

***The Factors Behind Scotland's
Decline in Patronage***

By Prof. David Begg

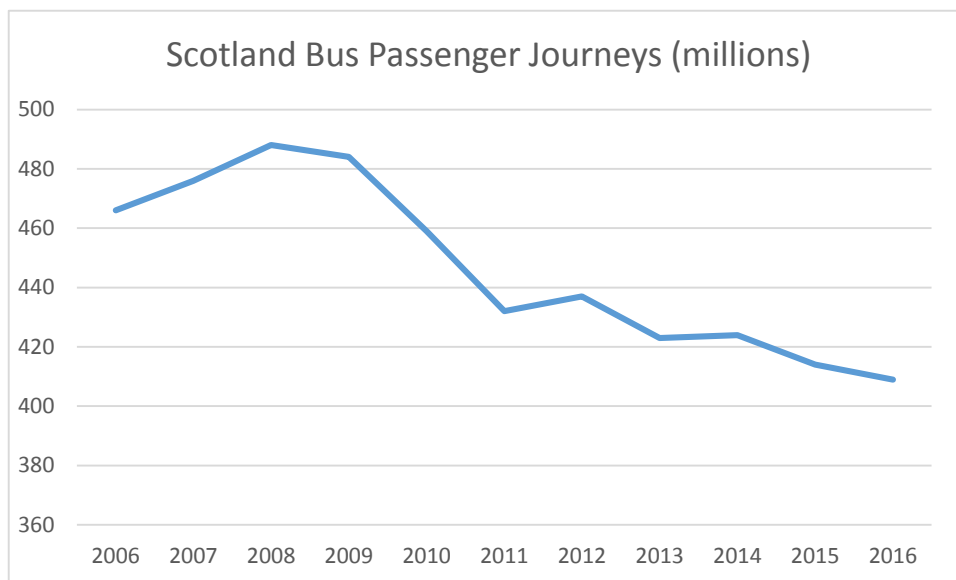
There is a growing opinion that the decline in bus patronage in Scotland is down to bus deregulation and that the trend will not be reversed until franchising (regulation) is introduced. The bus operators are bitterly opposed -especially the ones who purchased former state owned and municipal companies on the basis that they would be operating in a deregulated environment.

Having spent 10 years as a non-executive director on Transport for Greater Manchester (previously Greater Manchester PTE) and 9 years as a non-executive director on First Group, I witnessed close up both sides of the argument. I also spent 5 years as Chairman of the Transport Committee on The City of Edinburgh Council, and before that Lothian Region. This gave me a good insight into the pressures local politicians face on bus policy, the strengths of the municipally owned bus model in the shape of the excellent Lothian Buses and the importance of good bus priority and car restraint.

I would like to think that my experience makes me impartial and objective in analysing the reasons for the decline in bus patronage in Scotland and what policies would be effective in reversing it.

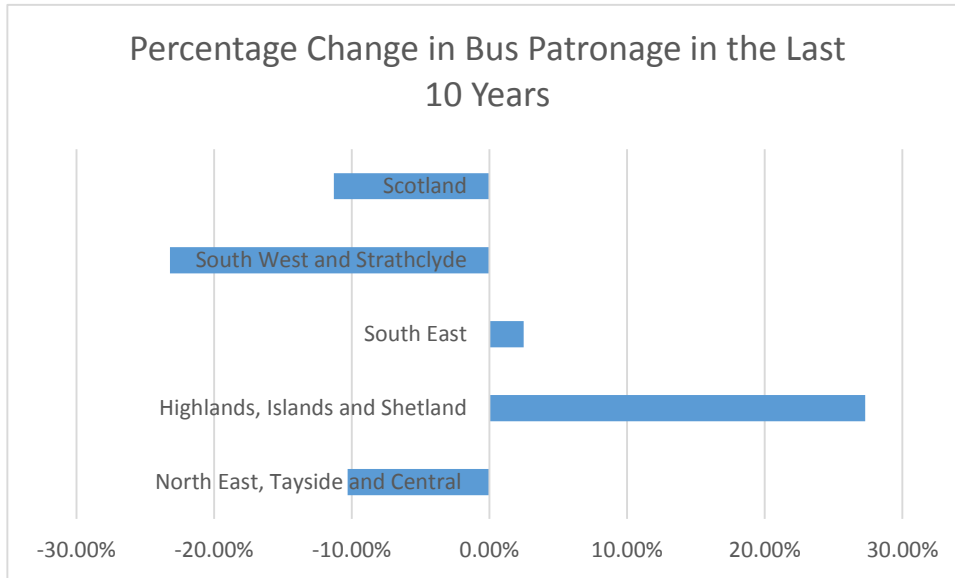
THE TRENDS

Over the last decade patronage in Scotland has declined by 12%



This is a decline of just over 1% p.a.

