

Provision of bus services

In general terms, bus operators are free to run whatever bus services they like – the operator chooses which places to serve, the times, frequencies, fares and size of buses to use. These aspects are not regulated – the market was deregulated as a result of the 1985 Transport Act.

A bus operator's choice in deciding which places to serve, how often and what fares to charge will to some extent be influenced by their business model. A large national bus operator with shareholders will choose to run buses where it is profitable to do so, whereas a local bus operator set up as a Community Interest Company may have different priorities. In all cases though, the operator will need to cover the costs of operating, be that from fares revenue or other sources.

The result of this market setup is that the best bus services are found where there are the largest numbers of people travelling – generally this will be along urban corridors and inter-urban routes connecting large towns or cities. On some routes bus operators may even compete with one-another for the passengers by both running similar bus services.

At the other end of the scale, it is not uncommon for rural areas to have no bus services at all. This is because there are not enough passengers for a service to cover its costs. This gap is sometimes filled by community transport services, covered in appendix x.

Commercial services

Where a bus operator runs a bus service of their choosing, the operating costs of which is covered by fares revenue and other entitlements, the service is said to be operated commercially. The vast majority of bus routes are run commercially.

Contracted (subsidised) services

A bus operator can run a bus service under contract to a third party, this is often referred to as a subsidised service. Usually, many aspects such as the route and times will be set in the contract. It is most common for bus services to be contracted by a local authority, but others can as well, such as universities that wish to ensure students can reach their campus by bus.

Local authority subsidised services

The 1985 Transport Act restricts local authorities to essentially only be allowed to subsidise a bus service to fill a gap in provision. The services a local authority subsidises must not distort the local commercial bus market.

Oxfordshire County Council subsidise a number of bus routes, however it no longer has a bus subsidy budget – this was removed in 2016 as a result of funding pressures that have affected all local authorities in recent years. The funding for most of the services that Oxfordshire subsidise comes from developers of new housing or other developments. A small number of services are funded with a grant from the Department for Transport.

Contracts for subsidised routes are usually tendered – bus operators bid to operate the contracts and the bids are evaluated, taking price and quality of provision (e.g. bus specification) into consideration. Subsidised services should appear to the passenger to be the same as any other bus route – they should appear to be part of the overall bus network like any other bus service.

Developer funded services

In recent years there has been a very substantial amount of new development across Oxfordshire. The planning system allows for developers to pay for things that are deemed to be required to make their development acceptable in planning terms. Provision of a good bus service is one aspect that may be required to make a development acceptable in planning terms. If such as bus service isn't available, the Council will try to secure funding from the developer to provide a suitable service, either by improving an existing service or starting a new service if needed.

An important aspect of funding secured in this way is that it can only be used on bus services that are relevant for the development site – it cannot be used to cover unrelated shortcomings in bus service provision.

Developer funding from each specific development is finite. It is usually secured on the basis that the bus improvements it pays for will result in more passengers using the improved services over time, both through new trips generated from the development and from more people choosing to use the bus, now it's a more attractive choice. The requirement for the funding (subsidy) should therefore decrease over time until it is eventually self-funding (commercial).

Registration of bus services and the role of the Traffic Commissioner

Bus operators have to register the bus routes they plan to operate with the Traffic Commissioner (a government appointee). This applies regardless of if they are commercially operated or not. Registration applies to new bus services, changes to bus services (routes or timetables) and service withdrawals. Provided the operator registers the service with enough notice, the Traffic Commissioner will approve the registration – they cannot influence any aspect of the proposed service, or question a decision to withdraw a service.

The Traffic Commissioner also licences bus operators themselves. They can also take action where an operator is in breach of their requirements, for example not operating a bus service in accordance to its registration, or not meeting vehicle maintenance requirements.

Concessionary fares

The County Council administers the free local bus travel in England scheme within Oxfordshire. A large amount of information on the scheme is available on the County Council website including who is eligible and which bus services are covered.

