

Transport Committee

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

Wednesday 13 February 2019

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Members present: Lilian Greenwood (Chair); Jack Brereton; Ruth Cadbury; Robert Courts; Steve Double; Huw Merriman; Grahame Morris; Daniel Zeichner.

Questions 451 - 580

Witnesses

I: Nusrat Ghani, Parliamentary Under-Secretary, Department for Transport; and Catriona Henderson, Head of Buses and Taxis, Department for Transport.

Written evidence from witnesses:

- [Department for Transport](#)



Examination of witnesses

Witnesses: Nusrat Ghani and Catriona Henderson.

Q451 **Chair:** Welcome, and thank you for coming along today. Can you please introduce yourselves for the record?

Nusrat Ghani: I am Nusrat Ghani. I am the Bus Minister at the Department for Transport.

Catriona Henderson: I am Catriona Henderson. I am the deputy director responsible for buses and taxis at the Department for Transport.

Q452 **Chair:** We have been looking at buses for quite some time. Most of the evidence we have received, both oral and written, says that there should be a DFT-led bus strategy. Is that something you have considered? Why don't you have one already? What is stopping you from developing and implementing one?

Nusrat Ghani: We have spoken about this, both at the Department and in the fringes around Parliament as well. It was good to see the evidence that you have already taken from so many different stakeholders who are asking for a bus strategy. I am looking forward to seeing which way the report goes.

There are a couple of things I want to put on the table about a bus strategy. We already know that, if we are trying to deal with anything locally and nationally, buses are absolutely key, but we have to be quite open and say that, although the Department for Transport has a key role to play, there are other departments that also have a key role because they hold either funding or the networks to make those systems work—local government, the Department for Education and the Department of Health.

We are quite lucky in the Department for Transport. We are doing things across different sets of modes of transport. We are being dynamic in using new technology. I want to make sure that buses are at the forefront of any new technology that is being proposed for other sectors too.

I would like the opportunity at some point to work with all the different Government Departments to have an understanding of all the resources that go into buses and have it far more joined up than it is at the moment. However, I do not think that we can do that alone up here in Westminster. The decision makers and the fund allocators are down in our constituencies at district or county level, or in a mayoral authority. It has to be absolutely joined up.

Where I think a bus strategy would work is when we have the opportunity to be quite ambitious and visionary, and do the things that we are already doing, whether it is on low emission buses or looking at technology around making sure that smart ticketing is being used. I was



making a confession to the team about how sad I have become because I am now obsessed with looking at fare triangles and seeing how hard it is to work out what a fare is for a simple journey. We can use our levers to make sure that there is further transparency on how services are run, where they are run, how you can access them and how new technology can make them more accessible.

Getting the timing right is important. It would be good to hear what the Committee has to say. We have only had the Bus Services Act for two and a bit years. Although it is still in its infancy, we are trying to see how far we can push that as well. There is an issue around timing and there is also an issue, if we are to be responsible for having a vision, about whether we can get all the people who are involved in making bus services work engaged with us as well. I do not think it would be fair if the Department for Transport is held wholly responsible for all the bus services up and down the country that are devolved at a local level.

Q453 **Chair:** At the end of all that, I am not entirely sure whether you are in favour of having a bus strategy or not.

Nusrat Ghani: I am in favour at the right point, with all the stakeholders and getting buy-in from local authorities as well.

Q454 **Chair:** We recognise that it is a complex picture and that it requires a lot of people to work together. Don't you think that one of the potential benefits of a strategy is that it enables all the different partners who are required, if we are to be successful in delivering better bus services, to be pointing in the same direction? Couldn't a strategy be one of the ways, if everyone buys into it, of making sure that we are working in a consistent way across the Departments you have mentioned, and perhaps Treasury too?

Nusrat Ghani: Yes, most definitely. At the same time, there are really good bus strategies being pushed out by local authorities. We must not forget the role and responsibilities that they have as well. You are right; I would like the opportunity at the right point in time to put together a strategy working with all the Government Departments and with local authorities in providing a vision that provides further stability to the sector. Of course, any pressure that you can help us put on the Treasury would be most welcome.

Q455 **Chair:** We probably want to explore a little more in a while about what the Bus Services Act is intended to achieve and how you feel it is going. In your evidence, you say that you would like to reverse the decline in bus use and attract more passengers. All of us would welcome the opportunity to do that. We know the wider impacts it can have, whether on the health of our high streets, tackling loneliness and isolation or health.

Can you tell us what you see the Government doing at the moment to make that happen—to reverse that decline and get more people travelling on the bus? What do you see as the key things from a Government



perspective?

Nusrat Ghani: There has been a decline in bus patronage since the 1950s. What is interesting is that at the same time there has been a tremendous increase in people using cars, vans and taxis. There has been a decline in people using buses since the 1950s, but there has been an increase of over 1,000% in people using other forms of transport. It is trying to get people to think about whether they need to jump into their car instead of taking a bus.

We know that the biggest issues, which were raised again in the bus summit last week, as to why people do not use the bus are congestion and timings of journeys. The interesting thing about the Bus Services Act is that it enables local authorities to have stronger partnerships with bus companies and ensure that that relationship is strong, so that it gives better understanding of what is happening up and down streets where buses are meant to be running, so that they can run far more efficient services that run to the timetable that people expect their journeys to take.

The Bus Services Act has a number of tools around enhanced partnerships and working with mayoral authorities for them to take further control, if they wish to do so. You are right that we have been putting extra funding into buses in a variety of ways. We also have the transforming cities fund, which is over £1.8 billion, and helps local authorities to focus on their local transport plans. I will do my very best to make sure that buses are at the heart of that.

Ultimately, it is up to local authorities to make the best decisions about how they run their bus services. For bus services to run in a healthy manner they need to fit to what passengers want—running the bus services to a timetable on journeys passengers wish to take and being far more flexible in the sort of services they can provide. The Bus Services Act encourages bus companies to make that information transparent when people are on the bus, or even encouraging bus companies to make their information available on social media or other forms of media so that people know when and how to get a bus. We are trying to open up buses to as many people as we can, because we know that passengers and customers want information in their hands before they jump on a bus.

Q456 **Chair:** You have set out some of the things that the Department is doing, but we have heard in evidence that in many cases driving and parking is an easier and cheaper option than using public transport. If we look at Government policy in recent years, it has allowed the cost of driving to be held at a certain level, particularly with the fuel duty decision over a high period at a high cost compared with how much has been invested in bus.

What is the Government's policy on modal shift? Are you actually actively seeking to get people to not use their car and to change to using public transport, or are you happy for people to just have an individual choice



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on that matter?

Nusrat Ghani: People do have a choice, but we are encouraging greater use of buses through the Bus Services Act, which enables local authorities to make it far easier for buses to run up and down their streets, including having priority lanes, for example. That is what the Bus Services Act does, and that is what we are trying to help our local authorities achieve. I can just give you an example—

Q457 **Chair:** Is it all carrot and no stick?

Nusrat Ghani: It is not. I can give you a few examples from up and down the country. That is one of the great opportunities of being here today. People have a certain perspective on buses, and we need to talk about where they work and how we can share that best practice up and down the country.

Brighton & Hove has a great relationship with the local authority. They are prioritising bus lanes. People can understand exactly what time the bus is going to come. They can predict how long the journey is going to take. I am not sure if the Committee had time to visit Brighton, but they have a fantastic control centre that monitors everything that is happening in Brighton, including roadworks, so that they can make a decision that a bus has to go a slightly different way. They also communicate that to passengers. They are incredibly progressive on parking enforcement. They have their own police officer—if I can use that term—who is able to monitor bus lanes. His salary is paid by the bus company. That is a very progressive relationship that we have supported and enabled to go forward. I believe that Brighton & Hove is the most productive bus company.

Catriona Henderson: It has the greatest number of passengers.

Nusrat Ghani: Everything you would want us to do is being achieved locally when you have a really solid relationship between a local authority and a progressive bus company that is absolutely focused on its customers. It can happen, and the space for it to happen is to use the powers we have provided to local authorities with the Bus Services Act.

Q458 **Chair:** You are absolutely right; Brighton has great bus services and it is also very expensive and difficult to park, which is probably part of the mix. Are you content just to leave it to local authorities? If you are to achieve the Government's targets on air quality and decarbonisation, can you afford to leave it to local authorities or should you be doing more to incentivise local authorities to deliver what needs to be delivered?

Nusrat Ghani: We are incentivising. The issue around clean air is absolutely vital. We know that many people make a conscious decision about what mode of transport they are going to use and what emissions that might take. There are many more cyclists on the road. People think about the aeroplane journeys they take as well.



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We now have many more green and clean buses than we have ever had. Only last week, at the UK bus summit I delivered another £48 million for low emission buses, for 262 buses up and down the country, so we are giving people the option to make that decision. Why jump in a car when it is far easier for you to get on a bus? If it is a fantastic service, where it is joined up with a local authority, you can probably determine how long that journey is going to be. It will be a greener journey. We know that buses are also incredibly accessible.

Buses are working. They are different up and down the country—I am not going to deny that—but over 4 billion journeys take place, and unlike any other service, it is the one that always gets the highest rating in customer satisfaction. It is always in the 80s or 90s. When they work well, they work incredibly well. What we are trying to do within the powers we have—because most of the decisions are made locally—is to create the right space for better relationships to take place locally so that better bus services can be procured.

Q459 Daniel Zeichner: There are a couple of questions I want to follow up on. I am very pleased to hear about the conversion to the idea of supporting a national bus strategy. Back in 2017, the Government were less keen. What has changed since 2017?

Nusrat Ghani: Mr Zeichner, I was not in post in 2017 so I cannot reflect on that. The Bus Services Act came out in 2017 and it is a solid way of trying to help local authorities have better management and relationships with bus companies. A number of elements of the Bus Services Act, I assume, were being determined. It has only been a few years since it has been out, so we are seeing how it is going to fall. We are working very closely with local authorities, and incredibly closely with bus companies as well, to make sure that bus services continue to improve up and down the country.

Catriona Henderson: The important thing to remember is that we had made that primary legislation, and the really important thing for us to do then was to deliver on it. We still have not made every single piece of legislation in the Act. I am sure we will come back to the detail of that later in this session. As we come towards the end of delivering that legislation, there is a big question for us about what is next. We are very mindful of the work of the future of mobility that we are doing. We are expecting a future of mobility urban strategy in the next couple of months, which will set out where we think public transport fits in a future vision of a different kind of more autonomous transport that takes advantage of new technologies. There is therefore a question about the role that bus plays more generally in that mix.

Q460 Daniel Zeichner: Perhaps I could pursue that slightly. The Minister in her answer to the opening question touched on the relationship between the centre and localities, and so on. I do not quite understand what role the Department thinks it has in delivering bus services. If you look back to the 1990s, for instance, the rural White Paper at that time set very



specific rural service standards for local authorities to achieve. What is the view now on that kind of approach?

