TAS National Fares Survey 2015

30210

February 17

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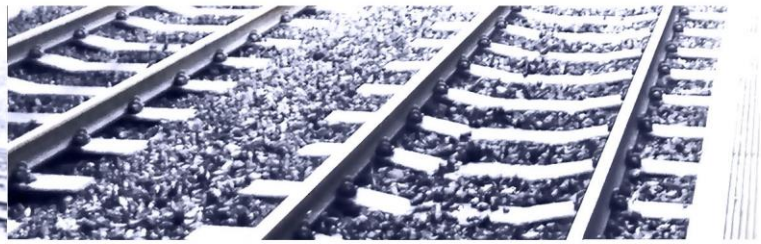

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1.1 Introduction

1.1.1 Our headline analysis in this section focuses on the main fares offered to customers to compare charging levels for 2015 against data from previous TAS National Fares Surveys (2009; 2011; 2013).

1.2 Survey Sample

1.2.1 Against a survey sample target of 1,000 fares, the sample contained:

- 1,028 different adult single fares;
  - **No fewer than 1,017 of which had an equivalent day ticket and**
  - **960 had equivalent weekly tickets.**

1.2.2 Note that **all sample single fares are for a three mile trip**. Single fares are, of course, likely to be more expensive for longer trips and can be less expensive for shorter trips. Although we worked with quite a large sample it is far from exhaustive and there are certain to be fares which are both lower and higher than the minimum and maximum values found in the sample.

1.3 Adult Single Fares

1.3.1 As in previous surveys, there is a large variation in sample three mile single bus fares between £1.10 and £4.00; a range which has actually decreased since our 2013 survey partly as a result of some 'expensive' 2013 operators ceasing to trade and the withdrawal within the sample of all of the very low values below £1. The spread of fares is fairly continuous therefore we are happy with the use of mean values to represent a 'typical' fares. However, it remains our assertion that there has never been a 'standard bus fare' across GB for a three mile journey and this continues to be the case.

1.3.2 Analysis of sample adult single fares in England, Scotland and Wales showed:

- The average (mean) single fare was £2.21;
- The minimum single fare in the sample was £1.10;
  - This was on Stagecoach in Hull from North Brandsholme;
- The maximum single fare in the sample was £4.00.
  - This was on First Kernow from Falmouth University

1.3.3 Table 1 compares overall findings from the 2015 survey with our previous surveys in 2009, 2011 and 2013 using outturn prices. The average single fare has risen by 5% during the past two years and by 26% during the six years since our survey started. The maxima and minima are dependent on very local circumstances and, in fact, both maxima and minima in the 2013 survey came from operators which no longer trade.

Table 1: Mean Single Fares: Current Prices, 2009-2015

Measure	2009 Fare	2011 Fare	2013 Fare	2015 Fare	2015 vs 2013	2015 vs 2009
Average	£1.75	£1.91	£2.11	**£2.21**	**+5%**	**+26%**
Minimum	£0.50	£0.70	£0.80	**£1.10**	**+38%**	**+120%**
Maximum	£3.50	£3.85	£5.00	**£4.00**	**-20%**	**+14%**
Sample (n)	804	1,073	1,155	**1,028**		

1.3.4 Figure A shows the distribution of single fares by price for the 2011, 2013 and 2015 surveys. Note that unlike in previous years, in 2015 there were no single fares above £4, nor below £1. Whilst the average single fare for the 2015 survey was £2.21, the concentration of fares for the second successive survey lies at £2.00 – the mode, or most popular price being a key fare in Glasgow, Nottingham, Greater Manchester and South Yorkshire among others. We do note a progressive spread of fares, as illustrated in Figure B. Here, we see the 50% level shifting right from the 2011 survey.

Figure A: Distribution of Single Fares, 2011-2015

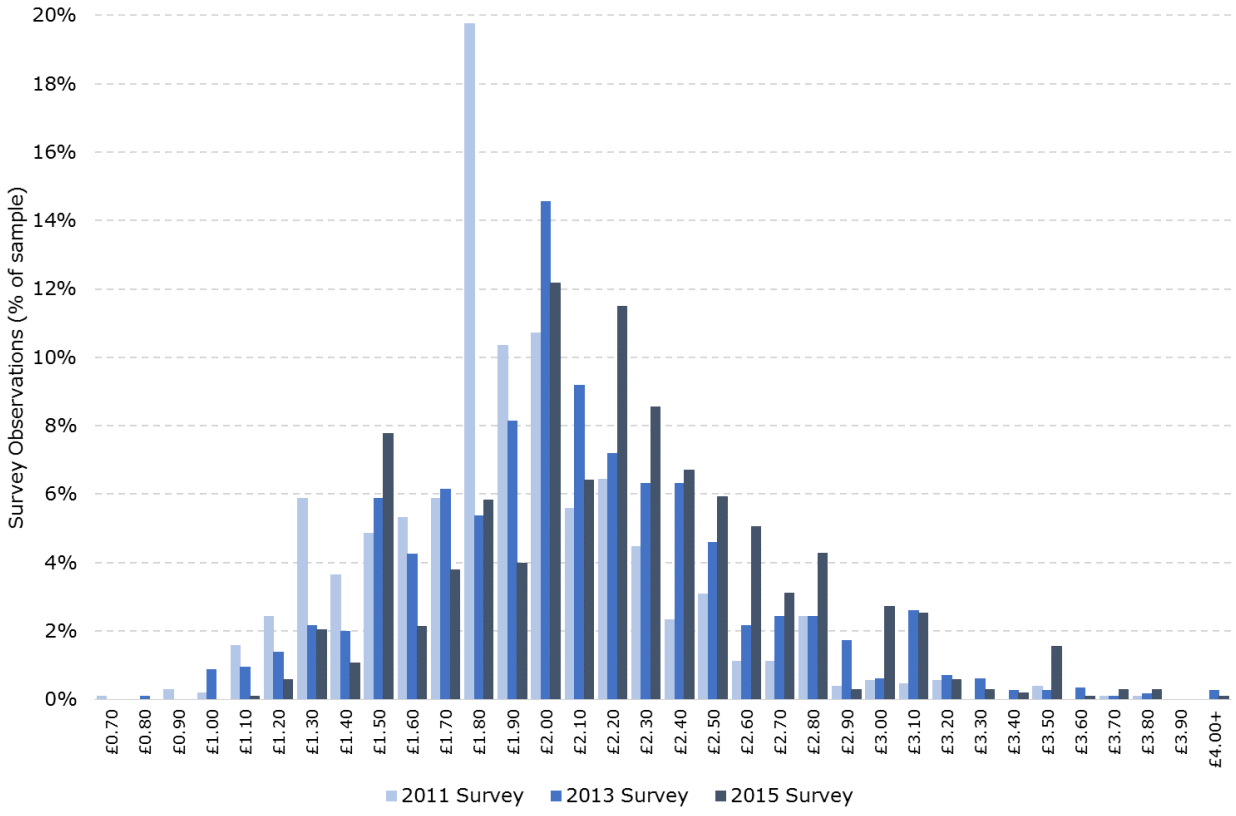
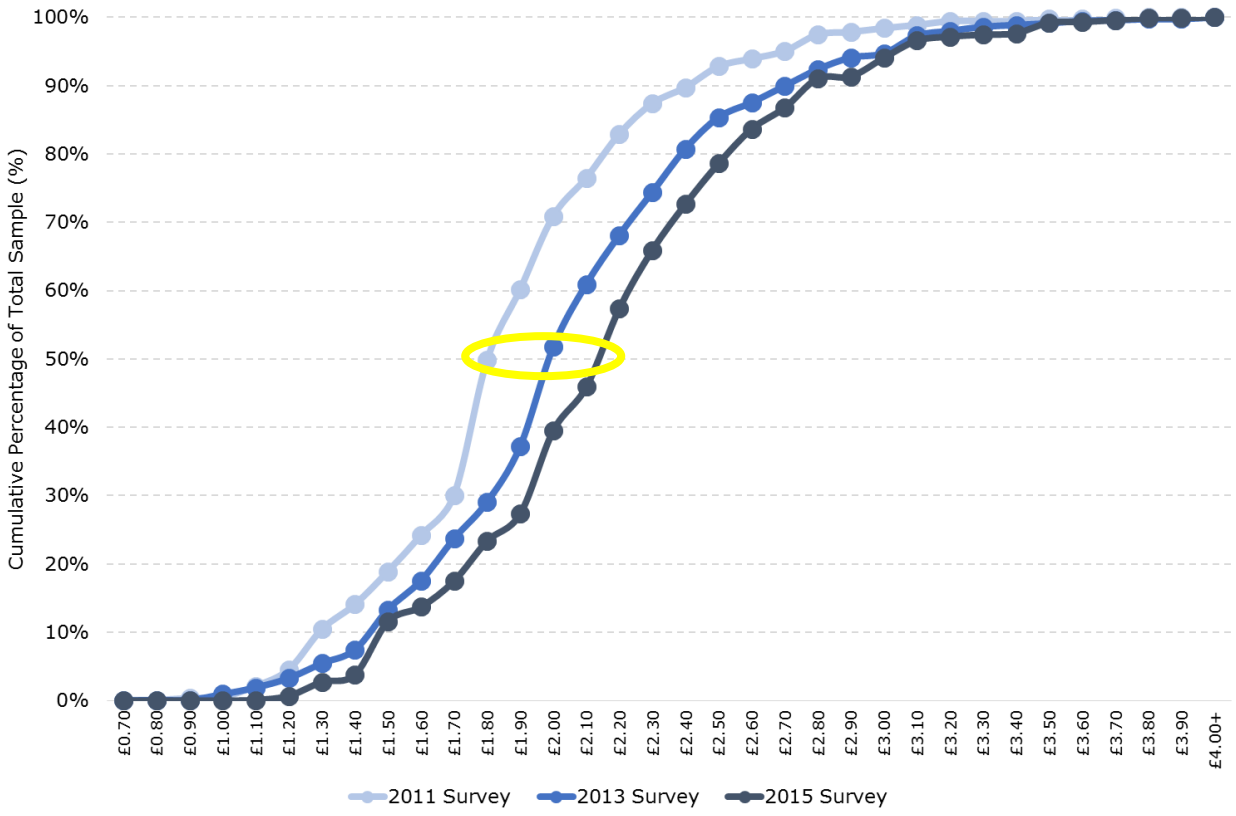


