourly rate is £12.42 and our turnover last year was 8%. As far as retention goes, it is probably one of the best in the UK. There are probably a number of reasons for that. One is the rate of pay, and the second is the conditions. What we are trying to do as part of the alliance is we make sure that we reinvest in the staff. Customer service came up as part of the targets, so as part of the CPC training we made sure that all our staff went through the customer service training that was provided by the three of us. It is really important for retention purposes. At the moment—touch wood—we do not have any problems with retention or recruitment.

Q375 **Daniel Zeichner:** That is good to hear. I just have a question on the age profile of the workforce. Is it an aging workforce or a young workforce?

**Howard Farrall:** That is a good question. I think, from the last time I looked, the average age of our drivers is about 51, which is probably a lot higher than we would want. It is about trying to attract, and it comes back to Matt's point that buses are not sexy; they are not seen as a good career. I have been in the industry for 40 years, and it is about trying to encourage younger people. That is why I think the apprentice scheme, which we both have, is really key. On the engineering side, we have developed it over the last 10 years, and we have probably had 150 to 160 apprentices. A lot of them have gone on to become engineering managers and engineering directors, which is important, so there has to be a progression and a path for them.

Q376 **Daniel Zeichner:** That was the next question I was going to ask. Does Stagecoach have similar investment in apprenticeships?

**Rob Jones:** Yes, in Merseyside we have engineering apprenticeships in all our garages, in the various roles within engineering—body, electrical and mechanical—and that works successfully. It is a four-year programme, and we see them come through that and progress on further. Again, some of our engineering managers are the product of that. We have a staff development programme as well, aside from apprenticeships, for those people to have that first rung on the ladder



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from supervision and certain managerial positions as well as a project programme, so there are a wide range of opportunities.

Q377 **Chair:** I have two very last and hopefully very quick questions for you, Matt. One is about traffic management; obviously, we talked earlier about reliability and difficulties. The Committee has repeatedly recommended that the Government implement part 6 of the Traffic Management Act and the Government have told us that loads of authorities do not want these powers. Are they right?

**Matthew Goggins:** I do not think that is right. It strikes us as odd that that part of the Traffic Management Act has never been implemented. Here we like to take decisions locally. That is what devolution is all about. The more levers we have locally to be able to take the right decision—in this case on how to manage our highways—the better, and that just gives us another lever.

Q378 **Chair:** It looks like we will be able to tell them that again.

Finally, my last question. You talked about the importance of integrated travel. You were talking about people with disabilities moving from using the railway to using the bus. Lots of journeys will involve more than one mode, whether you have to walk to the bus stop and then get on the bus, or whether you need to get on the train and then the bus, or maybe you can drive to a park and ride. From a Merseytravel and a combined authority perspective, do the structures—and particularly having a bus—enable those sorts of integrated journeys? I must admit it is a big question for the last one, but do you think you have enough to enable people to make integrated journeys easily, whether it is the co-ordination of services or the joint ticketing? Is it working?

**Matthew Goggins:** I think having the alliance gives us a better chance at it, to be honest. I would not say it is perfect here locally, but I think from a bus perspective the alliance enables us to have joined up and strategic conversations with bus operators around things like networks, ticketing and accessibility. We are talking about the alliance here, but I would say that that kind of operating relationship goes broader even than within bus. We bring Merseyrail and Northern Rail into conversations around transport when they are appropriate. If we have, for example, a major event, we will talk about how we manage that. If we are talking about multi-operator ticketing, again we will talk in the round about that.

I would echo an answer I gave before: that is not something that is necessarily written down. In terms of levers, it is about how we work together and how we have established collaborative relationships. It is not something that is written down on a piece of paper. In terms of a lever, it requires everyone to want to work together towards those aims rather than doing it because it is part of a written agreement.

**Chair:** We have got one tiny further question. Go on, Daniel.

Q379 **Daniel Zeichner:** The Bus Services Act also talked about data. One



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observation I would make to you is that if we knew more, we could make better informed decisions. The bus operators will have to give up data at some point in the future. How close are you to doing that, and could you not move more quickly because you are going to have to do it anyway?

**Rob Jones:** We have data-sharing agreements currently with Merseytravel. As Stagecoach, we have open data on our app and our website in relation to fares and things like that. We are moving in that direction and we are working with DfT on that.

**Howard Farrall:** Yes, it is the same for us. Obviously, the more information you have, the better the decisions that you can make, so it is important that everyone has that information. Some of it is going to be commercially sensitive, but, again, providing the rules are set down, we have no problem with doing it. In fact, we do it now with Merseytravel.

**Chair:** Thank you very much for giving evidence today. We have really enjoyed hearing about Liverpool's bus services.