Catriona Henderson: I do not think that is the kind of approach we would see ourselves taking. It will be interesting to hear what the Committee has to say about the approach we should take to a strategy. I suggest that we have, through the Bus Services Act, given local authorities a new set of powers. We would want to be very clear in the strategy that we were not taking those powers away or restricting the way they are being used, but there is clearly a role for the Department in addition to that. Not all bus services are within a single local authority area. Many run across local authority boundaries and it is important for the Department to have a role in supporting those services.

There are things that we do like the payment of bus subsidy on commercial services. They are things we do nationally for the whole country and I would expect us to continue to do them. There are things we do about how we regulate bus services. There are things like bus service registration that are generally still done at a national level, with some exceptions. We would want to set out a framework for how we can do that, to support innovation and make sure that the bus industry is really moving with the time, and that the Department is moving with the time as much as we possibly can.

Q461 **Daniel Zeichner:** That does not sound to me like an ambition for people—in the end it is about passengers, particularly in rural areas—to have any sense that there is any great drive to get bus services that work for them. It is a very technocratic approach, which says that it is somebody else's responsibility.

Nusrat Ghani: No, not at all. We are responsible for a number of budget streams. We work with a number of local authorities to encourage them to make good decisions on how they procure local bus services, and they come to us asking for best practice and guidance. We are driving the agenda on low emission buses by making funding available.

You are right that the whole of the funding stream does not sit within the Department. Colleagues across the House are always asking for those powers to be further devolved to local authorities. They are best placed to make the decisions that best fit the communities they are trying to serve.

We are driving bus patronage as much as we can by promoting good practice, and challenging local authorities and companies that make it slightly old school when catching a bus. If we are committed to bringing down congestion and tackling other things such as loneliness, bringing down emissions and supporting local communities, we need to think about how we can get local authorities focused on how they determine who is running bus services and where across their constituency.



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One of the big driving ambitions for me as the Minister is to make sure that people do not just see buses as a single, simple journey. It really is about everything else in the community—whether having a thriving high street, getting kids to school or getting people to their appointments. It is so much more than just a single journey. I believe that in the one year I have been in post there has been, and continues to be, a change to better understand how important buses are.

Q462 **Chair:** We all welcome what you said there, Minister. In terms of challenging local authorities and bus operators not to be so old school, can you give us an example of what you have done to challenge them to do it differently?

Nusrat Ghani: I am a bit nervous about calling out a single local authority or a bus company.

Q463 **Chair:** Without naming the local authority or bus operator, just tell us how you have challenged them.

Nusrat Ghani: I am not sure if you were able to get to Harrogate, for example.

Q464 **Chair:** We have not been to Harrogate.

Nusrat Ghani: They have a really fantastic bus company that works very closely with the local community and the local authority. Information is available very simply in the way people would expect it, on their phones or on a website.

Q465 **Chair:** Is it Transdev in Harrogate?

Nusrat Ghani: Yes.

Q466 **Chair:** We heard evidence from Alex Hornby.

Nusrat Ghani: Brilliant. They are a really progressive, open and transparent company, working very well with the local community. They won some funding for low emission buses, which I was lucky enough to launch a few months ago. It became a real community event.

When we come across other bus companies that are asking, “How can we improve our bus passenger numbers and our relationship?”, we try to showcase how that can be done better. One of the ways you can improve bus numbers is by encouraging your bus company to make sure that information is made available. It is about understanding how they can use the Bus Services Act. It is about working with the officers in the Department to explore that relationship. Officers in the Department are very keen to work with any local authority that wants to bring that relationship on, and walk them through it. Catriona, do you want to talk through one or two that we are working with?

Q467 **Chair:** I understand the importance of sharing good practice, because that is what that sounds like: “This is what they have done on Transdev in Harrogate and this is how great they are at providing information.” I



am interested in the challenging aspect.

Catriona Henderson: What I would say in response is that I am sure the Committee remembers some of the earlier evidence they had from bus operators on their concerns about things like open data and our work on accessible information, and that they find those really difficult. One of the roles the Department has had is in championing the voice of passengers who tell us very clearly that both open data and accessible information would help them to improve their journeys, and we have challenged the industry to move fast on some quite challenging issues around how much data they make available. That is an area where we have been challenging the bus industry in particular to move quickly. You have seen in some of the evidence that there have been some concerns from the industry about that. That is what I would set out.

As the Minister noted, we have been working with a number of areas to support the delivery of their bus partnerships, in particular Hertfordshire, which is developing a partnership. The Department has had quite a helpful role in acting as an honest broker between both sides, supporting the local authority as they think about what they would like for buses in Hertfordshire in the future and supporting the operators as they think about what they would like from the local authority. That has resulted in a change in that conversation.

I am afraid I do not have any metrics or evidence to show you on that one because it is still ongoing and is really for the operators to lead on, but it is somewhere that we have had a real impact.

Q468 **Ruth Cadbury:** This is on the purposes of the bus market. There have been a number of reports on the reduction in the number of bus passengers, and there are your own statistics in your annual report around bus ridership. There have been concerns about routes being cut. We have had evidence from people who live on isolated estates. We know of the concern about rural areas and the loss of bus routes, and evening and weekend bus routes. When routes are lost, it affects people's ability to go to work, especially if they do shift work, and to have social interaction. Of course, older people can be incredibly isolated.

First of all, why is your report only focusing on passenger numbers and not routes? What is the Department for Transport's policy on socially necessary routes that do not necessarily make large amounts of money for the bus operators?

Nusrat Ghani: Our report looks at all of those elements, not just one. We look at passenger numbers. We look at when bus services are changed up and down the country. We try to take all of it into account. Coming from a rural constituency, I have a particular eye on rural bus services too.

A substantial amount of funding is made available to local authorities for them to support bus services that are not viable to run in any other way, but the decision is made at local level about which services to provide.



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That decision has to remain at local level. We get representations not only from parliamentarians but from local community groups when services are changed. I have myself written to or contacted local authorities to see what is going on, including bus companies.

One of the reasons why this inquiry is quite important, as are the powers available in the Bus Services Act, is to try to get local authorities to be far more holistic in their thinking when they make changes to bus services that are running, instead of making the assumption that by removing a single service that is all they are doing. They are actually making a much wider impact. We need decisions made by officers, councillors and local government officials who think about everything else a decision is going to impact—whether it is someone's ability to get to a doctor's appointment or the impact on their local economy. But the decisions are made at local level about which bus services to run.

Q469 Ruth Cadbury: What did the local authorities tell you were the reasons for the cut in bus routes? Are the funds you mention dedicated and ring-fenced, or do they come out of the normal local government funding pot, which we know is declining?

Catriona Henderson: There is a variety of different funds the Government provide to local authorities. Some of those are ring-fenced and some of them are not. The part of the bus service operator grant that gets paid directly to local authorities is ring-fenced and we have been able to renew that ring fence. That is just over £40 million of funding each year. I think it is about £43 million.

Q470 Ruth Cadbury: For England?

Catriona Henderson: For England only, that is correct, and outside London. The remainder of the funding is passed through revenue support grant, and that covers concessionary fares and other supported services. That funding is part of revenue support grant, so it is included in the formula used to calculate the requirement for revenue support grant, but it is not ring-fenced as such.

Nusrat Ghani: I know that there has been a huge discussion about the local authorities' grant in the Committee and in other places too. It is just over £46 billion that is not ring-fenced. That is why choices about whether to make changes to bus services or other services are down to local authorities.

Q471 Ruth Cadbury: What did the local authorities tell you when you met them and asked for their views?

Nusrat Ghani: It is a mixture. Some say that they are making choices on how they spend their money. Other conversations are around, "Well, we need to focus on the most popular bus journeys." There is a variety of reasons why services are changed. Bus companies that work closely with local authorities can be quite dynamic in how they provide buses, even in the most rural of areas.



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I was visiting Arriva in Kent, and they have a much smaller bus. It is far more of a Click service, so the bus can come along to a place quite close to you at the time you wish to take a journey. Obviously, it picks up fewer passengers than a regular bus, but it is still quite viable if a bus company is dynamic and the local authority has a good relationship with the bus company and can say, "Look, we have a few people on a particularly difficult journey and how can we make this work?" There are ways of making it work. If your question is, "Are these choices being made locally?", the answer is yes.

Q472 **Chair:** You referred to a service in Kent and said that it was Arriva. Was it ArrivaClick in Sittingbourne that you went to see?

Nusrat Ghani: I went to the one in Tunbridge Wells.

Catriona Henderson: The Minister visited Tunbridge Wells and they showed her part of the ArrivaClick service in Sittingbourne.

Q473 **Chair:** We looked at ArrivaClick when we went on our visit to Liverpool. One of the issues that was raised, I think I am right in saying, was that people could not use their concessionary bus pass on the ArrivaClick service. Is that something you are looking at? Obviously, if an existing bus service is replaced with a demand-responsive service but you cannot use your concessionary pass, potentially quite a lot of those who are users of bus services and rely on bus services would be excluded from it.

Nusrat Ghani: Using a concessionary pass would be down to the local authority. There are other, smaller, issues that come out of using technology. One of the concerns that some people have is that, if you are relying on technology that implies you have to have a modern phone, you are already restricting who can or cannot use it, and it is the same if you are using a service that requires you to load up front with a debit or a credit card. There are things that need to be ironed out over a period of time, but if the local authority is working closely with the bus company and providing a flexible service, especially a service that picks up fewer passengers but is still viable, they can look at how that can be done in a much more dynamic way.

Catriona Henderson: As part of our work on the future of mobility, the Government are committed to doing a regulatory review right across the transport sector. We will certainly be looking at buses and taxis as part of that. It is about whether or not the existing regulation as it is designed really supports services like ArrivaClick and the other innovative services that are out there. As part of that, we are clearly going to need to think about issues like concessions and how they go forward.

Chair: You spoke a little while ago about the importance of partnerships. We want to look at the arrangements for partnerships.

Q474 **Robert Courts:** I want to move to voluntary bus partnerships, Minister. You mentioned Brighton & Hove, which of course is a good example of them. We have had a lot of evidence that they are very effective and lead



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to increased journey frequency and reduced cost. In terms of definition, they seem to mean different things in different areas. What is your definition of a voluntary bus partnership?

Catriona Henderson: It is important to understand different forms of partnership working as a spectrum. At one end, you have voluntary partnerships, which are really just voluntary agreements between a bus operator and a local authority, and can cover almost anything.

We then, as part of the Act, made available some more statutory forms of partnership that are more useful in a number of situations. For example, they provide a contractual framework that may be useful if there is not a lot of trust between the operator and the local authority. There are various objection mechanisms that mean that, if not all bus operators agree to the concept of a partnership, it provides a way of dealing with that. It also allows for the transfer of various registration functions, so, if the local authority is concerned about enforcing the partnership, that is particularly useful.

It sounds a bit odd but it is easiest to define a voluntary partnership by what it is not, if you see what I mean. A voluntary partnership is any agreement between a local authority and a bus operator that does not do one of those things.

Nusrat Ghani: At the moment, I think about 20% of operators are involved in some form of partnership. I can write in, Ms Greenwood, if I have got that figure wrong. They tend to err on the voluntary side.