Figure B: Cumulative Percentage of Survey Sample, 2011-2015



1.4 Day Tickets

1.4.1 Analysis of sample day tickets in England, Scotland and Wales is as follows:

- The mean day ticket price was £4.83;
  - (Note that this is 10% more than twice the average single of £2.21)
- The minimum day ticket price in the sample was £2.00;
  - Stagecoach in Cumbria's 'Carlisle 67 Dayrider Special'
- The maximum day ticket price in the sample was £15.30.
  - Transdev Yorkshire Coastliner's 'One Day Freedom' ticket

Note, however, that the latter equates to mid-range single fares of £1.70 and £2.70 so in practice passengers would not even contemplate buying the day ticket.

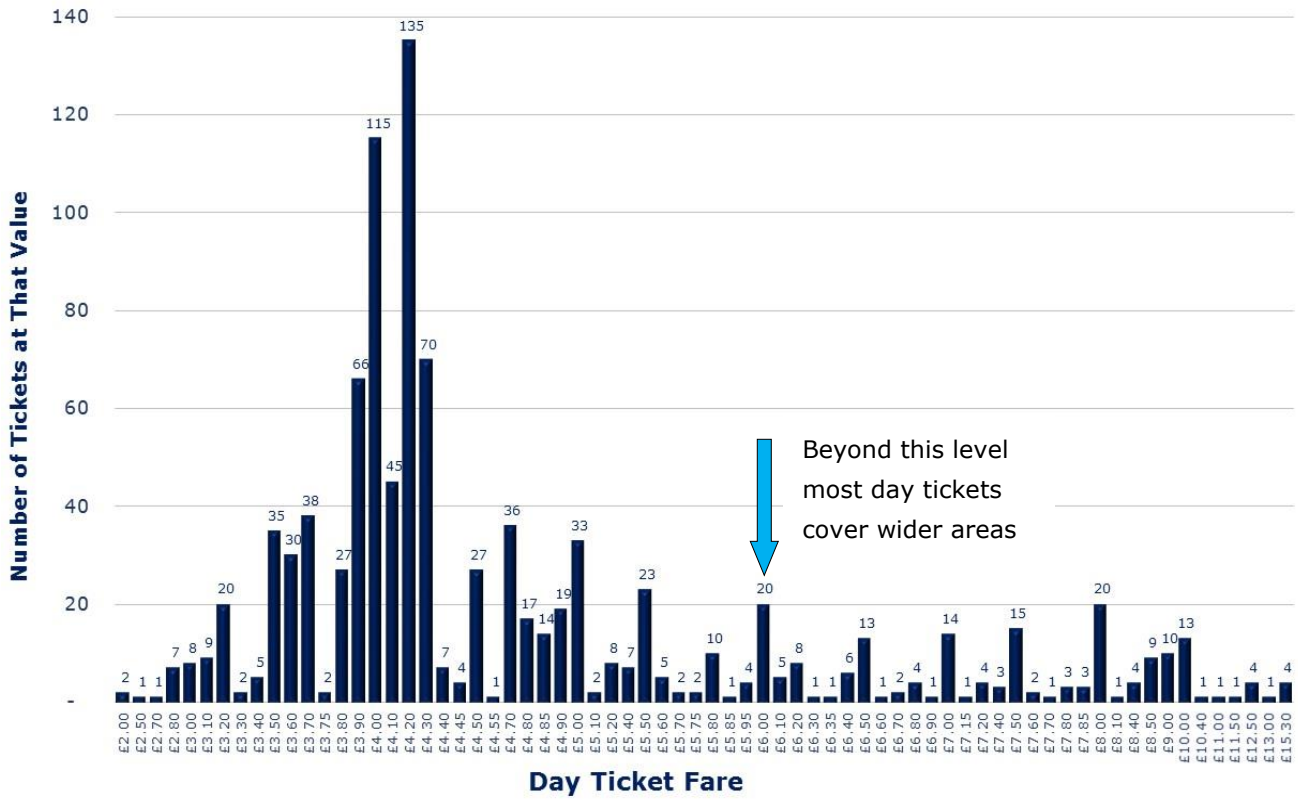
1.4.2 Table 2 compares 2015 day ticket prices with those from the previous surveys. The average day ticket has risen by 2% over the past two years and by only 2.3% since the first survey in 2009.

Table 2: Mean Day Ticket Prices: Current Prices, 2009-2015

Measure	2009	2011	2013	2015	2015 vs 2013	2015 vs 2009
Average	£4.72	£4.52	£4.74	**£4.83**	**+2.0%**	**+2.3%**
Minimum	£1.70	£2.00	£2.40	**£2.00**	**-16.7%**	**+17.6%**
Maximum	£14.00	£15.00	£15.00	**£15.30**	**+2.0%**	**+9.3%**

1.4.3 The distribution of day ticket prices in Figure C below shows a very high concentration of prices between £3.50 and £5.00 which reflects almost all of the main urban areas, followed by a very long tail of higher-priced products which usually cover much wider areas.

Figure C: Distribution of Day Ticket Prices 2015



1.5 Weekly Tickets

1.5.1 Analysis of sample weekly tickets in England, Scotland and Wales shows:

- The mean weekly ticket price was £16.00;
  - Slightly over 7.5 times the average single fare;

- The minimum weekly ticket price in our sample was £5.00;
  - Go-Ahead's 'Bluestar 18 Weekly' in Southampton;
- The maximum weekly ticket price in our sample was £39.00.
  - Transdev Yorkshire Coastliner's '7-Day Freedom'.

1.5.2 Table 3 compares 2015 weekly ticket prices with those from previous surveys. The average weekly ticket has risen by **less than one per cent** over the past two years but by 21% since the start of our survey in 2009.