Bus patronage in Scotland increased steadily from 1999 until 2008 and started to decline again when the economy went into recession. There is no government policy, regulatory change, fares policy or other policies pursued by bus companies which can explain the steady growth in patronage over the 9 years from 1999 and then the decline over the last 9 years. It is factors outside the control of bus companies, and not related to the regulatory environment, which explain the growth and then the decline. The growth years can be explained by strong and sustained economic growth and relatively high motoring costs. The years of decline can be explained by weaker economic performance, rock bottom motoring costs and the growth on line shopping. The latter is growing exponentially. When you consider that shopping accounts for between a quarter and a third of bus trips it poses a major challenge to the sector.



The Scottish average patronage changes mask large regional variations. The Highlands, Islands and Shetland has witnessed remarkable growth of almost 30%, the South east modest growth and South West and Strathclyde a decline of over 20%.

Again, the key drivers behind the growth in patronage in the Highlands are nothing to do with policies pursued by companies or the regulatory environment but are down to : higher population growth and lower increases in car ownership. In Glasgow/Strathclyde the decline has been driven by acute congestion, increase in supply of car parking at a cheap price, the lowest population growth in Scotland and a comprehensive rail network with relatively cheap fares.

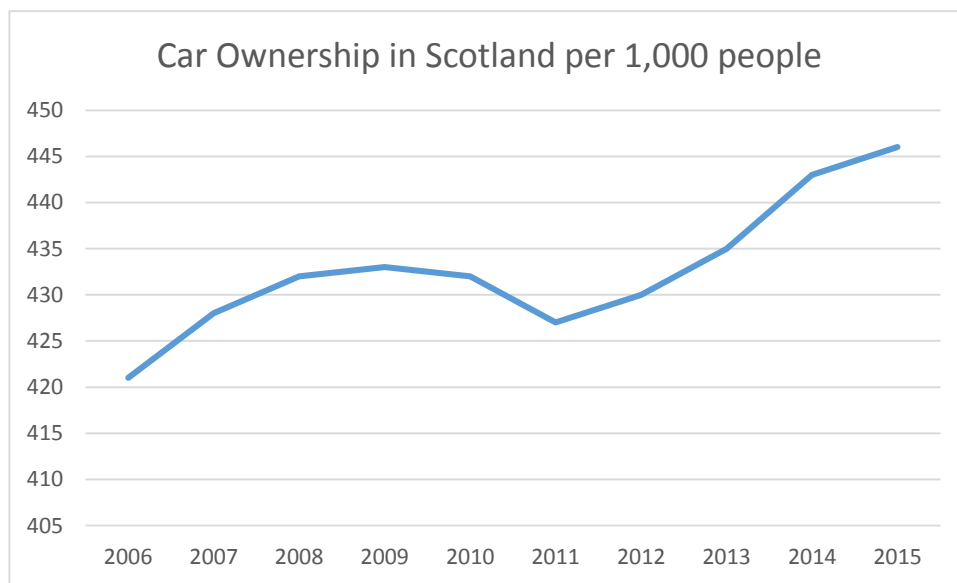


The graphic above is from Chris Cheek's authoritative and excellent work "The Bus Demand Jigsaw" which shows the myriad of factors which drive bus patronage.

I have tried to build on his analysis for this presentation with my own research looking at the impact of congestion on bus patronage. I have also used a different time frame looking at the trends in Scotland over the last 10 years.

I want now to examine a few of the of the more pertinent pieces of the jigsaw and apply them to Scotland: car ownership changes, car running costs, bus fares, congestion and bus journey times, car restraint / availability and price of parking and population changes.