I have spoken about Brighton, and we have Liverpool as well—any opportunity to promote another fantastic partnership in the country. Liverpool's bus alliance has seen an increase in people catching the bus who are paying fares—it is not just concessionary—of 16%, and passenger satisfaction is at 92%. When it works, it works really well, but it is about that key relationship between the bus company and the local authority. I am hoping that through the Bus Services Act, which has only been around for a few years, we are driving up best practice. It means that people will feel more confident investing in their own company to deliver the service.

Q475 **Robert Courts:** Let's look at that a bit more. How many do you have of each—how many voluntary and how many statutory?

Nusrat Ghani: I do not have that information to hand.

Catriona Henderson: We would have to write in on that. The majority of them will be voluntary partnerships. I do not particularly see that as a problem. It is about horses for courses. It is about what is right for an individual local area. It just depends on them, but we can write with the precise numbers.

Q476 **Robert Courts:** What data are you collecting to ascertain their effectiveness in a reliable fashion?



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Nusrat Ghani: We are collecting data to understand better the partnerships in the sector, and data on everything from who is making what available and where.

Q477 **Robert Courts:** Can we go through that? What data are you collecting?

Catriona Henderson: The Department conducts a survey of bus operators each year, which is what it used to come up with the 20% figure. In the past, the Department has not collected any data on partnerships at all. We collected it for the first time in the most recent survey.

Q478 **Robert Courts:** That was when? This year?

Catriona Henderson: This year, yes.

Q479 **Robert Courts:** Or last year, for 2018.

Catriona Henderson: Yes, the survey took place in the spring. We analysed the results through the autumn and published them at the end of January, as you will recall. We will continue to report on that going forward, but for us including that question in the survey was recognition that partnership working is important and that we need to have some understanding of what is going on.

Q480 **Robert Courts:** That is a survey that goes to everybody.

Catriona Henderson: It does not go to all bus operators. It goes to the majority of bus operators, including all the large ones, but it does not quite go to all of them.

Q481 **Robert Courts:** What proportion does it go to?

Catriona Henderson: We would have to write on that point. Off the top of my head, I think it is about 70% or 80%.

Q482 **Robert Courts:** Are they required to return it?

Catriona Henderson: They are required. We do not find that all of them do. The large ones do; the smaller ones do not. To the extent that they do not, we use statistical methodologies to extrapolate from what they say.

Q483 **Robert Courts:** What percentage return it?

Catriona Henderson: I could not tell you that off the top of my head.

Q484 **Robert Courts:** What questions does the survey ask?

Catriona Henderson: We ask a variety of questions. We ask questions about patronage. It is the information you will have seen published in the annual bus statistics. There are questions about patronage and what facilities are available on a bus. There are questions about the numbers of drivers and the gender split of drivers. There is a real variety of questions, as you will have seen in our statistical reports.



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Q485 **Robert Courts:** Do you think you have enough to assess the market reliably?

Catriona Henderson: I think so, yes.

Nusrat Ghani: I would always push for more data. It is absolutely key that we constantly collect it. As the bus market changes, new technology emerges and people desire to travel differently, it becomes more apparent that we need to collect as much information as we can, and collect it regularly. As Catriona said, we have only just started collecting the data. All we can do is move forward and collect even more.

Q486 **Huw Merriman:** Staying on the regulation theme, why is the bus market not regulated in the way that train services are, in terms of where the bus goes and who it picks up?

Nusrat Ghani: Because it is left to local authorities to make the decisions. We basically have lots of little bus markets up and down the country. I do not think that one size could fit all because every constituency is very different. We have neighbouring constituencies, Mr Merriman, and I do not think the service that would work for my constituents would be the same as the services that would definitely work for your constituents. It is appropriate that local authorities are making decisions on how and when to deliver bus services for their communities.

In previous times, there was a very different system, but there is a huge push to enable local authorities to have better control over the funding and over making decisions. I think that is the right way of doing it. I do not think it would work if we had a one-size-fits-all policy here in Westminster.

Q487 **Huw Merriman:** If you look at the train operators, it largely pays for itself from its fares.

Catriona Henderson: No, it doesn't.

Q488 **Huw Merriman:** It does actually. I am not talking about Network Rail; I am talking about fares, which largely pay for train operators without a subsidy. If you look at the bus market, you are looking at a £5 billion operator revenue; £2 billion of that is from the public sector, with £3 billion from fares. As so much money goes into the bus market, why don't we regulate it in the same way as we do the rail market, which does not have the same subsidy at train operator level? Why do we cede so much control to bus service operators, who then decide that they are not going to stop at a doctor's surgery or at a hospital?

Nusrat Ghani: But the fault is not with the bus company. The control with the new Bus Services Act is with the local authority, if they wish. Through a partnership, whether it is voluntary or statutory, they can determine how and where services are run. The transforming cities fund is another example of that. It is to enable local authorities to have better transport policies for their local area.



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There are cases at the moment where we are working very closely with the Department for local government—for example, when planning takes place and bus stops are not where they should be. That can be done a lot better. The assumption that somehow bus companies are in control is not actually accurate.

Q489 Huw Merriman: I would say it is, because bus companies can just decide to drop a route and nobody can do anything about it. We have been all the way through the actual legislation and there is no way you can force a bus service operator, or indeed a local authority, to stop at a doctor's surgery, because the legislation is so piecemeal that they can do that.

Catriona Henderson: To go back to the analogy with rail, I think they are different. Rail is a closed system and there are a certain number of what are called paths. There are a certain number of times that a train can run over a piece of track in an hour, let's say, and there is definitely a role for Government in allocating how that works and making some decisions about what the best way of that working is.

Road is very different. Road space is much more flexible in its use. That means Government do not need a role like that in relation to buses. As the Minister has noted, we have given local authorities a range of powers that means that if they think the bus market in their area is not—

Q490 Huw Merriman: Can I interrupt you? With respect, the Bus Services Act actually took away the powers of local authorities to provide bus services through municipals.

Catriona Henderson: That is not correct.

Huw Merriman: It limited them to the number of municipals that were already in place. Perhaps colleagues can tell me if I have got that right.

Daniel Zeichner: No new municipals. You are right.

Q491 Huw Merriman: So I am accurate in what I am saying. We took those powers away. It is either a franchising partnership or nothing else. My point is that there is so much public sector money going into this industry that the profit turnover ratios are about 12% in the bus service market and about 2% in rail. They are taking big profits out. Why don't we tell bus service operators what type of socially necessary stops they need to make? I am not saying we should draw the route for them, but surely there is a role for Government and legislation to say, "This is where you must operate."

Catriona Henderson: I am not really aware of any examples where bus operators are not stopping at surgeries.

Q492 Huw Merriman: Let me give you one. We have had evidence from a number of MPs. One from Sheffield gave evidence of a GP surgery being switched and the bus service did not switch with it. We looked all the way through the legislation and found that you could not use it. You cannot



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use the Equality Act. You cannot use the Transport Acts because there is a hole in them.

Will the Minister actually look at this to say, "Seeing that so much public sector money is going in, we will have a framework that says these are the type of socially necessary services that a bus operator must put on across the country"?

Catriona Henderson: You would then need some reciprocal consultation powers. Bus operators often find that, when decisions are made in the NHS about where surgeries and hospitals are sited, the recognition that people are going to need to get there comes quite late. It is something that would need to be done reciprocally in that circumstance, around making sure that bus operators are aware of that fact.

Q493 **Huw Merriman:** Is that the type of thing a strategy would put in place? It would need teeth, through legislation, to make sure that the bus services absolutely did it. We heard from a previous evidence panel that, particularly with regard to the NHS, it is really difficult and that services are not being operated and do not follow where the NHS provision is moving.

Nusrat Ghani: It goes back to the first question I was asked and the way I responded. If we are to have an effective strategy for buses, it has to work with all the other Departments that have an impact on how bus services are delivered. I mentioned the Department of Health earlier. I am aware of the case you are talking about in Sheffield. I believe I have met the Member of Parliament.

Bus routes cannot just change. They have to provide notice. They have to communicate with the local authority. If a bus company wants to run a service that people want to catch and that they are able to run at a profit, they are going to have to run it where people are. If people are taking journeys, they are going to have to work out how they make sure stops are where they need to be. You are right that a strategy will have to look at all of these things as a whole. At the moment, it is done section by section and is not joined up enough.

Q494 **Huw Merriman:** I have one last question before I hand over to Daniel. I still take the view that bus service operators can just give notice that they are going to exit a route and then they exit.

Nusrat Ghani: They have to let the traffic commissioner know.

Catriona Henderson: It is 70 days.

Nusrat Ghani: They cannot just stop overnight. There is a system.

Q495 **Huw Merriman:** What is the number of days' notice?

Catriona Henderson: Seventy.

Q496 **Huw Merriman:** Can you write to us with that number, because we have been given a different tally previously?



Catriona Henderson: Would you like me to explain in more detail?

Q497 **Huw Merriman:** Not massively. I thought it was 14 days, but none the less this still makes sense. One of the ideas we explored with one of the other evidence panels was having a scenario similar to what you have for pubs. If they are registered as assets of community value, they have to give six months' notice of any change. The feeling was that, if a bus route can close perhaps even earlier than 70 days, it would be nice to have a period of time when the bus service operators have to use it, meaning that the footfall is still there and then perhaps another operator could take it on while it is still viable. Is that something that could fit within your strategy?

Nusrat Ghani: Yes, definitely, but the 70 days provide that scope. We can obviously write and confirm exactly what the number is, but you are right: they cannot just make a change overnight. This goes back to the Bus Services Act encouraging better relationships. If they have a good relationship with a local authority, it should not come as a surprise that there are challenging routes with the least number of people getting on the bus. At the same time, if there is a good relationship with the local authority, they should be able to explain to a bus company the changes being made within a local community, whether it is within a housing estate or a local GP centre being set up, and where they expect passengers to be and the expectations from the bus company.

Catriona Henderson: I know it is a lot of detail, but it is relevant to say that the reason why we extended it to 70 days when we made the Bus Services Act was to give a period when the operator had to notify the local authority that they were intending to change or withdraw a service, so that if the local authority wanted to tender for that service because it thought it was a socially necessary service, it could request financial information from the bus operator and would have time to make that decision and understand the financial implications of doing it. We have been making changes to address some of those issues.

Q498 **Huw Merriman:** You are saying if the local authority wanted to step in and run it.

Catriona Henderson: Yes.

Q499 **Huw Merriman:** But how would the local authority be able to step in and run it if the municipals cannot?

Catriona Henderson: It is through a tendered service. Many local authorities already tender for a variety of services. You do not need a municipal to do that.

Q500 **Huw Merriman:** They would get a private operator to run it.

Catriona Henderson: Yes, under contract.

Q501 **Huw Merriman:** My last question is this. I know that localism is great but, let's be honest, central Government are always telling local



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authorities what they actually have to do. Planning is one such example. You cited Brighton, and you are absolutely spot-on; it is fantastic. If there is not a good relationship between the operators and local authorities, what use is the Bus Services Act?