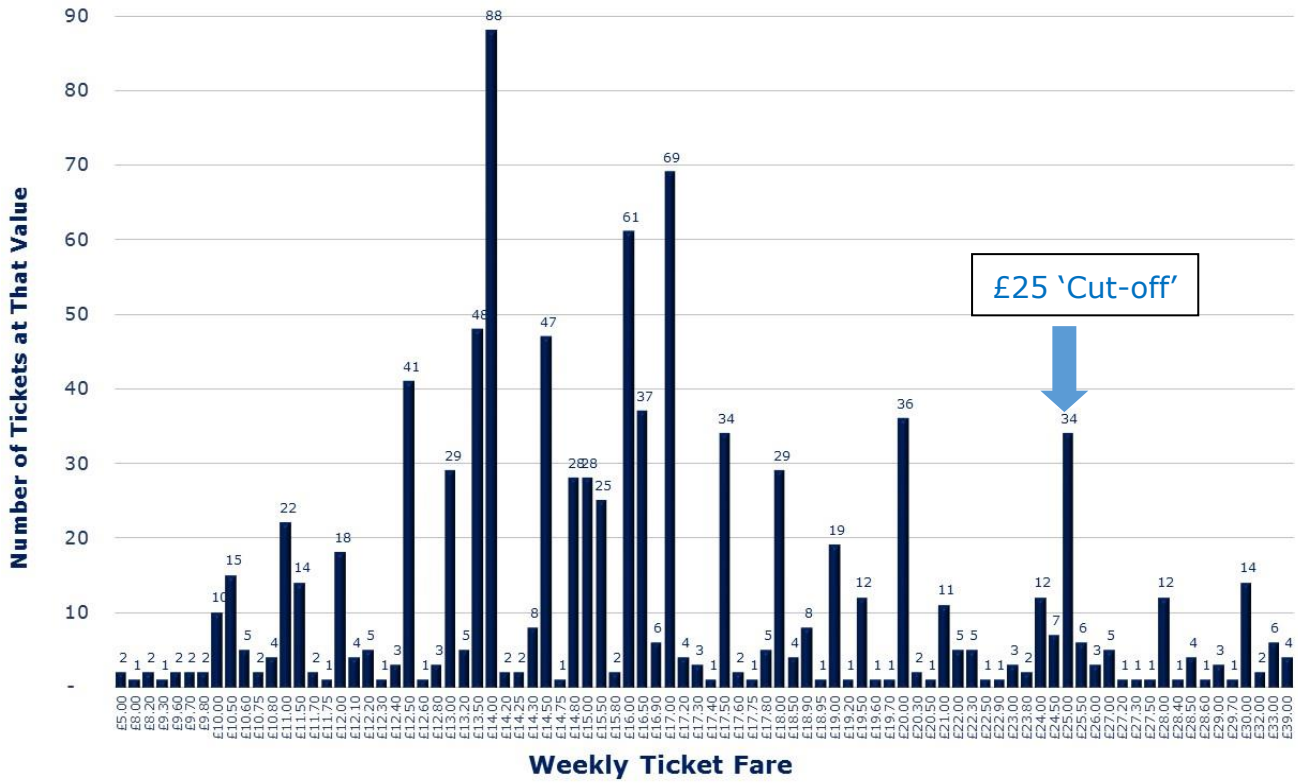
1.5.3 Of interest is the change in minimum and maximum weekly ticket prices in our sample since our last survey – both have decreased since 2013 and the minimum fare is back to 2009 prices.

Table 3: Mean Weekly Ticket Prices: Current Prices, 2009-2015

Measure	2009	2011	2013	2015	2015 vs 2013	2015 vs 2009
Average	£13.78	£15.16	£16.64	**£16.74**	**+0.6%**	**+21.4%**
Minimum	£5.00	£6.00	£7.50	**£5.00**	**-33.3%**	**0.0%**
Maximum	£30.00	£35.00	£42.00	**£39.00**	**-7.1%**	**+30.0%**

1.5.4 Note how the spread of prices for weekly tickets in Figure D below is very, very different in profile to that for day tickets. FirstGroup, in particular, radically reduced many weekly ticket prices in 2013/14. Operators seem to have established that there is some sort of psychological cut-off at £25 per week above which customers are not prepared or unable to pay and there are notably few weekly tickets priced above this level, regardless of the relevant day ticket price.

Figure D: Distribution of Weekly Ticket Prices



1.6 Summary

1.6.1 Analysis of our sample noted the following:

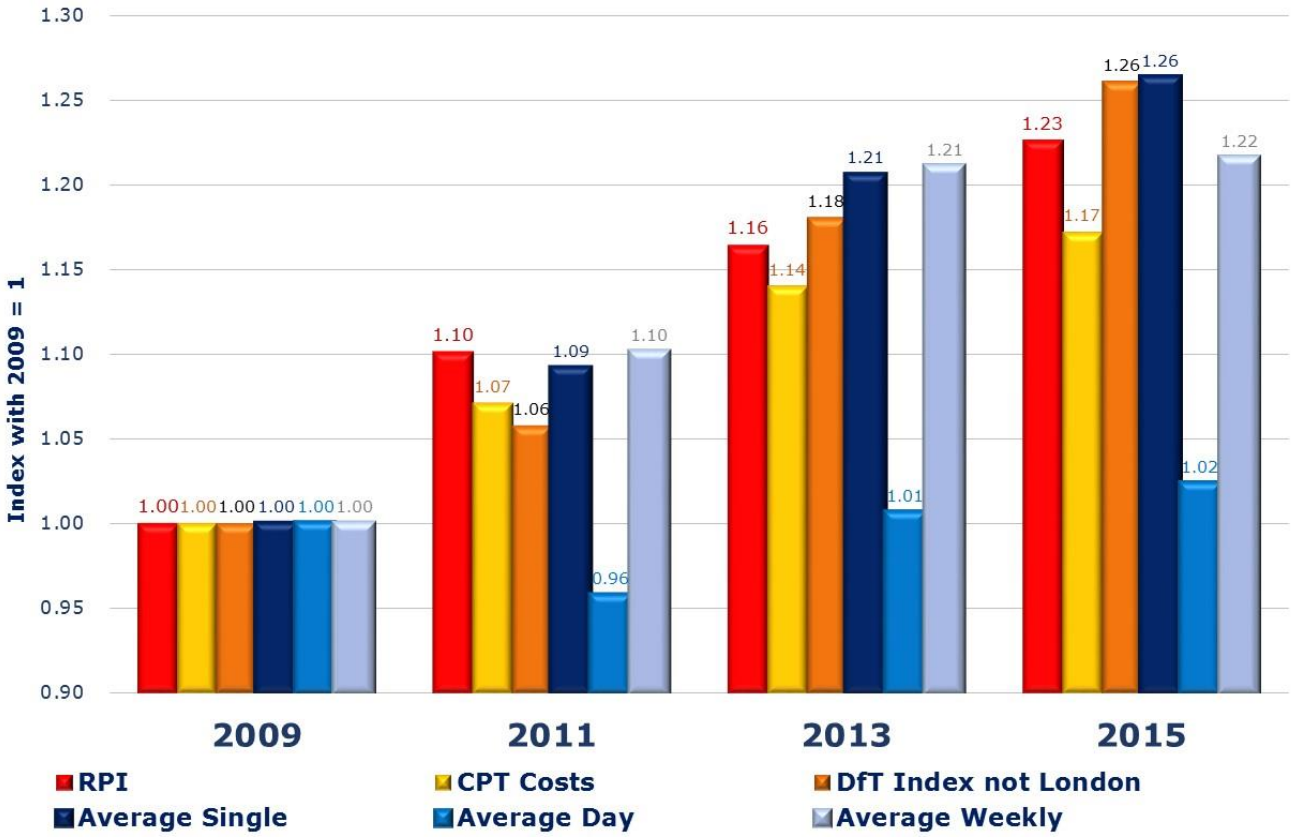
- The GB average adult single fare for a three mile trip in 2015 was £2.21 – an increase of only 5% since the previous survey in 2013 but 26% since our first survey in 2009; while RPI has increased by 23%;
  - Note that the decrease in BSOG in 2012 caused a sharper uplift between 2011 and 2013 in most fares;
  - And this must be set against the very low proportion of passengers who now pay single fares – in urban areas this is often well below 10%.
- In our sample, the average day ticket cost £4.83 – up from £4.74 in 2013 and increased by only 2.3% since 2009
- The average weekly ticket in our sample cost £16.74 – up from £16.64 in 2013, an increase of only 0.6%, but has increased by over 21% since 2009
  - And regular commuters get a very good deal from most operators with an average discount of 24% applying to weekly tickets.

1.7 Increases Relative to Other Factors

1.7.1 Figure E below indexes the changes to average fare against the increase in Retail Price Index, the CPT's reported increases in bus operating costs and the DfT's fares index for English fares outside London. Single fares have risen 3% ahead of RPI, day tickets well below the rate of inflation and weekly tickets broadly in line with RPI. The DfT index follows increases in single fares most closely, while overall we show a somewhat slower rate of increase.

1.7.2 Although the CPT figures show unit costs being held below inflation and an industry apparently well in control of its costs, largely as a result of low wage awards and reduced volatility in fuel price, our work with operators shows clearly that **total** operating costs continue to climb. The main driver of this cost increase is traffic congestion, which has a pernicious effect on bus operations.