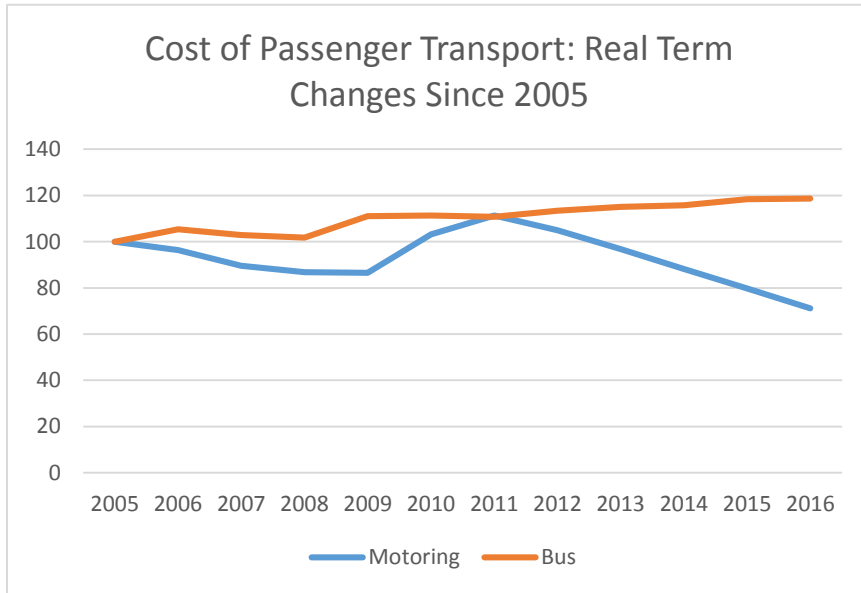
CAR OWNERSHIP CHANGES.



As you would expect car ownership changes are directly linked with the state of the economy. When the economy went into recession in 2008/9 car ownership declined. Since 2011 it has returned to growth.

Car ownership in Scotland has historically been lower than more prosperous parts of the South of England which means there is a catching up effect. Within Scotland it is the less prosperous areas where car ownership has been growing fastest. This is one driver which helps to explain the decline in bus patronage in Glasgow and the growth in the Highlands.

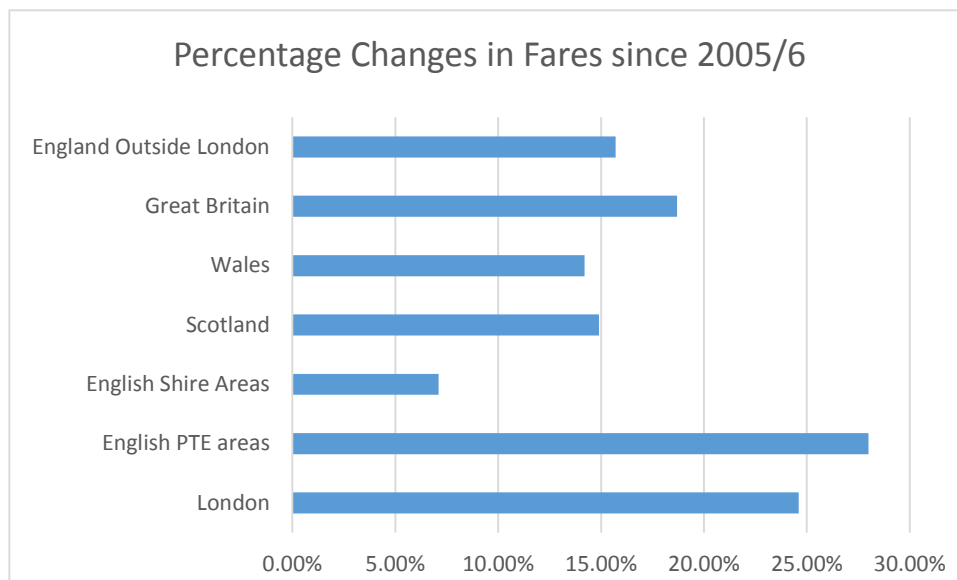
CAR RUNNING COSTS.



Running a car has become less expensive in real terms while bus fares have been increasing driven by increased costs due mainly to rising congestion. Bus speeds has been declining by 10% every decade which has increased operating costs by around 8% (reference Begg, Greener Journey’s Report 2016)

We have had eight consecutive Whitehall budgets since 2010 where fuel duty has been frozen. This has reduced the cost of motoring along with cheap oil and cheap financing costs for buying a car.

BUS FARES.