Catriona Henderson: The Bus Services Act provides local authorities with some really great powers if there is a difficult relationship between operators and local authorities. There are opportunities both to franchise and to build an enhanced partnership where some operators want to come to the table and others do not.

I point you to examples like Cornwall, where the devolution deal committed that we would franchise in Cornwall. That has actually given Cornwall a stick, for lack of a better term, which has encouraged operators there to come to the table and make some great commitments to improve services. There are going to be some transformational changes down in Cornwall.

Q502 **Huw Merriman:** But Cornwall was the only non-mayoral authority given that power. You have just cited a very good example that you did not give other parts of the country.

Catriona Henderson: That is not correct. In the devolution deal for Cornwall, we committed to give them franchising powers. What the Bus Services Act says on franchising is that mayoral combined authorities get the power automatically, and local authorities can request the power from the Department. No local authority has yet come to us and done that.

Nusrat Ghani: That is important. We keep being challenged that we are stopping something happening when we are not. We are just asking people to put together a business case and approach the Department. We can try our best to make that happen.

Mr Merriman, if I can just go back to Sheffield, because you mentioned it—

Q503 **Huw Merriman:** It was just one example.

Nusrat Ghani: You talked about the changes there. The Sheffield partnership has seen an increase in journeys of just under 2%. The majority of that 60% are adult fare-paying customers, so we have to take it as a whole. Even though for every one of our constituents, the one bus they catch and the one bus stop they rely on is absolutely key, we must remember that we need to think about this as a whole locally.

Huw Merriman: That is fair. Thank you very much.

Q504 **Daniel Zeichner:** I want to follow on from one or two of Huw's points that have slightly been touched on. We are two years on from the Bus Services Act. Can you tell us what you think it has achieved in that time?

Catriona Henderson: It is very early to say. We are still making the legislation that is in the Act. We will make the regulations on open data



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and accessible information later this year. We will make the final regulations on franchising and partnership as well. That does not mean that nothing has happened. A number of mayoral combined authorities are thinking seriously about their powers under the Act—most obviously Manchester, but you also heard evidence from Liverpool about the steps they are taking. A number of other authorities are undertaking reviews and exploring their next steps. An obvious example is the Mayor of Cambridge and Peterborough, who has undertaken a big review of bus services to think about what he wants to do next.

Local authorities are beginning to use the powers in the Act. Transport for West Midlands is working on an enhanced partnership for its new Sprint network for the Commonwealth games. I have already mentioned Hertfordshire, which is doing an enhanced partnership. As I said, Cornwall is driving things forward. We are seeing change and improvement.

I expect it to take time. I know that it seems from the outside that Government always move quite slowly, but it takes time to do these things. All the legislation has a five-year post implementation review clause written into it. The real opportunity for a serious review will be as part of the post-implementation review five years after the legislation is made.

Q505 Daniel Zeichner: I gently suggest that that pace of change may look very slow for many passengers in many areas. Going back to the very strong case that the Minister made for franchising powers a bit earlier, is any consideration being given to making it easier? You say that no one has applied. Probably no one has applied because it clearly takes so long and is such a difficult process.

Nusrat Ghani: I do not think contacting the Department, or getting support from the Department for putting together a business case, is very difficult to do. We are communicating both with bus companies and local authorities; we have a number of round tables happening all the time, whether on rural transport or accessibility. The Bus Services Act has only been around for a couple of years. Initiatives such as the bus summit give us another opportunity to promote what we are doing all the time.

One of the challenges we have is that the individuals who are involved locally and making decisions on buses are not always themselves joined up around the country. One of our responsibilities is trying to do our best to triage that information down to a local level as much as we can, and to encourage local authorities to be incredibly dynamic in the relationships they wish to seek and to encourage bus companies to invest as much as they can in their buses. We are doing what we can, but of course there is always much more that we can do. Hopefully, the inquiry and the report from the Select Committee will help us push the need for buses to be the central focus for local communities, whether it is on planning or



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developing high streets so that it is not an afterthought but a central thought in every service they deliver.

Q506 **Daniel Zeichner:** Does the Department have a view on how many franchise systems you would expect to see in place in the future, and by when?

Nusrat Ghani: I do not think we have a target, if that is the question. There is not a target, but we are happy to work with any local authority that wants to come and work with us.

Q507 **Daniel Zeichner:** If we were back here in 10 years' time and there still weren't any, would you think that was a success or a failure?

Nusrat Ghani: I do not think it will be the case that there will not be any, because we are already in conversation and trying to get local authorities to move along. The more that get involved, the more that will then decide to work with us. It is a new thing, and people are always nervous about changing what they provide locally.

Catriona Henderson: I would flip the question around. I do not think it is particularly important whether the system is franchising, partnership or deregulation. What is important is how many people are using the bus. We do not have a target for franchising, but we want to watch what is happening with the number of people using the bus. If the number of people using the bus is still declining and they are still not getting the outcomes they want, that is clearly where the problem lies.

Q508 **Chair:** What are the measures by which you will judge the success of the Bus Services Act?

Nusrat Ghani: The Bus Services Act covers a number of issues, but fundamentally we want bus passenger numbers to go up. We want services to be far more dynamic and accessible. We would like a whole variety of age groups to be using buses. It is not just about the overall number but trying to work it so that people who are in the first few years of employment use buses. We want buses discussed and thought through at the early stages of local government and planning decisions. There are a number of ways for us to see this going forward in positive steps. If you are asking us to have actual targets, and are we expecting X amount of partnerships or X numbers—

Q509 **Chair:** I am more interested in the outcome. It is absolutely right to say that I do not really mind by which method we get there.

Nusrat Ghani: As long as the numbers go up.

Q510 **Chair:** Is there clarity about what you expect the outcomes to be when you get to your five-year review? Is it, "I expect ridership to have plateaued"? Is it, "I want to see it to have gone up by 5%"? Is it, "I want to see bus take a higher share of trips"? What are the measures?



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Catriona Henderson: What we would want to see is that, where those powers have been used, there has been an improvement. How you measure that improvement is difficult. For example, if bus patronage has been in decline, it might be that bus patronage is still in decline but by less, and you can see that they are starting to turn the corner. It might be that bus speeds have gone up, and that means that over time we are going to see patronage rise. It might be about passenger satisfaction, particularly when we look at things like open data and accessible information regulations. It might be about some of the more general measures. There are a number of metrics we can use to think about it.

Q511 **Chair:** Might it be helpful to incorporate some of those measures of success in terms of outcomes rather than process in a strategy?

Nusrat Ghani: That goes back to the first point. There is no denying that the numbers are different up and down the country. If we were to have an overall number, it would be incredibly hard for us to meet it. Where relationships are going forward, we hope to see an increase in bus passenger numbers. You are right. It goes back to your original point about having an overall bus strategy.

Q512 **Chair:** You have said what you would like to see. What other specific things are you doing as a Department to make those things happen?

Nusrat Ghani: For bus numbers to go up?

Chair: Yes.

Nusrat Ghani: We have provided extra powers to local authorities to have better relationships, as I mentioned earlier, with bus companies to make sure that buses are run to a schedule that passengers actually want to use. We are encouraging other things that have still to come to fruition. We talked about low emission buses. People are keen to make sure that they have clean air zones in their cities. We are talking about open data. Encouraging smart ticketing is absolutely key. I know that is a bugbear of yours, Ms Greenwood.

Q513 **Chair:** Are you collecting data? You talked about the bus survey data. I know you will say, "We have provided a toolkit for local authorities and they can use these different things," but are you collecting data to look at which ones they are picking and using?

Catriona Henderson: As things stand, we are doing that on a largely anecdotal basis. That is working reasonably well because things are still at quite an early stage. There are a number of authorities, largely the ones I listed, who are doing some thinking and who have come to talk to us about that.

As time goes on, we will want to consider whether we need to commission something more formal. There is inevitably some challenge in evaluating something delivered by local authorities. Generally, our principles of evaluation say that we would encourage local authorities



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themselves to evaluate it. It is obviously something we will want to have a conversation with them about, because we want to understand it as well.

Our statistics are broken down by local authority area and by a number of other means. It would be possible for us to look at some of those more detailed measures.

Q514 Chair: I appreciate that it requires a partnership and that you cannot do it all from the centre, but if you have clarity about what you expect the outcomes to be and you have provided a suite of measures that might help, you want to know which measures in use are delivering the outcomes at local level, so that when you come to do your review you can go, "Right, okay, those work. Maybe we need to do more mandating of that or maybe we don't." Is that fair?

Catriona Henderson: I think our statistics would tell us, for example, what was happening on patronage. Local authorities collect a lot of data on that. Operators collect data on bus speeds as well. I am pretty confident that the data will be available to us.

Q515 Chair: Very specifically, one of the things we heard in our evidence is that, essentially, in large areas of the country one of the big five operators has an effective monopoly and there is very little head-to-head competition. Does the Department have a view that it would like to see more competition? Is that an aim of the Bus Services Act in itself, or are you not too worried about competition per se? Is it only about a high level outcome?

Nusrat Ghani: There isn't a monopoly, but there are some major players in the field.

Q516 Chair: There are lots of local monopolies.

Nusrat Ghani: But there are other people entering the market too. By raising the standards, we are encouraging people to enter the market because they realise that it is a good way not only to deliver a service but to make a decent profit. We hope that they will invest it back in the buses they have.

I was thinking of Big Lemon. Big Lemon has entered Brighton, and Brighton already has a fantastic bus company providing a service. If you create the space for other companies to come in, you can help break up what has been provided locally.

The Bus Services Act provides powers to local authorities to engage with other bus companies to bring other bus companies into an area to provide a service. I do not buy that there is a monopoly. What I will say is that, by encouraging better standards and a better service, you hope it will invite other people to enter the market and deliver a service as well.



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Catriona Henderson: What is important for passengers is that bus operators are responsive to their needs and provide a service they want. There are some operators who operate in a virtual local monopoly who do that, and there are some places where there is a lot of on-road competition, where that is not what passengers see and where it is very confusing because they get on one bus in the morning and buy a return ticket and then they cannot get the first bus back in the afternoon because that ticket is not valid. It is those kinds of things.

The important thing about the Bus Services Act is that it is helping local authorities to get bus operators to work together to give passengers the best possible outcome. It is less focused on competition in its own right and more focused on how to get the best outcomes for passengers irrespective of competition.

Chair: We want to look at issues around guidance, particularly ticketing, which you have referred to.

Q517 **Daniel Zeichner:** You have touched on some of these issues already, Minister, but quite clearly in different parts of the country there are still issues around ticketing, exactly as you have just said. What are you going to do about it? How are you going to sort it out?

Nusrat Ghani: Open data changes the way customers can access information on their ticket and how they can use their ticket. I went on to the website of one of my local bus companies to gauge how easily I could explain the different types of tickets that could be available at different points of the day. It was such a large chart that it would not even fit on my phone. That is very different from the other two places where I regularly catch a bus, in the West Midlands and in London, where it is so easy to work out the basic fare I am going to pay and how many journeys that would incorporate. It is also easy to jump on a bus if I do not have cash in my pocket.