Figure E: Changes Relative to 2009



1.8 Multi Operator Tickets

1.8.1 Overall, 69% of the sample trips had a multi-operator alternative, but this does vary by market, operating group and region:

- **There is 100% availability of multi-operator tickets in PTE areas;**
- And 79% in the Yorkshire and Humber region;
- But only 53% in Wales and
- only 40% in the interurban market.

1.8.2 Interurban markets tend to be served by a single operator and therefore there is little point in having a multi-operator ticket. Fundamentally, this principle applies elsewhere, if there is only a single operator then there is no reason to have a multi-operator ticket, nor will there be any demand for it.

1.9 Smartcards and Mobile Tickets

1.9.1 The use of new technology for ticket sales is increasing steadily, particularly the use of mobile phones as tickets:

- **Overall 723 sample trips (70%) had a smartcard as a ticketing option whilst 511 (50%) had an M-Ticket as a ticketing option.**

Introduction and Structure 2

2.1 Introduction

2.1.1 This Report is our fourth bi-annual survey which aims to benchmark bus fares within Great Britain, covering all regions and operating groups. It is the only study of its kind and scope to provide a comprehensive analysis of passenger fares and includes unique trend analysis based on similar surveys in 2009, 2011 and 2013.

2.1.2 Data for the 2015 survey were collated from details correct at October 2015 and included adult single fares with equivalent day and weekly period tickets. We aimed, as far as reasonably possible, to obtain fares details for the same services as in previous surveys and were broadly successful (using equivalent services as substitutes if networks had changed since previous surveys).

2.1.3 This study aims to provide a benchmark and comparison for adult bus fares for 'typical' three-mile journeys across Great Britain for journeys which passengers are likely to make. The analysis covers region, area type and operating group as well as comparison with previous surveys.

2.1.4 Our objective was to collect a sample of around 1,000 single fares using a sample size for each operator in relation to its fleet size, with subsidiaries of the 'big groups' treated separately. For operators with simple fares structures (e.g. flat fare scales) and large fleets this means including repeated sample fares at the same price.

2.1.5 The three types of fare we have analysed are described as follows:

- **Single fares** – the adult single fare for a typical three-mile bus journey; this charge tends to apply to the occasional users making a single (one way) journey and usually attracts a premium;
- **Day tickets** – allowing unlimited travel within a defined area and which are typically used by customers making trips using local bus services for return journeys in one day; and
- **Weekly tickets** – again allowing unlimited travel within a defined area and typically used by regular passengers to travel to work, school or college but not necessarily at peak times due to massive changes in working patterns.

2.1.6 Note that while the sample journeys and single fares have remained broadly constant over time, changes to the range and availability of day and weekly tickets over time can alter the comparable prices quite considerably.

2.1.7 For consistency, all fares in the sample are those payable to the driver on the day. We do include smart products if these can be bought, uploaded or renewed on-bus. Conversely, if, for example, there are equivalent day and

weekly tickets, but these cannot be purchased from the driver, they are excluded. Note also that London is excluded from the survey for the first time as there are no longer any cash transactions on-bus.

2.1.8 All fares were taken to be peak versions. Off-peak variants – together with alternative prices for off-bus purchases or enforced off-bus purchases – have been disregarded, but these are few in number anyway.

2.1.9 Our report is structured as follows:

- **Section 1** presents our headline analysis of bus fares in England, Scotland and Wales in 2015;
- **Section 3** Outlines the Survey Methodology
- **Section 4** provides an historical perspective on bus fares including the emergence of smart ticketing;
- **Section 5** (operator group), **Section 6** (market) and **Section 7** (region) summarise our analysis of data subsets;
- **Section 8** looks at trends, while **Section 9** looks at multi-operator ticketing and **Section 10** looks at smartcards and mobile tickets; while
- **Section 11** concludes with a summing up.

2.2 Acknowledgements

2.2.1 This survey has been part funded by FirstGroup and Stagecoach. This has not influenced our sampling frame which has been built on our database of services from previous surveys, nor has this influenced our analysis or conclusions. We are grateful for the support from both FirstGroup and Stagecoach without which the production of this report would not have been possible.

2.2.2 We also thank all of the operators who continue to contribute fares data to provide a robust synopsis of GB bus fares.

Survey Methodology 3

3.1 Introduction

3.1.1 Fares information has improved significantly since 2013. The ability to look up single and return fares for all journeys on Stagecoach services was added to its website in 2015 and even operators as small as Sanders Coaches in Norfolk has a limited fares lookup facility. Others have followed suit since the 2015 survey. However, it remains a fact that adult point-to-point single fares are not widely publicised, thus we requested and gratefully received fare tables from a range of bus operators throughout England, Scotland and Wales. Where appropriate, these were supplemented by additional web-based research including copies of fare tables, results of point to point queries and details of day and weekly ticket availability where these were posted online.

3.1.2 The three types of fare we have analysed are as described in section 1:

- Single fares;
- Day tickets; and
- Weekly tickets.

We have eschewed analysis of monthly tickets because these are often not directly comparable due, in the main, to varying definitions of what constitutes a 'month', which varies from calendar months to fixed periods of 28, 30 or 31 days. There are also far fewer monthly tickets which can be bought on-bus so the sample would also be appreciably smaller.

3.2 Survey Sample

3.2.1 In the survey data:

- All sample journeys selected for analysis were three miles long measured along the line of route rather than a straight line 'crow flies' measurement;
- Despite the predominant use of distance-based fares structures by GB bus operators, very few have set distances between fare stages. As a result, the three-mile fare shown here can include journeys of up to five miles in length until the next fare stage is reached;
- Some single fares priced at the lower end of the sample data will be 'held down' due to a more direct service covering the same journey. Generally, operators will hold down such fares at the same level regardless of route taken.

3.2.2 Previous TAS work on fares and ticket analyses suggest that trip rates per day ticket and per weekly ticket can vary widely dependent upon the price differential. With keen pricing the average trip rate for weekly tickets can be below ten, i.e. the ticket is not used five days per week. Trip rates tend to increase in dense urban networks where there is significant interchange between routes.

3.2.3 Against a survey sample target of 1,000 fares, the sample contained:

- 1,028 adult single fares;
- No fewer than 1,017 of which had an equivalent day ticket and
- 960 had equivalent weekly tickets.

3.2.4 Within our fares database, each single journey was assigned to:

- **An operator** (and operating group – Arriva; First; Go-Ahead; Independent; Municipal or Stagecoach);
  - Note that, in fact, the 'independent' group is a 'catch all' group for all those sample fares not covered by the other groups
- **A region** (based on the former Government Office Regions, excluding Greater London); and
- **A market** – both by route type (city; interurban; PTE and shire town) and by general operating area (urban or non-urban area).

The sample frame for the adult single fares is summarised in Table 4 below:

Table 4: 2015 Survey: Summary of Sample Size by Category

REGION		OPERATOR		MARKET	
Category	**Sample**	**Category**	**Sample**	**Category**	**Sample**
E England	**74**	Arriva	**158**	City Route	**182**
E Midlands	**63**	First	**248**	Inter-Urban	**260**
NE England	**65**	Go-Ahead	**92**	PTE	**356**
NW England	**155**	Independent	**81**	Shire Town	**230**
Scotland	**163**	Municipal	**72**	**Total**	**1,028**
SE England	**141**	Nat Express	**64**		
SW England	**93**	Stagecoach	**287**		
Wales	**47**				
W Midlands	**101**			Urban	782
Yorks/Humb	**126**			Non-Urban	246
Total	**1,028**	**Total**	**1,028**	**Total**	**1,028**

3.3 Changes Since the 2013 Survey

3.3.1 We aimed, as far as possible; to obtain fares detail for the same services as in 2013 and we were broadly successful although roughly equivalent services were substituted if networks had changed. There have however been some changes to operators:

- First has closed its depot in Northampton and sold its Plymouth based business to Stagecoach;
- Hebridean Transport no longer operates public service buses
- Norfolk Green has been purchased by Stagecoach;
- Network Colchester has been absorbed into Arriva Southern Counties;
- Pennine Bus, Western Greyhound and Whittles have all ceased trading and
- TfL services are no longer included in the survey as you cannot purchase a single ticket with cash

3.3.2 New operators included in the sample are as follows:

- Yorkshire Tiger (Arriva);
- Go-Ahead East Anglia, Thames Travel and Carousel;
- Centrebus;
- Compass Travel (Surrey);
- Diamond Bus and Wessex Connect (Rotala);
- GHA Travel;
- Kirkby Lonsdale Coaches (replacing Pennine);
- Midland Classic and
- Sanders Coaches.

