



The future of mobility

*If the bus is to play a leading role in the long term future of urban mobility, we need to be **scanning the horizon now and sowing seeds of change** to ensure that a very different bus world stakes its claim to exist.*

*We shouldn't be spending time and energy implementing a retro 1980's governance model for yesterday's buses but be focused on **designing a new age of the bus looking toward 2030 and beyond.***

*This is the **tenth** of fourteen weekly articles on what different aspects of that new bus future could look like and the kind of things we need to be sowing seeds for now if we are to truly **ride the wave of future opportunity.***

*We need to **be bold if we are to shine** over the next 40 years and do more than invest in a zero emission fleet, tinker with governance and introduce the odd capped fare.*

Episode Ten – Governance

The issue of **Governance** comes in at **Number Ten** in this series as **Episodes One to Nine** focus directly on **the substance** of what is required to develop future bus networks in the context of an **Active Travel and Mass Transit First** mobility environment contributing to the UK's **delivery of Net Zero** in 25 years time.

It is only when you **are clear about what needs to be delivered** that you can then be clear on the **most appropriate methodology and governance structure** to make it happen.

This is about the **long-term transformation of urban and interurban mobility** underpinning the UK's delivery of **Net Zero** by 2050.

Current UK Bus Governance Models

Bus Franchising in Mayoral Combined Authorities

The most recent changes to Governance around bus networks in the UK are contained in the 2017 Bus Services Act providing **Bus Franchising Powers to Mayoral Authorities**. Mayors do **not have an automatic right to franchise** as it is subject to the production of a formal, independently audited, **Assessment of the viability and sustainability of their proposal over a 30-to-40-year horizon** which coincides with the *Net Zero* transition.

To date, two Authorities, **Greater Manchester** and **Liverpool City Region**, have confirmed a **move to a Franchise Model** with Assessments focused predominantly on **delivering the 'status quo' better with greater integration around ticketing and slowing the pace of managed decline in bus demand**.

There is **little in the way of radical product ambition**, transformational **modal shift**, cleaner, healthier, **liveable cities** or **simplifying the use of the bus nationwide** through acceptance of contactless cards automatically opening up capped payment arrangements in any urban area.

Their plans are **focused predominantly on governance** rather than the **substance of the bus product** and the delivery of **transformational modal shift**. Most importantly, they are broadly **silent on car constraint** and the successful **delivery of the local transport contribution to Net Zero** in 25 years time.

The **Mayor of West Yorkshire** is currently **considering** responses to a Public Consultation on **similar proposals** but with an Assessment which fails to take account of a **parallel project to totally disrupt the proposed new bus environment with an overlapping £250m Mass Transit System**.

South Yorkshire is about to appoint an independent **Auditor to review it's own Assessment** again based on **fixing the shortcomings of the current governance structure** but with **no dramatic product ambition**.

None of those proposals encompass anywhere near the degree of **car restraint, pedestrianisation, active travel, bus product development and enhanced town and city environment required to deliver Net Zero**.

The focus on separate **'island franchises'** around individual Combined Authorities **doesn't contribute to the concept of a UK wide culture change in active travel and bus use** for urban and inter urban travel. We need a **truly joined up approach to bus ticketing and integration** across the country and the **development of long distance commuter and interurban operations to reduce the need for car commuting** into town and city centres.

None of those assessments are **anywhere near as radical as these proposals** and it is **questionable**, in any case, **whether the Franchised Governance Model deployed could be fit for this purpose.**

All the effort is going into **changing the governance model, not growing, deepening and widening the market** with ongoing **product development.**

Very little is fundamentally changing. It is effectively the **same old stuff delivered under a different contractual arrangement** which will, of itself, **render future radical change even more difficult to deliver** as it will involve unravelling or renegotiating complex contractual arrangements.