Ticketing is an issue. We know that from many passengers, especially people new to thinking about catching a bus. It is a very hard one to understand, so open data will definitely challenge how information is made available. That is what the Bus Services Act is about. It is about encouraging bus companies to be transparent because they cannot assume that they are delivering just a single bus journey. It is a service.

People are already making key decisions on how they catch a train, a cab or an Uber. The assumption that buses can still deliver the service that was delivered 20 years ago does not work any more. If they really want to deliver a service and make a profit, they are going to have to do what passengers want. Passengers want to know how much it costs, when the bus is going to come, how long the journey is going to be and if they need to buy many tickets or just one ticket to get across a particular area.



Catriona Henderson: The thing I would add, and the Minister's experience really brings this out, is that the problem for the industry recently has been that there is no standard for the publication of fares. There is no consistent methodology for doing that. That is one of the reasons why, if you look up a bus route on Google, you cannot find information on fares; Google does not have a way of getting hold of that information in a consistent format. The Government are currently funding a project to create a consistent data standard, which is called NeTEx. It is a European standard and will allow us, as part of that open data work, to deliver information on fares and tickets, as the Minister mentioned.

The other thing I would highlight is on ticketing itself. We have quite a big piece of work under way at the moment sponsoring Transport for the North, who have a budget of up to £150 million for their smart north programme. The exciting thing for me is that it delivers multimodal, multi-operator ticketing in the north. Essentially, it will deliver a back office. If I get on a bus in Manchester, then a train in Manchester, and then maybe a bus belonging to a different operator, and use my ordinary contactless card all the way through that journey, it will automatically work out what the best fare for me is over a day, a week or a month. That is going to be transformational and exciting for people in cities in the north.

It is something we are starting in the north. It is a big and complex IT project. I know it is something that operators spoke a little bit about when they were here. Obviously, if we can make it work in the north, we want to explore whether it, or similar systems, will be suitable elsewhere in the country.

Nusrat Ghani: There is also the operator digital initiative that Transdev are involved in—

Catriona Henderson: And which Alex leads.

Nusrat Ghani: That is another way of encouraging bus operators to get together and share best practice. It encourages them to invest in using the technologies in a working partnership.

Catriona Henderson: We will specify a number of things that we want as part of open data. One thing I want to challenge the industry on, and I want us to keep challenging the industry on, is what more information they can make available beyond that. For example, it would be wonderful if we could find a way of measuring whether a bus is full. In urban areas, if you know another one is coming in five minutes, you might decide that you would rather wait and get a seat. We cannot yet do that in a reliable way, but Lothian Buses has experimented with it. If we could find a reliable way of doing it, we would love to publish that information, but we need to encourage the operators to experiment and innovate to help us to find the information and work out how we can do it.



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Nusrat Ghani: In my experience, there is some nervousness from some bus operating companies in making information available on their whole ticket price structure. We are doing everything we can to nudge them along, making it clear that they are going to have to do so eventually, so they might as well play ball with us now.

Q518 **Daniel Zeichner:** Isn't that part of the fundamental problem? The clue is in the words "commercial operator." Their commercial self-interest will not always contribute to the public good. How do you square that conundrum? That is why we have seen some of the ticketing problems in some areas. Quite rationally, as commercial operators, they do not want to help out other operators they are competing with. What is the Department going to do to break that logjam?

Catriona Henderson: Our consultation says that they will have to publish simple fares data by 2020 and complex fares data by 2022. I will not bore the Committee with the precise difference between simple and complex fares data, but it is sufficient to say that singles, returns, day tickets and the major tickets that are bought will be included in simple data.

Q519 **Daniel Zeichner:** How are you going to resolve that in terms of the competition law issues, which have vexed this debate for so long?

Catriona Henderson: We already have resolved it. We engaged extensively with the Competition and Markets Authority when we developed the Bus Services Act. They are content with our proposals.

Q520 **Ruth Cadbury:** That question was about fares, which are important, but what about other aspects of open source data, such as running times, delays and all that sort of thing? Are the bus operators going to be required to provide that information? In London, we have all that data, and other companies provide packages that we can use to plan our journeys minute by minute.

Catriona Henderson: The open data powers enable the provision of routes and timetables, real-time information and fares and tickets for the provision of passenger information. That is the nature of the powers we have, and that is what we will want to stick with. As I noted earlier, I would like us to explore what we can do to create an innovation hub around that, but it would be on a voluntary basis.

Q521 **Chair:** How much of that data are they currently sharing? If I take my Google maps, I can immediately find the bus stop and look at which buses are coming. It is probably all on real time as well. I would not be able to find the fares. At what point would I be able to do that in Cornwall, Stoke-on-Trent or across the rest of the UK? It is patchy at the moment.

Catriona Henderson: At the moment, route and timetable information is largely available. The legal requirement in the Bus Services Act would bite, we proposed in our consultation, from the end of 2019. There is



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usually a timetable change around 5 January, so we might actually slip it very slightly into 2020, to allow operators to do it for that timetable change. Real-time information and simple fares will come in the following year, in late 2020 or early 2021, and complex fares information will be from 2022.

Nusrat Ghani: Not too long to go, Ms Greenwood, although Mr Merriman and I might struggle, considering we have limited mobile phone and broadband coverage in our constituencies.

Huw Merriman: True.

Q522 **Daniel Zeichner:** Can I continue on some of the guidance that you offer local authorities. Quite clearly, there are a number of things that are trying to be achieved, including challenging poor air quality in areas. Some of that can be achieved by giving buses priority and so on. I was rather astonished to find that the latest guidance to local authorities on bus priorities dates back to 1997. Has the world changed at all, do you think, between 1997 and now?

Catriona Henderson: I believe you are referring to a local transport note we published in 1997. I must admit that it has not been at the top of my recommended reading since I joined this team, but when we found out that you had found it we thought we had better take a look.

It covers bus lanes, bus priority streets and a number of other issues. We think it is largely up to date, in that the way you design a bus lane has not particularly changed since 1997. That is not to say that it is the only place local authorities should be looking for guidance, and I do not think it is the only place they are looking for guidance. On top of that, we have "Manual for Streets 1," which talks about the way you design developments to allow for buses. "Manual for Streets 2" includes guidance about city centres and how to design developments.

We are continuing to think about the guidance we give local authorities on some of the new technologies. I believe we will not be using their proprietary names, but they are things that are generally understood to be SCOOT and urban traffic management in general. We will provide more information to local authorities, particularly as we think about the future of mobility. We have a big piece of work on making sure that local authorities have the skills they need to deliver that. We will be thinking about it through that.

Nusrat Ghani: Mr Zeichner might be alluding to issues around traffic lights and other bits and pieces that give local authorities a bit more control. I think Mr Zeichner is probably being a bit more political in his question, but we looked up the 1997 Act once we realised that the Committee had pondered it.

Q523 **Daniel Zeichner:** We have also heard evidence from witnesses that local authorities are not always very good at deciding where to put bus lanes. They do not always have the data, for reasons we have already gone



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through, to make the right judgments to try to get the trade-offs. Obviously there is always a debate around who gets priority in terms of road space.

It is such a key issue, particularly as bus punctuality and congestion are frequently cited as some of the top issues in terms of how we attract people on to bus, and we are not getting it right at the moment. Are there any plans to improve it?

Nusrat Ghani: Mr Zeichner, if we were not getting it right, areas such as Brighton, Liverpool and Reading would not be getting it right; and they are. They have priority bus lanes and they are able to manage the flow of traffic, looking at congestion as well. There are areas of the country that are getting it right. We can look again at the measures in the 1997 Act, but we looked at it in depth before we came to the Committee to try to work out which bit of it you might in particular want to challenge us on.

We thought that some of the evidence that was put in front of you was that local authorities might want more control. Would it be on traffic lights or traffic management? There are issues on the difference between local authorities, the powers they have and potentially that London has. There is some concern about whether providing extra powers enables local authorities just to get more money from people who may or may not be driving in the spaces they should be driving in, and it becomes a cash cow-type situation.

There are better ways of managing congestion and traffic flows. For example, in Brighton they have a dedicated person, a police officer, who looks at who is and is not parking in a bus lane. In Reading, they have real-time visualisation of what is happening on their streets, day in, day out.

Catriona Henderson: I pause on whether that is a role for Government. There are other places that provide that information. There is something called the Transport Knowledge Hub that comes from Greener Journeys, and which DfT funds in part. A number of other organisations also fund it in part, including the major bus operators. That is a place where local transport officers can look for information on a whole variety of different issues, and which brings together the views of Government, where best practice is done, and information from the private sector. There is a genuine question for me about what the right place is for some of that guidance and bringing it together.

Q524 **Daniel Zeichner:** The Minister has rightly been extolling the virtues of localism, but for years local authorities have been asking for the ability to enforce moving traffic offences, so that people do not clog up bus lanes and traffic. When are the Government going to trust local government to do exactly what you have been asking, which is for them to sort out their traffic problems to get the buses through?

Nusrat Ghani: But they do, and they are, in many areas.



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Q525 **Daniel Zeichner:** But they do not have the power to enforce.

Nusrat Ghani: If they have a really good relationship with their local bus company, and they are investing in resources and working with the bus company to realise what is and is not happening in real time on their streets, they can manage the kind of traffic that flows through their streets, and prioritise bus lanes. I keep referring to areas like Reading and Brighton, so it is taking place.

Q526 **Daniel Zeichner:** We have a big yellow box in the middle of Cambridge that is constantly clogged up, and no one can do anything about it because the Government will not give us local powers to enforce.

Catriona Henderson: But the police could enforce.

Q527 **Daniel Zeichner:** But you know that the police do not do enforcement.

Catriona Henderson: The Minister has already mentioned, for example, that in Brighton they fund a police officer specifically for tackling some of those issues. If people park in bus stops, the police officer can go and enforce it.

Q528 **Chair:** Are you suggesting that that is a good use of police time, given scarce resources, when they could be given to local authorities that are crying out for them?

Nusrat Ghani: No, the police officer is paid by the company. We must not conflate two separate things. There are ways of being dynamic about this if local authorities wish to be.

Q529 **Daniel Zeichner:** There is one other point about congestion. Obviously, a huge range of issues cause congestion, but many have argued that we have seen a huge rise in the number of private hire vehicles, for instance. You will know that the Mayor of London has sought a cap. Just this week, you responded to the report and declined to support the Mayor's request for a cap on private hire vehicles. Why won't you act to help buses get through? Those are all things that could be done, but you are choosing not to do them.

Nusrat Ghani: Mr Zeichner, I think you are referring to my update on the task and finish group on taxis and private hire vehicles.

Q530 **Daniel Zeichner:** I am indeed. To be continued another day.

Nusrat Ghani: Yes, because you have a very powerful private Members' Bill that you are trying to progress. We are going to consult further on the Government's response on taxis and private hire vehicles. One of the issues we shall be consulting on, to be concluded by the end of April, is the boundaries where licensed operators can operate. That will make a difference to who is operating in which areas up and down the country, and who is driving cabs and private hire vehicles. That will enable us to have a better understanding of congestion as well. I am more than happy to have that conversation with you at another point, but it will be tackled at some point.