3.3.3 It is also worth noting that First's operations in the south west of England have all had a major restructuring of farescales and ticket validity which will impact upon its results compared to previous years.

3.4 What 'Average'?

3.4.1 A sample size of 1,000 should allow the median to be used as the most valid 'average' to reflect the removal of extremities and produce a mid-range price typical of a price a customer will pay in most of the country.

3.4.2 However, the subsequent analysis performs analysis of much smaller subsets of data, often well-below one hundred in number, thus the use of median in these subsets could exclude too much and produce an atypical mid-price. Section 1 illustrates clearly that the overall percentage increase in the average fare varies widely between using the mean and median.

3.4.3 We can also see in Figure A that the minimum and maximum prices in the sample are not outliers and that the spread of prices is across the range without significant gaps. In some areas the extremities are indeed 'typical'. For example, the highly priced day tickets at First Cornwall are indeed 'typical' of a day ticket price in Cornwall, although that particular operator offers much cheaper return tickets to compensate.

3.4.4 The mean single fare price has increased slightly more than either the median or the mode over the years of the TAS fare surveys.

3.4.5 Aside from single fares, there is considerable positive skew in the data, with the range of prices for day and weekly tickets far from following a 'normal' distribution, so using the mid-range price can skew the 'answer' almost by chance. We have rejected use of the mode as this can be produced by a single operator with a flat fare and a large operation, such as National Express West Midlands. The calculations therefore have used the mean price throughout.

3.5 Day Ticket Calculations

3.5.1 The day ticket price is taken as the lowest-cost day ticket which is valid for the journey selected as the sample single fare. We stick rigidly to this principle but it can throw up anomalies. For example, the highest-priced day (and weekly) tickets are ascribed to Transdev Yorkshire Coastliner because the only day and weekly tickets available for some fares at the 'coast' end of its services are the whole network tickets. In reality nobody would actually pay almost treble the cost of two single fares.

3.5.2 At first glance, it is clearly absurd to record a £13.50 day ticket as the 'equivalent' day ticket for a £1.55 single fare and we should perhaps say instead that there is 'no' day ticket (which technically is then incorrect). The difficulty lies in defining exactly what a 'reasonable' cut-off point would be when often the directly equivalent day ticket *is* priced at a level above the cost of two singles.

3.5.3 For analysis of day tickets, the following assumptions were made:

- The mean day ticket price from the relevant sample was chosen;
- The equivalent cost per trip is calculated by dividing the day ticket by two (one return journey = two single journeys;
- The discount offered was calculated as follows:

  *Discount = (Single Fare*2 – Day Price) / Single Fare*2*

- The multiplier, or number of single journeys that each day ticket is worth, was calculated as follows:

  Multiplier = Day Ticket Fare / Adult Single Fare

A multiplier lower than two indicates that the Day Ticket represents a customer saving on a single simple round trip.

3.6 Weekly Ticket Calculations

3.6.1 As with the day ticket price, the weekly ticket price is taken as the lowest-cost weekly ticket which is valid for the journey selected as the sample single fare For analysis of weekly tickets, the following assumptions were made:

- The mean weekly ticket price from the relevant sample was chosen;
- The journey cost to compare with the adult single is calculated by dividing the weekly ticket by ten, representing five return journeys;
- The discount offered by the weekly ticket compared to the single was calculated as follows:

  *Discount= (Adult Single*10 – Weekly Price) / Adult Single*10*

- The multiplier, or number of single journeys that each weekly ticket is worth, was calculated as follows:

  Multiplier = Weekly Ticket Price / Adult Single Fare

A multiplier lower than ten indicates that the Weekly Ticket represents a customer saving to those making a simple return trip five days per week.

Background to Bus Fares and Ticketing 4

4.1 Introduction

4.1.1 This section of the report summarises the key concepts relating to bus fares and the history of their evolution. We supplement this with observations on the factors influencing bus fares from 2000 to 2015 and comment on potential future developments, including ticketing technologies.

4.2 General Concepts

4.2.1 There are many different ways in which bus fares can be determined: Table 5 summarises the four most common approaches. The least complicated fares are flat fares where there is one basic fare for boarding a bus, no matter what distance is travelled.

4.2.2 Fare determination which is, at least in theory, relative to distance is rarely straightforward and can be determined as much by market forces and past precedent as by actual distance.

4.2.3 Fare zones are rarely similarly sized but are generally attempts to include a distance related element while taking account of travel patterns and catchment areas. They can overlap and with Stagecoach's Megarider range, for example, frequently do. Zones can apply only to certain ticket types, most commonly period tickets rather than single fares.

Table 5: Bus Fare Concepts

Fares Concept	Description
Flat Fare	One basic charge for boarding a vehicle, no matter what distance is travelled. Rarely found in the UK due to pressure from short-distance travellers.
Zonal Fare	The network (or route) is divided into geographical zones with charges set for travel within any or a combination of zones, which may overlap to reflect local markets. Generally out of favour for single fares due to disproportionate penalties for those making short trips which cross a zone boundary.
Distance-Based Fare	The fare charged rises in line with the length of the journey but unlike Taxi/PHV charging usually with a pronounced downward 'taper' as the distance increases.
Time-Based Fare	Customers buy a ticket which entitles them to travel as many times as they like for a defined period of time.
Carnet or Multi Trip	A ticket with a set number of journeys between given points or at a given fare.

4.3 GB Fares – Historical Perspective

4.3.1 The evolution of the British bus industry in the years before deregulation in 1986 still has significant influence over how bus passengers are charged today and by how much, possibly to a greater extent than may have been anticipated following deregulation and, probably especially, after the removal of fares details from operating licence particulars in 1980.

4.4 The Transport Act 1930

4.4.1 Fares provisions were attached to Road Service Licences under the Transport Act 1930 and remained a requirement until being repealed fifty years later by the Transport Act 1980. Proposed increases or changes to fares had to be submitted to the Office of the Traffic Commissioner for approval. He then had the authority to agree to, reject or amend such proposals. Given the high rates of inflation during most of the 1970s and the early 1980s, this imposed a significant bureaucratic burden especially since this was before the widespread use of computers.

4.4.2 Not only were mileage scales applied rigorously and often challenged by local authorities, but checks were applied to ensure that all feasible routes linking A and B (direct from A to B and those from A to B via C) charged the same fare. Route variations would usually have their own fare table. Great efforts were made in a number of areas to ensure that different operators charged the same fares between common points.

4.4.3 Smaller operators were often forced to come into line with increased fare levels set by the bigger companies over common sections, whether the smaller operator sought a fares increase or not. In part this still results in consumer expectations of there being a single bus fare from A to B. This is in stark contrast to the reality where operators are free to set any fare they like.

4.4.4 The exception to this rule came in many towns where the local authority had its own operator (of trams originally, then buses). Conditions imposed on operators operating interurban services into these towns often required them to charge a surcharge in the form of a premium fare.

4.4.5 The 1930 Act created the conditions for a number of variations that marked the operations of "Corporation" (public) and "Company" (private) operators, as summarised in Table 6.

Table 6: Variations between Corporation and Company Bus Operations

Condition	'Corporation' Operator	'Company' Operator
Sector	Public (municipal) sector	Private sector or Public (National)
Network Density	High density networks (high passenger volumes over relatively short distances)	Low density networks (passenger traffic dispersed over a wider range of services and operating territory)
Network Maintenance	Expectation of form of 'social dividend' of less well used services but no great expectation of cross-subsidy	Expectation to maintain complete networks, resulting in high average fares to cross-subsidise loss-making routes
Fares Structure	Simple, low cost fares structures	Tapered fares scale (i.e. £/mile charged reduces in relation to the distance travelled)

4.4.6 Unprofitable bus services are not a purely post-deregulation phenomenon, as shown by the following example of the extent of cross-subsidy required under the old regime:

- In 1963, 70% of all services run by Bristol Omnibus failed to cover their costs;
- By 1976, the situation had worsened to the extent that Bristol Omnibus notified the City Council of a likely £1.1m deficit purely on Bristol City operations in the year (around £8.3m at 2015 prices).

4.4.7 Conversely, local authorities often expected that their operations would supply sufficient profits for them to be able to reduce local rates.