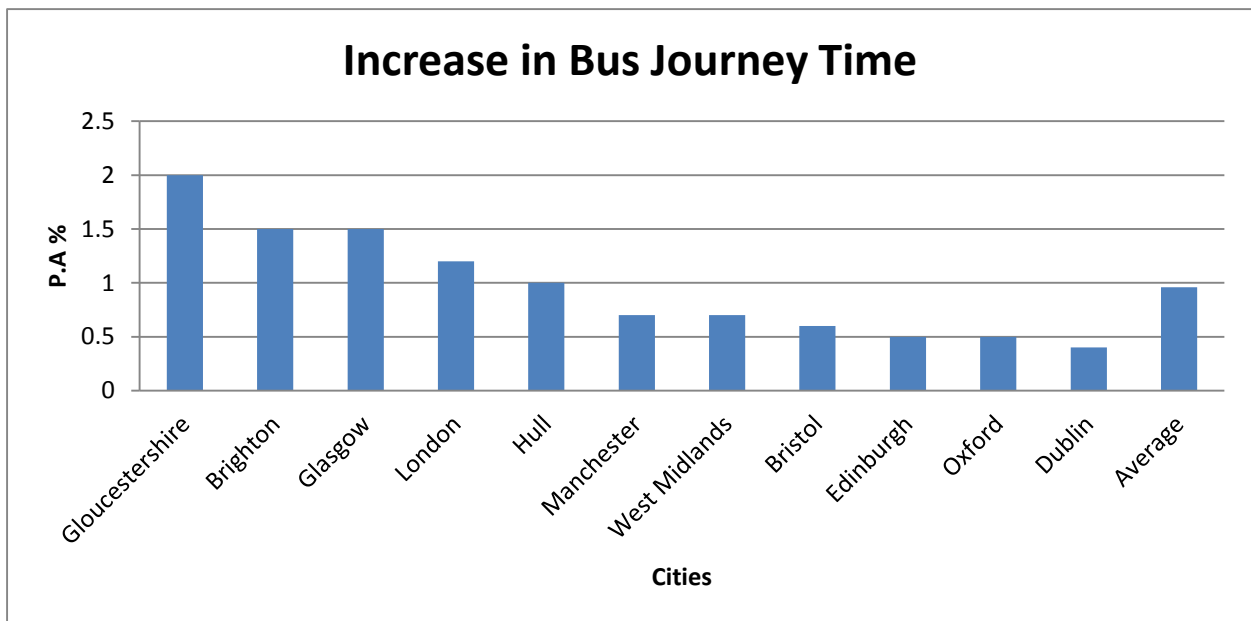
The above chart shows that bus fares (after allowing for inflation) in Scotland have increased (1.5% p.a) at a slower rate than the GB average

Evidence from bus operators would indicate that there is more passenger resistance than ever to fares increases above the rate of inflation. This makes it commercially undesirable to push fare higher in real terms. With operating costs rising above inflation this is a key reason why bus operator's margins have been falling.

CONGESTION/BUS JOURNEY TIMES.

In the report I wrote for Greener journey's last year " The impact of congestion on bus passengers" I calculated that bus speeds in the UK were falling by on average 1% p.a and that this alone was responsible for an annual decline in patronage of between 1% and 1.4% p.a. This was due to the fact that congestion has a corrosive effect on bus services, increasing operating costs and fares, and making the service less reliable.

Glasgow has suffered more from slower bus speeds than anywhere in Scotland, and the decline of 15% over the last decade has been significantly greater than the UK average (10%)



The chart above shows that in many parts of Glasgow the bus travels at walking space. If the city wants to reverse the decline in bus patronage addressing this problem needs to be their starting point.

This level of traffic congestion has been having a consistently negative effect on bus services across the city through its impact on bus speeds. Declining bus speeds not only make it extremely difficult to attract new users but crucially it has also led to former bus users switching modes. In the last 10 years First Glasgow data indicates that average speeds in Glasgow have dropped by about two miles an hour. SPT's figures show that the speed of the most heavily used bus service in Glasgow has fallen as low as 3.5 mph through the city. This has a direct and detrimental impact on bus journey times- many of them increasing by as much as 30%.

CAR PARKING/CAR RESTRAINT.

There is no doubt that Edinburgh has performed much better than Glasgow when it comes to bus. I have already mentioned the fact that bus speeds have been declining faster in Glasgow (15% over a decade) compared with Edinburgh (5%).