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There is no doubt that we have many more people using different modes of transport, primarily bicycles and cars, whether it is their own personal car, a taxi or a private hire vehicle. We have to work collectively with local authorities to champion buses, and say that we need to make solid decisions that enable our buses to run efficiently to a schedule that passengers want. That is the only way we will get passenger numbers up.

It was the No. 1 issue that came out of the bus summit this year. Congestion and journey time is the biggest thing that puts people off catching a bus. We have to do what we can to ensure that we provide the right space, the right powers and the right relationships, managed locally, for buses to be run to the timetables that are published.

Chair: I do not disagree with that, but I think you are going to end up making the same recommendation about moving traffic offences as the Committee has made previously.

Q531 **Daniel Zeichner:** I have one final point on congestion issues. You have cited some areas that are doing particularly well on that in terms of their local traffic management capacity. As far as I can see, it is very patchy. If you look at the way London manages its traffic, it is high tech, using the data and altering bus priorities. What is your sense of how different it is around the country? My sense is that there are some cities that barely manage their traffic at all.

Nusrat Ghani: I am not going to deny that it is patchy because it varies up and down the country, and there is not a pattern. There are areas that do it really well and there are areas where we either do not have data or we have evidence to suggest that issues around journey times are a problem, and that could be the reason why people are not catching a bus there. There is not a pattern up and down the country.

I was going to read out a list that I have about where bus passenger numbers are going up, and where that reflects good partnerships and people having a positive experience of catching a bus.

Q532 **Daniel Zeichner:** Given the transformation in signalling technology that we have seen in the last 10 or 20 years—it goes back to the basic point about the guidance being 20 years out of date—surely this is an opportunity for the Government to improve the quality of people's lives across the country, by demanding that we get better traffic management, particularly in our cities.

Catriona Henderson: There are some places that are at the forefront of what you can do in urban traffic management. Off the top of my head, I believe that Portsmouth is one of the places that has been pushing that forward. They have some really impressive stuff.

As I think I was noting earlier, we are very mindful that this is an area of new technology that we would like to pick up through our future of mobility work to make sure that we are building local authority



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capabilities as well as capabilities within the industry to respond to it. It is something we are definitely looking at.

My experience is that most places these days have some kind of urban traffic management centre, but I very much agree that some of them seem to work better than others. Something we will want to look at is how we support those that are working less well, and how we make sure that, as new technology comes out, people properly understand it and its benefits.

Q533 Chair: It sounds like there might be new guidance under the guise of the future of mobility work.

Nusrat Ghani: I think Mr Zeichner just wants us to update the 1997 guidance. I am a bit worried about that.

Can I reflect on the transforming cities fund? It really is about having solid oversight of how transport is managed locally. That will once again challenge perceptions and encourage people to work together, whether it is Highways England or other bits of the local authority. There will be movement on how congestion and traffic are managed locally.

There are already 12 city regions that have been shortlisted for the fund, so there will be changes in those areas going forward. The status quo that we have at the moment is not going to remain. There is over £2.5 billion. I am just trying to work out if any of them are in constituencies of Members here. The 12 city regions in England that have been shortlisted are Derby and Nottingham; Leicester; the North East Combined Authority; Norwich; Plymouth; Portsmouth and south-east Hampshire; Sheffield city region; Southampton; Stoke-on-Trent; and West Yorkshire Combined Authority. There is also Preston and the south-east Dorset city region. All of those areas will have an improved system in place to manage traffic congestion and provide bus services as well as other transport services that are fit for local people.

Q534 Chair: That is really positive, and obviously we want to see places doing really well. You know where places are doing it well. What do you plan to do to push places that are not doing so well, or encourage them to do better?

Nusrat Ghani: Winning funding, and being shortlisted for the transforming cities fund will help those places to do better, so that is one step in the right direction. It is about encouraging best practice up and down the country; nobody, even a local authority, wants to make changes to the bus services they provide, and everybody would want the bus services they have in their area for bus passengers to be healthy and to continue.

Q535 Chair: Do you have any worries that some places get successive pots of funding because actually they are quite good at it? They put in a good bid and you go, "Oh, Nottingham, they're quite good at transport." That is an example where they have been successful. I am not complaining about



that; it is a good thing. If there are some areas where they are not very good at it, and where perhaps they have lost staff through the big cuts in local authorities and do not have much capacity and capability, there is nothing to make things get better. If they do not have the staff to devise the schemes, they are not going to put in the bids and they are not going to be successful. Is that something that is a concern for the Department?

Nusrat Ghani: It is a concern for me because in the last year I have had sight of people bidding for funding, whether it is for low emission buses or other bits of funding. Sometimes the same bunch of names comes forward. I am always asking the team, "Have we made the tender process easy and open enough?" We do not want the same people who might have the resources in place to put together, as they do, the best responses. It is a worry.

I have a constituency that probably is not always aware of these sorts of funds. From an MP point of view, I think, "Are they aware? Who is going to be the person putting in the application? How are they going to fare with one of the big places?" For example, Manchester always rises to the top. How do I make sure that somewhere like Wealden or East Sussex also has the right access and the right opportunity?

There is no denying that in areas such as low emission buses there was some concern that the majority of the recent £48 million went to the north of the country and to some particular areas, but there is possibly an argument that we are delivering a whole fleet of low emission buses because the area already has a low emission or clean air target. It already has a local transport or bus strategy. They tend to rise to the top. I have challenged the team to do what we can to make sure that we are supporting the widest possible group of people.

Catriona Henderson: One place where we have actually done that is in the transforming cities fund. We structured the competition there in a slightly different way. We said to cities, "Tell us what your vision is and set that out for us. If you tell us what your vision is and we select you, we will work with you. We will do some co-development on how you do the investment after that."

It was designed partly to try to reduce the burden on local authorities, because they tell us that they get really tired of bidding for things, and partly to try to make sure that it was less about people with pre-cooked things winning all the money. It is something we are really working on. The future high streets fund that HMCLG is running is £600 million of funding and is generally aimed at slightly smaller places than the transforming cities funding. They are taking a very similar approach.

Q536 **Daniel Zeichner:** I have one final question on the total transport pilots. There has not been any written account or assessment so far. Can you update the Committee at all on them, or perhaps write to us?



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Nusrat Ghani: We are hoping to publish the report later this year. We are working with the Department for Education, the Department of Health and local government to try to make sure that we put the best report together. If you would permit us, we would be more than happy to give you an update and let you know when we are going to publish.

Chair: I am conscious that we are slightly behind where we wanted to be, but we want to talk about funding and concessionary fares. Perhaps we will spend 15 minutes on funding before we move on to concessionary fares.

Q537 **Ruth Cadbury:** On that last discussion about funding and the earlier comments you made, Minister, about places that do things well, isn't one of the problems that the whole culture of the DfT, in buses in particular, is based on competition and competing for funds? The more that happens, the more there is a greater differential in quality, variety and accessibility of services by different measures between different towns and different local authorities. Those that compete well get the money and therefore provide more dynamic and forward-thinking services. Those that don't, do not and we get a widening gap between different local authorities because of that competition culture.

Nusrat Ghani: I do not fully agree with what you said, but let's just think about the absolute sum of funding that goes in. Government support for bus services is over £2 billion. That is 12% more in real terms than under the 1997 and 2010 Administrations. Funding is going up. The concessionary bus budget is over £1 billion and covers 10 million people. One of the first things I did as a Minister was to stop the sunset clause, whereby we were having to keep reviewing it every couple of years. That funding is always going to be available.

We have over £250 million going into buses locally. Over £40 million of that is going directly to local authorities. It is right that we work with local authorities in making sure that funding is available. We need to make sure that local authorities trying to secure funding have some idea of the services they are trying to procure and manage. It is not just about trying to support local authorities that can put in the best applications the whole time. We are trying to do what we can.

We are also looking at issues like BSOG to make sure that it will reflect services going forward, whether low emission buses or electric buses as well as more rural services. We are trying to be as creative as we can to support services across the country. We are not just focused on delivering or funding services in particular areas of the country.

Q538 **Ruth Cadbury:** Thank you. Over all funding streams, how effective do you think the current framework for funding the bus market is? What does it do well? What challenges is the funding framework less successful at resolving?

Nusrat Ghani: I do not want to make anybody nervous about BSOG, but there is an argument that it should be reviewed, and after the spending



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review would be a good time to do it, especially looking at the different types of buses that are now on the market. One of my bugbears is how we can support the most rural bus services up and down the country. I am keen to see what we can do to explore that and make sure the funding can be spent better.

I am always challenging the Chancellor to try to secure as much money as I can, and any support from the Committee in doing that would be most welcome. Mr Merriman is making eye contact with me; he has the ear of the Chancellor, no doubt.

A lot of the concessionary fares or choices are made at local level; the funding does not just come from us. It is key to know that.

Q539 Ruth Cadbury: Sorry, that is what I meant.

Nusrat Ghani: It comes from the Department for local government here at Westminster. That funding is not ring-fenced. I have had conversations with Ministers as to whether it should or should not be. They have a very solid argument as to why it should not be. Local elected officials and officers can make those decisions as they are best placed, but I think the argument will continue for a while. I am not sure that I can make a judgment right here.

Q540 Ruth Cadbury: We are talking about a service that is mainly privatised, and the main deliverers are commercial companies. In 2010, your Department commissioned a review of bus company profitability. The main conclusion was that returns are above the level that financial theory suggests should be expected in a fully commercial market. Have you been monitoring bus operator profitability since then, and what do you understand lies behind recent changes in profitability?

Nusrat Ghani: What I have in front of me is that the operating margins have been largely flat. There is a variation outside London of between 8% and 11%, I believe. The Department measures and publishes accounts and industry information on profitability.

Catriona Henderson: There is a variety of industry sources that we can look at for published accounts on profitability. The other thing that the OFT, as it was at the time, noted was that they thought a good level of profitability would be between about 8% and 11%. We currently think profitability as a mean is about 8.6%. That would suggest it is towards the bottom of that range. I know those figures look quite high. Mr Merriman compared them earlier with rail, where profitability is generally lower.

It is important to understand them as an EBIT measure of profitability. It is a measure of profitability that comes before the financing attached to vehicles. The reason why it tends to be higher is that you have to borrow to finance your vehicles out of that profitability. That is one of the reasons why it looks higher, and it looks higher than it does in London,



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where they tend to lease vehicles because of the franchised nature of the market.

I hope that is some reassurance. We think that the profitability figure, even if it looks a bit higher than in some comparable industries, is reasonably sensible.

Q541 Huw Merriman: Thank you for that. That is the quandary we keep discussing. Do you have a figure for what it really is, once you have taken the financing element from the profits?

Catriona Henderson: Not off the top of my head, no.

Q542 Huw Merriman: But you think that what they have said stacks up in terms of them making those levels.

Catriona Henderson: Yes.

Nusrat Ghani: Yes.

Chair: I want to continue on the theme of funding and pick up some of the things you have already raised.