4.4.8 Another consequence of the 1930 Act was that innovation in bus fares, types and availability of ticketing was stifled. While most operators offered single and return fares and early forms of multi-trip ticket were issued by most operators these were only available for journeys between specified points. Area-wide tickets, if they existed, were often priced at the higher end of the fares scale and aimed at day-trippers or seasonal holiday markets.

4.4.9 Although the 'day ticket' was not particularly common until more recent years, London had the earliest example for its tramways which, at the time, ran in competition with buses. London has continued to develop its day and period ticket range over the years, initially restricted to one mode of transport before evolving to become multi-modal.

4.4.10 Conversion of services to one-person operation (OPO), or more correctly one-man operation (OMO) at first, led to simplification of fare types with the removal of most multi-journey tickets and many return fares previously sold by conductors. Point-to-point season tickets remained available at company offices, which at the time were widespread and found in most towns and cities.

However, the legislative background usually prevented any simplification of fare prices, leading to very long boarding times.

4.5 The Transport Act 1968

4.5.1 Following the 1968 Transport Act and widespread nationalisation of the bus industry, two types of organisation were established which had a further significant impact upon fares policy:

- the National Bus Company (NBC) and Scottish Bus Group (SBG) as nationally owned and managed entities; and
- the Passenger Transport Executives (PTEs), consisting of groupings of former corporation bus operations maintained under local government control.

4.5.2 Whilst NBC initially retained the fare scales established by constituent company operations, it began to set different levels for fare increases in urban and rural areas. Over time, journeys in rural areas grew to cost significantly more than their urban equivalents. SBG was an early adapter of the "all fares above £1 increase by 10p" type of increase, with such increases imposed centrally. It was true, however, that SBG fares in rural areas remained significantly higher than in the urban areas.

4.5.3 PTE fare policies developed over time but in different directions. Starting in the West Midlands, most PTEs introduced heavily discounted "travelcard" schemes covering all operators; an example later followed by London. This was accompanied by some simplification of fares together with a much more pronounced fares taper, so that longer journeys cost much less per mile. Some PTEs also introduced very low off-peak maximum single fares. Whatever the exact policy on fares, by 1986 a high proportion of public spending on buses by the PTEs went towards subsidising low fares for passengers. NBC operations in some Shire counties – notably Avon, Cleveland, Derbyshire and Lancashire – also followed local policy of subsidising lower fares for passengers and travelcard schemes prior to 1986.

4.5.4 The exception to the general rule within PTEs was South Yorkshire, which had a policy of freezing fare levels while retaining traditional complex fare structures with a reliance on single fares. At the time of deregulation in October 1986, fares in South Yorkshire remained at early 1970s levels.

4.6 The Transport Act 1980

4.6.1 The Transport Act 1980 had the most far-reaching change to fares as it removed fares detail from licensed particulars. This led to the beginning of the availability of area tickets and the start of the move towards issuing such tickets on-bus, although there remained some resistance to this and a continuing tendency toward pricing based on fare levels at the highest level of

validity. Prior to deregulation of the bus industry outside London in 1985, local authorities continued to exercise a high degree of influence over fare levels and increases as part of their revenue support agreements.

4.7 The Transport Act 1985 – Impact at Deregulation

4.7.1 The new commercial operators at deregulation faced a number of issues. Fares in the shire areas were generally already at levels where the viability of services could be readily established. Local shire authorities then normally specified fares on contracted services at the same level as those charged by commercial operators.

4.7.2 In PTE areas however, the operators were not only faced with the need to impose very large fare increases in order to approach market levels, but there was also uncertainty regarding the future of (and income from) travelcard and concessionary schemes. As an example, Yorkshire Traction imposed a 250% increase in South Yorkshire. While such increases brought fares up to 'market' levels, usually still below those in shire areas, increases of such large magnitude had an obvious negative effect on patronage. Some PTEs also imposed (and continue to impose) their own fare scales for secured services or journeys which differed from commercial fare levels.

4.7.3 Two of the expected effects of deregulation were that competition on the basis of fares would be the norm and that operators would set different fare scales on different routes. In the event, sustained competition on the basis of fares has been comparatively rare, while different fare scales on different routes are almost unheard of.

4.7.4 A side-effect of deregulation and privatisation was that in order to reduce overheads many 'backroom' and administrative staff were made redundant. This included many of those with fares responsibilities. Therefore, since deregulation, fares increases have steadily moved away from distance-based fare scales and now fare increases are more usually in the form of 'fares below £1 increase by 5p; between £1.01 and £2 by 10p etc.' Electronic ticket machines (ETM) have also allowed operators to analyse data in order to establish where particular fare changes would be most productive.

4.7.5 In both cases, however, the structure of single fares which had existed prior to deregulation was retained. Thus areas with a more marked fare taper before deregulation have generally stayed that way and areas which were previously considered to be 'high fare' areas have retained this distinction.

4.8 The Modern Era

4.8.1 The principal change in bus fares has been the huge expansion in the range and availability of day and weekly tickets purchased from the driver. This has been driven by four main factors:

- **Simplicity** – it is a relatively simple product ("day" or "week") for a bus operator to market and monitor;
- **Loyalty** – once purchased, consumers are likely to continue buying the same product;
- **Competition** – it is far easier to respond to a competitor's lower fares by introducing a low-priced weekly ticket rather than revising many different fares; and
- **Cash Flow** – on bus sales became essential as travel offices and other off-bus retail outlets gradually closed down.

4.8.2 Bus companies in many urban areas introduced weekly tickets during the 1990s that were significantly lower in price than the previous products. These were aimed both at gaining market share in the face of competition and generating new traffic among customers who were discouraged from purchasing period tickets until then due to their high price. This strategy was arguably the most successful for Stagecoach, notably in Manchester, where the low cost Megarider tickets contrasted sharply with the high single fares generally prevalent in the area on all operators. Another key selling point for the Megarider and similar tickets was the ability to purchase the ticket on-bus at any time.

4.8.3 Current pricing trends continue to encourage the sale of day, weekly and longer period tickets as opposed to single and return tickets. The trend towards day and period tickets is being encouraged by bus operators through the pricing structure, where the multiple between the average single fare and day and weekly prices is constantly reducing. The most important aspect of this is that single fares form an ever-decreasing percentage of farepayers.

4.8.4 Period tickets, of course, have other advantages to users. In the way that a traveller might purchase a car for the main home to work journey, but then use it for marginal trips in the evenings and at weekends; passengers buying area weekly (or longer period) bus tickets then have similar flexibility to make marginal trips at no extra cost. Previous TAS research has shown that passengers do not always buy the cheapest available area ticket but sometimes (and particularly in larger urban areas) buy wider area tickets if the price differential is not huge, valuing the utility of the validity over a wider area.

4.8.5 There have been some attempts to simplify single fares, for example Brighton & Hove's adoption of a flat fare and Go North East's introduction of some flat fares within set areas, but by and large operators have not found such restructuring to be worthwhile, although there has been a general move towards establishing fares charged in multiples of 10p.

4.8.6 An exception to the rule was First Bristol's 'Fairer Fares' change, subsequently extended across the Somerset & Avon operation, which not only radically

changed the structure of day and weekly tickets but was the first radical change to single fares by any UK operator for many years. Single fares are set at a fixed rate per mile (by the service route) starting at £1.50 and increasing by multiples of £1. Simplicity has produced benefits but with a simplified scale such as this the only options for fare changes are either to move to a complex fare for everyone, or risk resistance as a result of fifty pence fare increases.

4.8.7 Notwithstanding this, over time fare levels have responded to their markets such that fare levels are often lower in less affluent areas (e.g. Bradford vs. Leeds or South Shields vs. Newcastle) and sometimes this principle even applies at route level.

4.9 Future Fares: The Role of Technology

4.9.1 The modern era has seen unprecedented developments in ticketing technology. Set against other service industries – and the adoption of chip-and-pin card systems and cashless transactions – the UK bus industry has been relatively slow to migrate towards new types of payment system. Largely this is because of the low average price of transactions and slow transaction times, which are less of an issue at a shop till than on a stationary bus.

Hardware

4.9.2 Ticket issuing hardware has always posed limitations on ticket types. In the 1970s and early 1980s many urban operators used 'Ultimate' ticket machines which issued simple pre-printed fixed price tickets; these were quick and efficient but not geared towards multi-trip tickets. Other machinery failed to keep pace with inflation and could often issue tickets only up to a maximum of 99 pence.

4.9.3 Operators which opted for exact fare systems have experienced self-imposed problems as a result. Some use these systems to accept payment for the full range of tickets while others limit ticket types sold on-bus or refuse to accept banknotes.