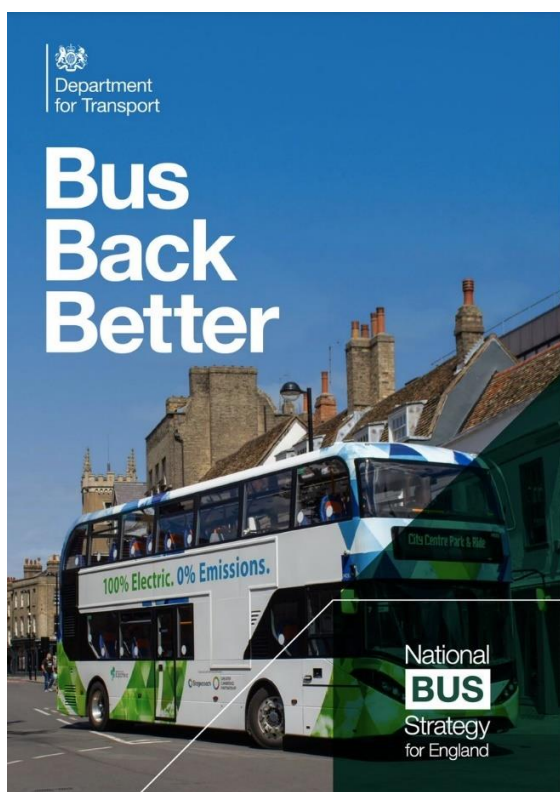
Bus operators are required to accept concessionary bus passes and get reimbursed for doing so, though a formula that is supposed to ensure the operator is no better or worse-off for accepting the pass.

Further information: www.oxfordshire.gov.uk – search for “bus pass”

Covid-19

The pandemic has had a severe impact on bus service demand. On most routes, passenger numbers reduced to almost zero during lockdown periods and even though they are now recovering, numbers recovering at a slower rate than most other modes of transport. With the majority of bus services operating commercially, the government has made grant funding available to support bus operators since the beginning of the pandemic in March 2020, in order to prevent mass service withdrawals that would otherwise have been inevitable.

The future of this funding is covered in “Bus Back Better”, the new national bus strategy.



Bus Back Better – The future

In March 2021 the Government issued a new National Bus Strategy called Bus Back Better. The result of this is that in future, the provision of bus services will change. Although private companies will still run buses, they will do so in partnership with local authorities. Bus companies and local authorities will be required to work together to achieve the aims set out in the strategy.

The strategy requires all local authorities to write a Bus Service Improvement Plan by October 2021 and to set up a partnership with operators by the end of March 2022.

Work is just beginning on these and it's too early to say how PTRs may be involved. In time this appendix will be revised to explain the new way that bus services will be provided in Oxfordshire, and how PTRs can

be involved.

FAQ

Why does my village have no bus service?

There are several factors that affect the level of bus service a village may get. These include its population, its geographical location and layout of the local highway network.

Few villages have a large enough population to support a bus service in their own right. A viable bus service comes where there are a number of villages that together have enough combined population and for which a coherent route can be devised.

Some villages will have higher frequency services, despite a low population, if they happen to be on the route of a strong inter-urban service travelling between towns.

Another aspect that affects whether a village has a bus route is whether a bus can serve it efficiently, without having to deviate significantly from the roads it would otherwise be on.

An isolated village that isn't on the way to anywhere will struggle to support any bus service, whereas a village located on a busy A-road on which there's already a bus route running between big towns will likely get a very good level of bus service.

Why are there lots of big empty buses? Would it save money to run smaller buses?

The economics of bus operation support larger buses. The single biggest cost of bus operation is the driver, who costs the same irrespective of the size of the bus.

Most bus routes have more passengers travelling during peak hours in the morning and evening, with far fewer passengers travelling at other times. For commercially operated services, each bus in the bus fleet will be full for some journeys at peak times. The same bus will then spend the rest of the day less full when operating other journeys. It isn't economically viable to take the big bus back to the bus depot after the peak journeys and then use a smaller bus – that would require twice as many buses in the bus fleet, half of which would be unused at any given time.

Why doesn't the bus company use a profitable route to subsidise the cost of an unprofitable route?

The business model of the bus operator needs to be considered. For most operators, the need to keep the business viable, invest and make a profit will lead to the withdrawal of unprofitable routes. An operator will evaluate whether an unprofitable route (or journeys of a route) have an overall benefit to their business, such as network coverage. It's fairly common for an operator to run some journeys on a route at a loss to ensure a consistent level of service over the day, but uncommon for an operator to continue to run a substantial loss making route.