Q543 Jack Brereton: You have answered some of our questions already, Minister, and I want to touch first on transforming cities funding. I am obviously delighted that Stoke-on-Trent is one of the cities that will benefit from it. I want particularly to ask about what you would envisage as the specific schemes that would relate to buses.

Nusrat Ghani: Those conversations are yet to take place. We will make sure that we work incredibly hard to ensure that buses are central and not just an add-on to everything else. A lot of the other transport networks require far more infrastructure and they are thought about first, but I am working very hard in the Department to make sure that buses are absolutely key.

Q544 Jack Brereton: Do you have an idea of the proportion of that funding that might go towards them?

Nusrat Ghani: We don't, because each one is going to be different. For us to put together parameters now is not going to work. Every bid was unique in its own right. Mr Brereton, you were a councillor managing transport.

Q545 Jack Brereton: Previously. Historically, I was one.

Nusrat Ghani: Previously. The assumption that somehow a Minister up here would make that decision for you in your local authority would not go down very well. The bids have been put together locally. We will do our utmost to ensure that buses are central, and not just an add-on, to how this funding, if successful, is spent.

Catriona Henderson: Sometimes in relation to partnership working, which we talked about earlier, local authorities find that what the



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operators really want is some form of investment. They want a new park and ride, new bus lanes or various things that they cannot afford to deliver. Therefore, there is a really good opportunity, through the transforming cities fund, for local authorities to think about this money, not just about what they can physically buy with it, but about what investments they can get from operators in return.

In some of the bids, we have already seen some great commitments from operators around willingness to invest in new vehicles and all sorts of other things that go alongside that. It would be really good to encourage local authorities to think holistically about how they can use this funding to leverage some wider commitments from the bus industry. My team will certainly be going out to talk to them, as part of that process, to make sure that they make the best possible use of that funding.

Q546 Jack Brereton: My next question is on BSOG. We have had a chat about that previously. As you recognised, BSOG is potentially discouraging some of the more efficient vehicles coming forward. Do you think that is having an impact on fully carbon-free and electric vehicles coming forward in the bus market?

Nusrat Ghani: There is no evidence to suggest that it is having any impact at the moment. I know we have spoken about this outside the Committee, Mr Brereton. As we are pushing for more efficient and greener buses, it is something we need to look at. You get fewer pence per mile, or kilometre, if you are not using diesel. That is another reason why we are hoping that we will have the opportunity to review BSOG going forward, not only because of the new types of energy used on buses, but because one of my passions is to make sure that it works well for rural bus services, too.

Q547 Jack Brereton: How soon do you see those changes and reforms coming forward?

Nusrat Ghani: Without making anybody nervous that we are going to reduce the funding, because my ambition will always be to increase the funding and to make sure that it is spent better, we will start to focus on reviewing BSOG after the spending review. That is the best time to do it.

Q548 Jack Brereton: We have heard evidence that suggests that it is discouraging people from investing in electric vehicles. That is something some in the industry, particularly companies financing or producing electric vehicles, have concerns about.

Nusrat Ghani: Did you have the evidence from the companies that are producing the buses or from the bus companies that need to buy the buses? If it was from the companies that are producing the buses, there might be a different take.

Q549 Jack Brereton: Companies such as Octopus, which helps to finance buses, particularly raised that concern. There are concerns that electric vehicles are not receiving as much support as diesel or hybrid.



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Catriona Henderson: Electric vehicles tend to be more expensive to buy than diesels. It varies a bit, but you might be looking at about double the cost—200 k for a brand-new diesel double-decker and 400 k for an electric one. That is then offset by cheaper running costs during their life, so there should be a good financial case for making them, particularly with the Government's ultra-low emission bus grants. That is one of the reasons why we put those grants in place.

We have not seen any particular evidence that there is a big problem with people buying them now because of the way BSOG is designed, but, as the Minister notes, it is definitely something we will want to come back to. There has been a big change since we last reformed the scheme.

Q550 **Jack Brereton:** What proportion of the new buses that have just come on to the market are electric?

Catriona Henderson: I cannot give you a precise percentage, but the vast majority of the 263 buses we announced financing for last week are electric, with a small number being hydrogen.

Q551 **Jack Brereton:** Wholly electric.

Catriona Henderson: Yes. A small number are hydrogen, and there is some funding for gas infrastructure.

Q552 **Chair:** You talked about the time potentially being right for BSOG reform.

Nusrat Ghani: Review. I am worried, Ms Greenwood. Words mean everything in this place.

Q553 **Chair:** Reform of BSOG has been talked about for a long time. Can you give us a bit of clarity about what you think the timetable is for the review?

Nusrat Ghani: I cannot provide any more clarity, I am afraid, than that it will be after the spending review. It is something I have spoken about extensively with my officers in the Department. They know it is something I am keen to do. I hope that I can start focusing all our attention on it after the spending review. If you want me to drop you a note, or try to give you notice before we start it, I am more than happy to do that.

Catriona Henderson: The reason why we cannot give you a precise timetable is that we do not know when the spending review will start. I think there is shared consensus between us and the Treasury that it would be better to do it afterwards, rather than before. Looking at the previous BSOG review round, I think we would need to consult on it. When we made the decision last time around, we gave the industry 18 months' notice of the changes. That gives you some sense of a potential timeline.

Chair: That is helpful. Finally, we turn to concessionary fares.



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Q554 **Steve Double:** Can we talk about the English national concessionary travel scheme? We received evidence that stated that there was a shortfall of around £650 million in the funding of concessionary fares. Why is there such a shortfall?

Nusrat Ghani: Where did the evidence come from?

Steve Double: That evidence came from one of our witnesses.

Grahame Morris: It was from the Local Government Association. It was £653 million, actually.

Q555 **Chair:** He was speaking on behalf of the Local Government Association, although he was actually from the North East Combined Authority.

Nusrat Ghani: I believe that they have submitted to the Committee how they came up with that figure. Is that correct, Ms Greenwood?

Chair: Yes.

Nusrat Ghani: They have not, I believe, submitted anything to the Department about how they came up with the figure, so it is not a figure I can recognise, because I have no idea how they came to collect the data. The majority of the funding that is made available from the local communities Department here in Westminster is not ring-fenced. They are making a choice about how the money is spent, so it is not a cut. I would like at some point to see the figure and the note they sent to the Committee.

Q556 **Steve Double:** If we put the figure to one side for a minute, there seems to be a fairly strong view that concessionary fares are underfunded. We can debate whether the figure is £650 million or a different one. Do you accept that there is a shortfall in funding for concessionary fares?

Nusrat Ghani: We have over £1 billion spent on concessionary fares. Local authorities can take that forward more widely, if they wish. Local government funding has increased, although it has not increased as much as local government up and down the country would like. I am talking just about what happens in Wealden and East Sussex and the challenges that they face. Obviously, we are always campaigning for more funding. Until we can see how they have come up with the gap, it is hard for me to argue that there is a gap and it needs to be filled. They have not written to us about how they came up with the figure.

I will always try my best to secure more funding for buses, but we have quite a substantial budget for concessionary fares. It does not have to be reviewed every couple of years, because we made sure that it is always going to be available. Over 10 million people are benefiting from that.

Q557 **Chair:** We will publish the paper from Paul Woods today. Of course, we will send it to the Department. We would welcome your writing to us with your thoughts on it.



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Nusrat Ghani: Yes.

Q558 **Steve Double:** It is an important point for us to establish. From my experience a number of years ago on Cornwall Council, I think there is a generally held view that concessionary fares are not fully funded and that some of the cost of them is borne locally and indeed subsidised by full-fare-paying passengers.

Nusrat Ghani: That is true.

Q559 **Steve Double:** It will be important to establish that fact.

Nusrat Ghani: I would like the opportunity to see how they came up with the data. Ms Greenwood, we will be more than happy to write to you once we have seen how they came up with the figure.

Q560 **Steve Double:** That point aside, the concessionary bus pass is not able to be used on local community transport. In some areas, particularly rural areas such as those that we both represent, where there is no bus service or a very limited bus service, have you considered the merits of allowing bus passes to be used on other services, such as community transport?

Nusrat Ghani: That really is up to the local authority, which can take that relationship forward with its community transport operators. There are a variety of community transport operators up and down the country. Some people consider community transport just to be the one trip that is organised by their scout group or Age Concern, but some community transport operators provide far more robust services in a constituency. It is up to the local authority to take that forward.

Q561 **Steve Double:** Do they have the flexibility and freedom to do that, if that is what they choose?

Catriona Henderson: Currently, 37 of the 89 travel concession authorities already offer that freedom. It is also worth bearing in mind that community transport is a not-for-profit service. To the extent that passengers are charged, they are being charged to cover the costs of the service. We would have to work through quite what it would mean for the services going forward if they were being provided to a big chunk of the passengers for free.

Q562 **Steve Double:** That is good to know. The concessionary fares scheme is designed to cover older and disabled people, with the aim of improving the lives of users. Do you believe that the current scheme is the best way of achieving those aims?

Nusrat Ghani: In what way? The way it is constructed?

Q563 **Steve Double:** The way the current concessionary fares scheme operates.

Nusrat Ghani: It helps over 10 million people to take journeys. Those people are the most vulnerable in our country. One of the things that we



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were able to do last year was not to have that budget vulnerable in any way, because we made sure that we did not have to be reviewed every couple of years. It is a good use of public money, it supports a tremendous number of people, and I am absolutely behind it. I am worried that your next question is going to be about means-testing, because that is not something I would at all endorse.

Q564 **Steve Double:** No, it is not going to be about means-testing.

Nusrat Ghani: Good.

Q565 **Steve Double:** My next question was going to be, and still will be, this. Previously, when I sat on Cornwall Council, one of the things we considered was how the scheme operates. We surveyed users of the concessionary bus pass, to see whether in rural areas, where there are very limited bus services, which might be at risk because of the cost of running them, people would be willing to pay a nominal charge, rather than have a service that was completely free, if it meant that the service could be secured going forward. A very large majority of people said that they would be prepared to do that. Is that something you would be willing to consider?

Catriona Henderson: It is not something we have previously been willing to consider. Obviously, if we were, it would be something we would need to discuss with other Government Departments. One of the wonders of the national concessionary travel scheme is that it is national. What that means is that you can use your bus pass anywhere in the country. One of the problems you get into if you start making changes like that is that you unpick the national nature of the concession. Do just Cornwall concessionary pass holders have to pay, or do Devon ones have to pay as well? How does all of that work? That is one of the challenges in any of those kinds of policy changes to the scheme.

Nusrat Ghani: It will be interesting to hear how Cornwall is going to take that forward.

Q566 **Steve Double:** At the time, we did not, because it would require a change to national legislation to achieve it.

Nusrat Ghani: But it would be interesting to see how they would do it.

Q567 **Steve Double:** It was a very interesting view. I believe that, for many people, there is an appetite and a willingness to pay a nominal cost if it means securing routes in rural areas.