Smartcards

4.9.4 The more recent growth of smart ticketing has, so far, generally not led to any significant change other than to the selling mechanism of tickets. Smartcards offer the opportunity for a huge range of tickets where the hardware, rather than the driver, records use and checks validity. This in itself, however, makes marketing more difficult and there is a balance between flexibility and simplification of information.

4.9.5 Overall, the most consistent factor surrounding the smartcard product is inconsistency. It will be a brave operator which withdraws all of its traditional ticket sales methods in favour of the smart platform, as TfL has done on all buses in London.

4.9.6 The most obvious trend is for existing products to be transferred over to smartcards – or, more often, there is a smartcard option, with improved ability to buy online. This has further been enhanced by the development of mobile ticketing (or M-Ticketing), which is now more widely adopted.

4.9.7 Smartcards are often hindered by the purchasing and renewal process associated with the medium. In many cases both renewal and purchase revert to travel offices, agencies or online renewal and there is usually a delay, mainly overnight but up to three days between sale or top-up and validity, although this timescale is decreasing. There are exceptions – for example at Cardiff Bus weekly tickets can be loaded onto its 'iff' cards on bus and across the group, StagecoachSmart can be bought or renewed on bus by suitable payment to the driver. Some operators offer some level of discount for purchasing smart versions of tickets. The level of this discount varies significantly.

4.9.8 TAS research has established very clearly that there are problems with extended transaction times for smartcards, more as a result of ergonomics than technology. Renewal, upload and first use can take around thirty seconds per passenger in some cases and even simple recordings are two to three times the transaction time taken by paper equivalents with a simple button press.

4.9.9 There are exceptions which buck the trend. One particular innovation is the offer of carnet-style tickets (such as Nottingham's Easyrider Anyday) while trentbarton's MANGO smartcard suite provides a range of discounts including a 25% discount on adult and child single cash fares. Mango is also still unique on UK buses in using a touch-on and touch-off system. A number of operators offers a multiple of day tickets at a discounted price as another form of carnet.

Mobile and Wireless Ticketing

4.9.10 M-Ticketing, Near Field Communications and EMV contactless bankcard payment are fast competing with smartcard systems and are now the emerging and dominant players in the ticketing revolution. It is perhaps a shame that as the market progresses rapidly to mobile and bank card systems and TfL itself announces that Oyster is outdated, so much time, effort and very significant sums of money is still being expended in developing individual smartcard schemes with varying degrees of success.

4.9.11 Mobile ticketing has been adopted by a growing number of operators including several of the independent operators in our sample, such as Rotala and McGill's. Arriva has long led the way forward in this regard and the group offers a 10% discount on '4-Weekly Saver tickets' via m-ticketing. First Bus reported on 29 February 2016 that it had seen a 28% increase in m-ticket

based carnet tickets since February 2015[1]. Some of the increase was attributed to the tickets availability for purchase and use on a mobile device.

4.9.12 A by-product of the 'Fairer Fares' scheme in Bristol is that there are only five different adult single fares charged. This has allowed it to sell a carnet of trips of a given value for use on mobile phones – e.g. ten £3.50 trips. These are effectively 'single use' m-tickets which expire once activated.

4.9.13 Transaction time is not an issue generally with M-tickets, effectively in most cases these replace a paper ticket shown to the driver with an electronic equivalent, except where the phone and ticket machine are expected to communicate. It is notable that most operators which placed their eggs in the smartcard basket initially now also seem to be launching M-ticket equivalents (e.g. Stagecoach and Nottingham).

4.9.14 Go-Ahead has also long been exploring and innovating in these areas, with m-tickets available on most subsidiaries' services. Outside the PLCs, Cardiff Bus and Lothian Bus are among the growing number of operators to offer m-ticketing having started with smartcards. Meanwhile, Stagecoach Group launched the UK's first mobile contactless ticketing trial in 2012 in Cambridgeshire, although it went on to favour the rollout of the StagecoachSmart smartcard.

4.9.15 Use of bank cards, of course, is purely a substitute for cash. As such there are benefits to passenger and operator in not having to handle cash and for the passenger in not having to know the fare before travel. For the operator the benefits are tempered by whatever the banks require as a 'back-office' charge, with the low price of average bus transactions a concern if the banks impose a 'per transaction' fee. So long as on-bus ticket prices vary bank cards will need to handle a range of fares and there need not necessarily be any great advantage in terms of transaction time.

4.9.16 There is a major risk if operators transferred to solely electronic payment of fares. At the end of 2015 (i.e. the time of this survey):

- 34% of people did not own a smartphone
  - And this proportion is higher outside the M25[2];
- 5% of people over 16 had no bank account
  - Rising to 11% of low income groups[3]; and

[1] *http://www.firstgroup.com/about-us/news/first-bus-reports-growing-sales-flexible-multi-journey-tickets-numbers-part-time*
[2] *Ofcom figures*
[3] *Poverty.org.uk*

- 49% of debit and credit cards in circulation were not 'contactless'[4].

[4] *UK Card Association summary figures for 2015*

Analysis by Operator 5

5.1 Introduction

5.1.1 This section presents analysis of the 2015 survey data by operator, allocated into ownership groups. These include:

- The six major passenger transport groups: Arriva; First; Go-Ahead; National Express, Stagecoach and Transdev;
- Smaller passenger transport groups (in terms of UK presence) and other private operators, collectively referred to as the Independents; and
- Local authority arm's length operators collectively referred to as the Municipals.

5.1.2 In general, the relatively small sample size for individual operators or subsidiaries makes it difficult for us to say with any degree of certainty that our findings are an accurate portrayal amongst those subsidiary operations.

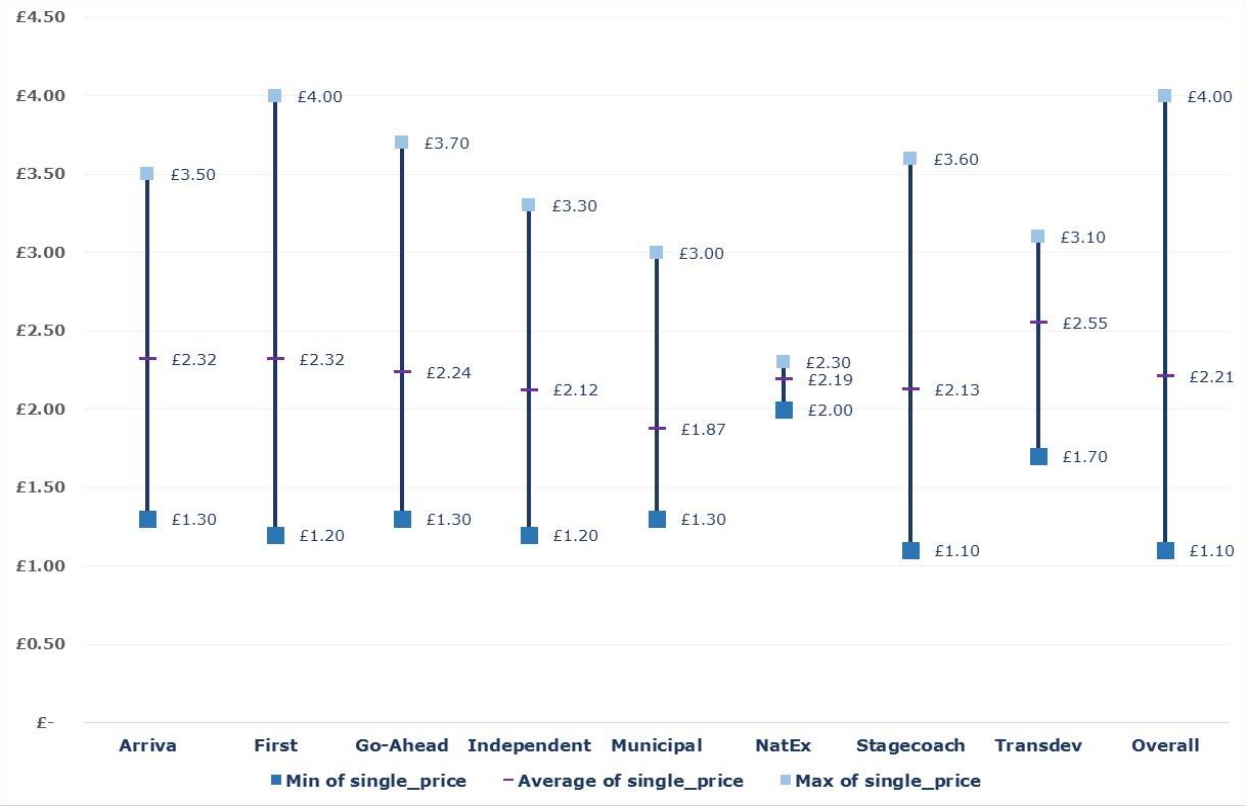
5.1.3 There have inevitably been some changes to our operator database since 2013. Operators have both left the database and been newly included in the survey and parts of the major groups reorganised into different operating units. We can make comparisons between and see trends across the groups as a whole but comparison of results from the same operator is less valid.