Local authorities are not geared up to be dynamic consumer businesses so complacency will settle in. At the end of the day, **a franchise is simply a monopoly supplier and monopoly suppliers are an enemy of change and innovation.**

Evidence of that is clear from **the success of 'open access' rail operations** where **private sector rail operators identify** and develop **growth markets missed by the Public Sector franchise managers.**

On the face of it, the franchising model is in danger of **parking the bus industry in a siding instead of picking up speed on an express line** to cleaner, liveable cities and **Net Zero.**

We are **tidying things up, moving the deck chairs around**, integrating some ticketing but **not delivering a new, compelling proposition** which will **take people out of their cars** and embrace a new world of mobility.

If we want **to call time on the tyranny of the car** in our towns and cities, it is **doubtful that a rigid franchising model will cut it.** There is certainly nothing in the four proposals produced to date to get excited about in terms of **climate change** and **Net Zero.**

In taking control of their bus networks, local authorities are **deploying a late 20th century business model unfit for the purposes of the mid-21st century** challenge of **Net Zero.**

This problem is not unique to the UK.

Most **urban bus operations in Australia**, for example, are **delivered on a similar franchised basis** as is being introduced in Greater Manchester and Liverpool City Region.

It is relevant to note that, in Melbourne, Australia, the **Government's Infrastructure Commission has just produced a highly critical Report challenging the conservative nature of the Melbourne bus network** planned by the public sector Victorian Transport Ministry **as being unfit for the future economic and environmental development of the City.** It strongly recommends **substantial restructuring and expansion of the network and development of new style services** to meet the economic growth targets of the city and the delivery of **Net Zero.**

Franchising is **big on governance**, administration, tendering and contractual complexity but **light on product ambition, environmental improvement, climate change mitigation, innovation and quality of life.**

The discussion on bus governance should not be about a backward look at what has happened in the last 40 years but a **forward ambition about what can be made to happen in the next 40!**

Enhanced Partnerships

The **alternative Governance Model** provided for in the 2017 Bus Services Act is an **Enhanced Partnership** one.

Good positive voluntary partnerships can be a powerful way to bring miscellaneous parties together **to deliver exciting things** and that **could be compatible with the proposals set out in Episodes One to Nine.**

However, the '**Enhanced Partnerships**' in the Bus Services Act come with **strings attached.**

As part of the National Bus Strategy, the DfT has made engaging in an **Enhanced Partnership** or Franchising a **condition of receiving DfT Grant Funding.** Consequently, many of those Partnerships are, effectively, '**shotgun marriages**' **made to access public money** rather than based on a **positive desire to work closely together.**

Additionally, the **Competition and Markets Authority** Guidance on Partnership arrangements **stunts their growth and potential** with **restrictions on their length and depth** – a bizarre approach to take in parallel with **granting a public sector bus operation monopoly pricing power!**

Operators proposing a **significant network enhancement** may find the **agreements underpinning its success restricted to only 3 years** whereas the lead time to get a **payback on the investment** in the additional mileage **involved in a frequency increase can take up to 6 years** as evidenced in the 'Kick Start'

Scheme rules used by the DfT in the 2000's, **and up to 8 years** to get a sensible **return on investment in additional fleet.**

Ambitious long term **partnerships need time to develop and room to breathe** but can deliver bold, radical change.

Allowing Operators and Authorities room and time to **be creative and ambitious are essential** to producing **better outcomes than rigid contracts** defined by local authorities.

Buses are an **important part of local social and economic infrastructure** and, therefore, **local authorities must have legitimate input into network design** but they are also a **consumer product where the marketing and commercial skills of operators are equally important** in developing and sustaining the network.

An **alternative governance model** in a world of *Active Travel and Mass Transit First* should involve a **genuine partnership between all the parties with a vested interest in local mobility** working together with **each party focused on the skills, experience and investment they can bring** to optimise the overall outcome.

Ideally, each **Partnership** should be **tailored to the nature of the market** in the area involved and either independently chaired or, possibly, co-ordinated by the Mayor.

Despite assertions to the contrary in Franchise Assessments, **local authority borrowing is not the simplest, cheapest, safest way to fund significant fleet investment.** In many cases, **operators can deal with it more efficiently, with less risk,** utilizing shareholder investment and reinvested profit with less reliance on borrowing.