One of the reasons for this is that Edinburgh has more effective and extensive bus priority measures.

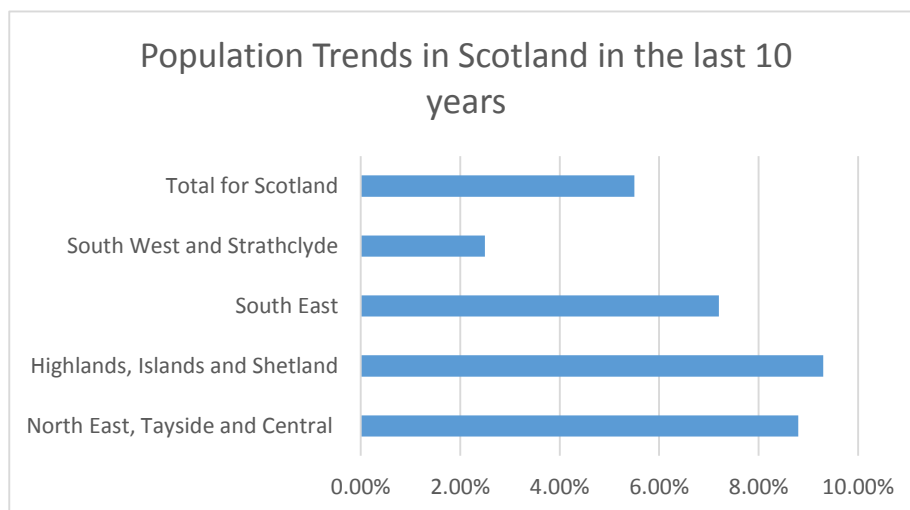
Edinburgh has much more effective car restraint than Glasgow which is one of the key drivers of the different trends in bus patronage. I have friends who live equidistance between Edinburgh and Glasgow. They would never think about taking their car into Edinburgh for a shopping trip but they never think twice about doing so in Glasgow.

Car parking is the key.

Cities that are successfully growing bus mode share have tighter parking controls with higher charges and less provision, making it more likely that people will use the bus. Conversely, the more generous the parking provision, the less likely the bus will be used as the mode of travel and the more likely the private car will be used thus increasing the levels of congestion on routes accessing the city as well as the level of congestion within the central area of the city.

In Glasgow in recent years, the number of car parks in the city has increased and there are now approximately 10,000 spaces available in over 25 dedicated car parks across the city centre. In particular, inexpensive temporary car parks have sprung up across the city on vacant land as building work slowed in response to economic conditions. On-street parking is also available throughout the city centre. The Council has limited control over private car parks making it difficult to manage the supply and cost of parking in the city centre. The Council's Transport Strategy intends to encourage people to park their cars at the periphery of the city centre by using signage to direct people approaching the city centre to their nearest car park, reducing the number of people travelling unnecessarily through or around the city centre to reach a car park. However the Strategy also reveals the caution which the Council feels it must adopt stating its parking policy must be 'handled sensitively, because the role of the car in supporting visits for business, retail and leisure activities is recognised.' This approach is sufficiently robust if the Council wants to achieve a tangible modal shift away from private car.