Nusrat Ghani: Mr Double, we know in our experience as politicians that when people are offered the choice of maybe paying something that is just a pinch, they say yes on paper, but when it actually comes to rolling it out, they tend to pull back. It is a tricky one.

Q568 **Steve Double:** That may be true.



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Nusrat Ghani: The issue of rural bus services is extremely important. We can talk about the journeys that are taking place in urban areas, with high footfall and a high number of passengers, but we have to think about the journeys that take place up and down the country that most people do not have sight of, because they themselves do not jump on a bus. The majority of the people taking that bus probably do not have any other means of transport. That is why it is important to try to encourage good relationships locally and to review BSOG, to ensure that we can continue to support rural bus services.

Can I touch on one other thing before we move on? The issue of rural bus services was touched on quite a lot at the Jo Cox Commission. In the Department, I am also responsible for loneliness. That has been a really positive cross-party piece of work. It is about how we can use transport to tackle loneliness. It touches on rural communities, too.

There are projects such as chatty buses, and another one where you have a cup of tea on the bus. Evidence suggests that many people up and down the country who have limited access to other people and are isolated sometimes get on a bus just to meet somebody else. We have to think about buses as delivering that sort of social cohesion. That goes back to the point about the role of a bus driver. One of the reasons why bus services do so well on passenger satisfaction is the role the bus driver plays. The bus driver is going to play an even bigger role if people are catching a bus just to have the one and only chat they might have that day.

Q569 **Chair:** Minister, you touch on a very important point. All of us would agree on the important role that buses play, particularly for people who are lonely and isolated. It must cause you concern when you see in the "Buses in Crisis" report that over 3,500 services have been lost. Potentially, that is thousands of people who now do not have the opportunity to go to the local market town or to get to their doctor's appointment on the bus, rather than having to ask a friend to take them or being dependent on someone else. Is it causing you concern that we are losing so many buses across the country, primarily, we have heard, as a result of local authorities being stretched too thin and not being able to support bus services any more?

Nusrat Ghani: It concerns me that, when local authorities have choices, they may make decisions to remove bus services, over other choices that they could make. I look at bus passenger numbers regularly. Yes, it is a concern, but the greater frustration is that it is so different up and down the country. You can come across elements of really good practice and really good passenger numbers. I just want to do my best, as the Bus Minister, to see whether I can try to spread that out more across the country.

We review it and have a look at it, and I get worried all the time, mostly because, like most constituency MPs, I am told in my own constituency or by neighbouring MPs what is happening on bus services. There is an



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assumption that everybody has access to a car, but my parents have never owned a car and have never driven themselves anywhere. They have spent their whole lives relying on buses in the midlands; they have very rarely caught a train anywhere. I have grown up using buses, so I know that it can be a struggle if the one form of transport you rely on is no longer there.

As Mr Merriman said, you cannot remove a bus service overnight. We have to be absolutely clear on that. We are giving as many powers as we can to local authorities to make good decisions. We are making funding available when we can, but we have to accept that we are not the only funding Department overseeing bus services.

Q570 **Chair:** Would you like funding for buses to be ring-fenced within local authority spend?

Nusrat Ghani: This is a conversation that I have regularly with the Ministers over at local government. They have made a very strong argument as to why that would not work. What I would like to see is local authorities having solid transport strategies, and visions for buses within those transport strategies, that are easy for us to access. Then we will do our best, through the Bus Services Act and any other changes we need to make, to make sure that the sector is as dynamic and as open as it can be.

Chair: I am sorry, Steve, I interrupted you.

Q571 **Steve Double:** That's fine. My final question is regarding young people. The Government recently announced a 50% discount railcard for young people, which is very welcome, but actually most young people use buses, particularly to get to school, college and so on. Have you considered a similar discount scheme for young people for buses?

Nusrat Ghani: There are discount schemes applied by local authorities up and down the country. In Manchester, does it go from 16 to 18?

Catriona Henderson: I think the Mayor is launching a new scheme for 16 to 21.

Nusrat Ghani: The Mayor is launching a new scheme there. I know that Liverpool has done so well on its bus numbers because it has a particular package for young people. There are local authorities that are being really dynamic with their bus companies and coming up with visionary ways of encouraging young people to be on buses.

Q572 **Steve Double:** But the rail scheme is national.

Nusrat Ghani: Yes, it is.

Q573 **Steve Double:** Could there be a national scheme for bus passes for young people?



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Nusrat Ghani: It is devolved, so it is down to the local authority to make that decision.

Q574 **Steve Double:** Isn't there inconsistency? The bus pass for elderly people is a national funded scheme. I do not quite see why you would say that that is right, but a scheme for young people has to be administered locally.

Nusrat Ghani: Many local authorities have concessionary fares for younger people. Some of those local authorities take it up to the age of 18. There are also ways they can buy tickets that make it a lot cheaper for them to travel on a bus on a weekly or a monthly basis. We have explored with the Department for Education what more we can do for apprentices in particular. We are going to continue working with the Department for Education. Is there correspondence with the Committee? I am not quite sure.

Catriona Henderson: It is with the Education Select Committee.

Nusrat Ghani: We are working quite closely with the Department for Education to see what we can do for apprentices in particular.

Catriona Henderson: The national concession for older and disabled people is an off-peak concession. It does not start until half-past 9 in the morning. That is quite important when we think about how it would work for younger people. If the point is to get younger people to school and to work, clearly, an off-peak concession does not really work for them. I know that it sounds very similar, but there are some practical challenges in delivering it that we would need to work through.

Nusrat Ghani: All the surveys that have been done with younger people by bus operator companies have been made available. The biggest challenge to getting young people to use buses is not fares, but a lack of information that they can access on their phones.

Q575 **Steve Double:** Or a lack of buses to get where they want.

Nusrat Ghani: Information, maybe.

Chair: Are there any further questions from members of the Committee?

Q576 **Huw Merriman:** I want to go back to the 70-day notice. I take the point. The reason why I have seen a shortened time is that, within the 42-day element relating to the traffic commissioner, you can apply for an earlier date. That is where that came from.

I want to ask you both about the traffic commissioner. I applaud your passion for and commitment to this subject. It is really heartening to hear. In the event that there was a strategy or more legislation, with more teeth around the socially necessary stops, would you like to see more powers vested in the traffic commissioner, or do you think there should be a buses regulator, in the same way as we have regulators for rail and road?



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Nusrat Ghani: The powers that the traffic commissioner has can change, depending on the sort of partnership that local authorities take forward with buses. They can take some powers away already, if they take forward a partnership.

Catriona Henderson: The Minister makes a good point. With buses, it is slightly funny, because there are a number of different regulators for buses. DFT has a bit of a role, the traffic commissioners have a role and local authorities have a role. That makes for quite a complex environment. In rail, it is much simpler, as it is largely just the ORR, although obviously DFT, as the contractor on franchising, is involved as well.

It is certainly something I would want to pause on. The traffic commissioners do an excellent job in a lot of what they do. If we were looking at giving them more powers, we would want to think about how they fitted with their existing powers and whether they would fit with the skillset that the traffic commissioners have.

Q577 **Huw Merriman:** The reason I ask is that, when I went through the powers, I could see that there was a lot about the punctuality element, but in terms of directing that there should be a service and getting more involved, there did not seem to be any teeth. If that were something the Department was looking at a little more, I gently suggest that it would also need someone to enforce it and to get involved a bit.

Nusrat Ghani: We can definitely explore it, but I would not want to create a situation where the powers that local authorities can have under the Bus Services Act were undermined in any way, because we really want that to work going forward. In all our ambitions for buses, we just want numbers to go up. That matters to me more than anything. Having more bureaucracy does not really matter. We need to get the right buses running, on the right timetable, with the right information, and get the numbers to go up.

Q578 **Grahame Morris:** Minister, I want to ask you about bus safety. Earlier in the questioning, you mentioned some of the issues that you thought would increase bus usage and ridership, such as making the fleets more modern, improving emissions, and smart ticketing and real-time information. What about bus safety?

The reason I am asking, particularly today, is that my colleague, my hon. Friend the Member for Warwick and Leamington, is introducing a ten-minute rule Bill. As part of the Committee's investigations, we have taken evidence and have been to Bristol and a number of other cities where bus companies are having real difficulty recruiting drivers. The terrible crash that happened in Coventry, where two people were killed, including a seven-year-old little boy, and a number of others were seriously injured, came about because of the excessive hours the bus driver was engaged in. He was working for one of the big five—Stagecoach Midland Red. In the weeks before the crash, he had worked 62 hours, 76 hours, 76 hours



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and 75 hours. Do you think we need to do something to limit the hours of bus drivers to improve safety?

Nusrat Ghani: I will be in the Chamber for the ten-minute rule Bill. There is already regulation in place to say that the shift, if I can call it that, should be around nine hours. Is that correct?

Catriona Henderson: Yes.

Nusrat Ghani: I have round tables with the bus companies to challenge them on a number of issues, including this one. I have asked about the average hours that their drivers work. As in many sectors up and down the country, recruitment can be tricky. I am due to be in Bristol on Saturday, so I will have this conversation with them again then. It worries me to hear this, but there are rules in place. There are meant to be shifts that are nine hours long.

Q579 **Grahame Morris:** But there isn't a compulsory limit. You might want to consult on that. Earlier, there were questions from the Chair about the bus strategy. There seems to be consensus that we need a national bus strategy; I think even you agree with that, Minister. Should bus safety be part of that? In the rail industry, we have a national system for reporting and collecting data on accidents, but we do not have that for the bus industry.

Nusrat Ghani: You are right; safety is absolutely critical. We talk about passenger safety a lot more than looking at the driver, for example. A lot of buses are now being designed and equipped to take passengers with a number of disabilities. Blackpool has refitted and has some fantastic buses that are really accessible. Potentially, we think about the passenger's experience more than we think about the driver. We had the inclusive transport strategy out in the summer. We talked about the role of the driver in making sure that people with disabilities have good access to buses, but we should spend much more time thinking about the role and the responsibility of the driver, and the responsibility of the bus companies towards their drivers, too.

Q580 **Grahame Morris:** Is part of that having a national body to look at it? It might be possible to identify trends. Limiting excessive hours is one obvious thing, but there might be some trends that could be identified. It happens in the rail industry.

Catriona Henderson: It is worth remembering that there are some technologies that can help. There are a number of black box-style technologies that can help with erratic driving. Those might have picked up the individual in that case. I do not think that it was by any means his first accident.

Nusrat Ghani: Reading has a fleet of buses with technology that lets them know the way the driver is driving, whether they are coming into contact with street furniture or trees. There is some technology out there, but you make a very valid point. We need to look at this, especially if the



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sector is going to struggle to recruit women, let alone men, to drive, and the pressures they have.

Grahame Morris: It is an issue of wages as well. We found that excessive hours are commonplace.

Chair: Thank you very much. You have done nearly two hours in front of us, which is a long session for your first appearance in front of the Transport Select Committee. We all share your wish to see the number of bus passengers go up. We just want to ensure that the strategy, the measures and the encouragement that are needed to make that happen are in place. We look forward to your reading our report and responding to it. Thank you for giving evidence today. That concludes our session.