We have seen several examples recently of **local authorities** running into financial trouble by **overextending themselves with loans related to commercial speculation.** At the end of the day, **bus operation is a commercial risk activity** and **does not always guarantee a positive return** especially if organic growth and serious modal shift from the car are key objectives. Experienced **private sector operators** may be **much better placed to manage those issues.**

In any case, even the briefest look at the **current and future prognosis for UK public sector finances** screams out that **urban bus networks will be well down the pecking order** for scarce public sector investment **compared to health, education, defence** and other greater priority government departments.

That pattern was **set in the age of austerity in 2010 and shows no real sign of changing** any time soon.

The best future for the bus is to **recognise its consumer product potential in a socially responsible way to deliver environmentally and financially sustainable operations in public/private sector partnership.**

What would a true Urban Mobility Partnership look like?

Buses do not exist in a vacuum and a **narrow, binary Partnership between a Transport Authority and Bus Operators can only go so far.**

In its engagement with the Competition Authorities, the **bus industry has always had to remind the Competition and Markets Authority** and its predecessors **that its greatest competitor is the car** - both for market share and simply for room to breathe on the streets and do its job.

Episode Two emphasized the **importance of the bus industry working with allies** if it is to play a material role **in reversing the negative effect excessive car use has had on our towns and cities.**

A true **Urban Mobility Partnership** should recognise that **partnership working needs to encompass, not just the Operators and the Transport Authority, but those allies who share views and values** with both the Authority and Operators.

It needs to be a **broad church with broad powers and its own funds.**

It would draw its **legal powers** and its **funding from both the public AND private sectors** and deploy them in the interests of the community.

It would **provide freedom and mobility** in the context of a clean, pleasant, liveable urban area **with an ability for everyone to move around** as they require **in an environmentally and financially sustainable way.**

It's **Governance** would be overseen by a **Members Forum** representing the **Public Sector** in the form of the Mayor (in Mayoral Combined Authority areas), the Local Authority, the Highway Authority, the NHS, the Education Authority, major Community Groups and any other major local public sector bodies.

The **Private Sector** would be represented by Mobility Operators including buses, trams, trains, taxis and ride sharing businesses together with Trade Unions, Chambers of Commerce and other significant local private sector entities.

Its Mobility operations will be overseen and co-ordinated by its own **Executive Management Team** with Administrative and Operational staff.

Policy and Decisions will be **informed by Working Parties** covering Finance, Capital Projects, Infrastructure, Network Development, Pricing, Ticketing and Payment, Environmental Sustainability, Economic Regulation, Marketing and Innovation.

The **Urban Mobility Partnership** would have **access to its own funds** drawn from

- A levy on commercial mobility operator gross revenues
- A levy on all remaining urban car parking charges
- A workplace parking levy
- Congestion Charging
- Revenue funding from the local authority
- Government Grant Funding
- Such other funding sources as it is able to develop

Those **funds** would be **channelled into bus network and associated infrastructure development.**

Other potential detailed governance models for **true public / private sector partnerships may be possible.**

However, if we are **to be truly ambitious** about transforming the environment of our major towns and cities, we need **something more of our time than a 1980's style bus franchising model or the flimsy enhanced partnerships envisaged by the DfT and CMA** in the National Bus Strategy.

Conclusions

Episodes One to Nine list a whole range of ways in which the **environment** of our towns and cities **can be transformed by a mobility policy based on Active Travel and Mass Transit First**, reversing the trend of excessive single occupancy car use and the damage that does to the environment, air quality, the climate and the health and safety of the community.

Pulling those developments together and putting them into action needs **something more innovative, flexible and substantial than the simplistic governance models of either Bus Franchising or Enhanced Partnerships** to optimise the outcomes.

Urban Mobility Partnerships, chaired either by a Mayor or a suitably experienced leading local independent figure, **would be one alternative, forward looking initiative** which could bring the developments in **Episodes One to Nine** to life.

Next Week

Episode Eleven next week addresses ***The Lost Souls of Mobility.***

Wondering just who or what they are?

Find out next Monday **and why they are lost** and **whether they can be found?**