POPULATION



The growth

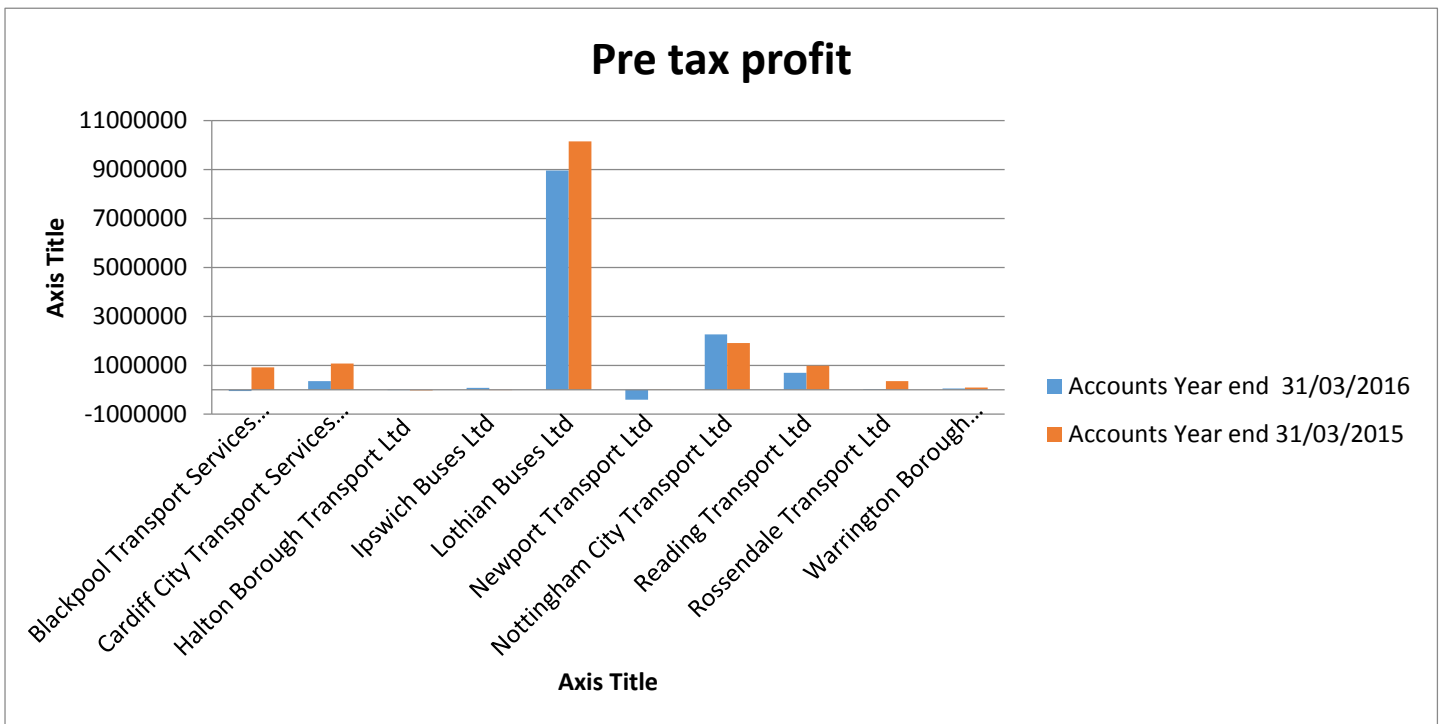
in population

has been almost four times faster in the Highlands than in Strathclyde over the last decade. This is clearly on factor which explains the growth in patronage in the former and the decline in the latter. The North East has experienced the 2nd fastest growth in population which means that on this indicator it is underperforming on bus patronage figures.

MUNICIPAL BUS COMPANIES.

The Scottish Government intend to give local authorities powers to own and run their own bus operations. There is no doubt that Lothian Buses is one of the most successful bus operators in the UK. A modern fleet of buses, competitive fares, and very high patronage levels make it inevitable that other local authorities cast envious eyes towards the capital.

I am supportive of local authorities being given the powers to set up their own bus companies. However, even if the not insubstantial hurdle of how they can find the financial resources to set them up can be negotiated, at a time when they are strapped for cash, just because Lothian is a success it does not follow that Municipal Bus companies in the UK per say are successful. Indeed some are performing poorly.



Edinburgh has all the ingredients required to achieve the highest bus patronage per capita in the UK- outside London. An excellent bus operator is one ingredient but the others are just as crucial, if not more so: high urban density, good bus priority, effective car restraint, population growth and a strong economy.

A local authority could invest a great deal in trying to emulate the Lothian success story, but without the other ingredients for success it would fail to grow patronage.

I would be surprised if politicians in Edinburgh would want to regulate the city's bus services as this would open the door to new entrants to compete with Lothian Buses and reduce its market share. With Edinburgh being such good bus territory it would be particularly attractive to some of the European state owned companies.

In conclusion don't expect a change in the regulatory environment or the advent of new municipal bus companies to reverse the decline in Scotland's bus patronage. The best way to achieve this objective would be to embrace a level of car restraint which appears to have gone out of fashion and is deemed to be too politically difficult, plus effective bus priority measures to protect bus passengers from growing traffic congestion.

If the evidence pointed to poorly run bus operations as the reason for the decline then I would regulate in a heartbeat. That would point to market failure and would be a valid reason to regulate. However this is not where the evidence points.

Professor David Begg

Chief Executive Transport Times.

Former Chairman of the Government's Commission for Integrated Transport.