5.2 Single Fares

5.2.1 The range of adult single fares by operator group is shown in Figure F. Our analysis shows that:

- The Municipal group of operators has the lowest mean single fare (£1.87);
  - This is driven by the low fare (£1.50) and size of the operation at Lothian.
- Transdev has the highest mean single fare (£2.55);
- Stagecoach has the lowest adult single fare (£1.10); but in fact all groups have low fares of £1.30 or below
- First has the highest adult single fare (£4.00) and
- All groups bar National Express charge a wide range of fares for a three mile journey.

Figure F: Range of Adult Single Fares by Operator

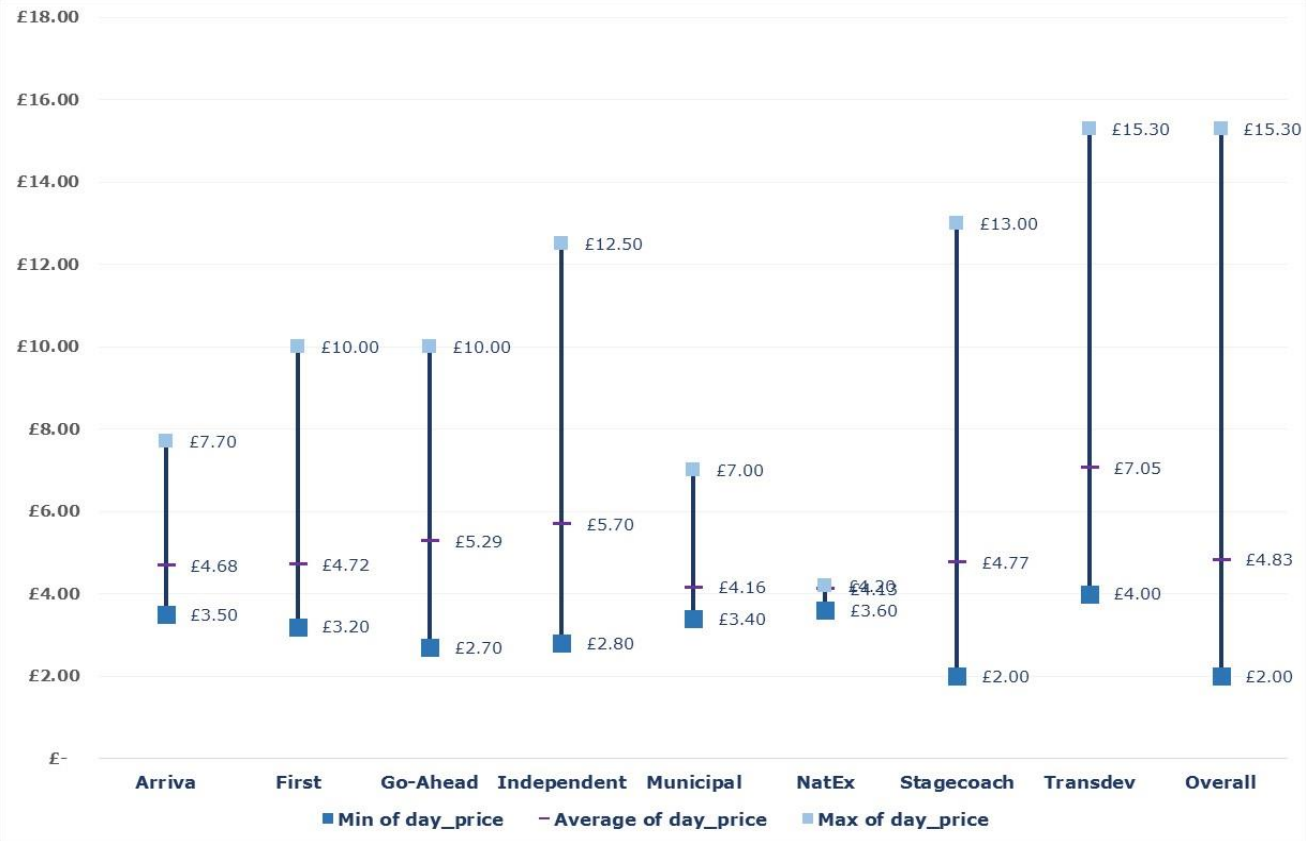


5.3 Day Ticket Prices

5.3.1 Our analysis shows that:

- In 2015, Transdev has the highest (£7.05) and
- National Express the lowest (£4.13) mean day ticket price
  - a difference of almost £3;
  - Transdev's figure is heavily distorted by the Yorkshire Coastliner figure.
- Stagecoach has the cheapest day ticket, but the minimum price of all groups bar Transdev is below £4.
- The mean values for Arriva, First and Stagecoach are remarkably similar

Figure G: Range of Day Ticket Prices by Operator



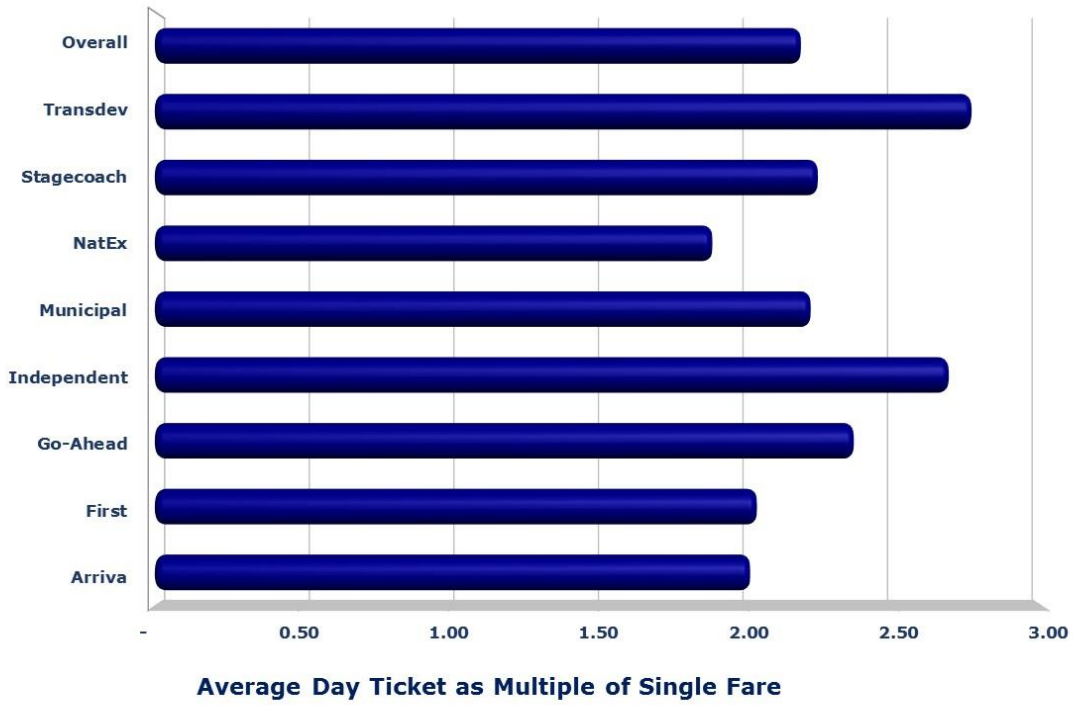
5.4 Day Ticket Multipliers

5.4.1 Figure H illustrates the day ticket multipliers – the number of journeys against which each customer begins to make a saving by purchasing a day ticket compared to multiple single tickets. Where the multiplier is 2.0 each day ticket represents the equivalent of the cost of two single journeys.

5.4.2 This shows that on average:

- Only National Express has day tickets priced on average below the cost of two singles;
- But no operating group prices its day tickets at over three times the 'average' single
- The overall average is 2.18, i.e. the average day ticket costs 18% more than the cost of two three-mile singles.

Figure H: Average Multipliers – Singles to Day Tickets

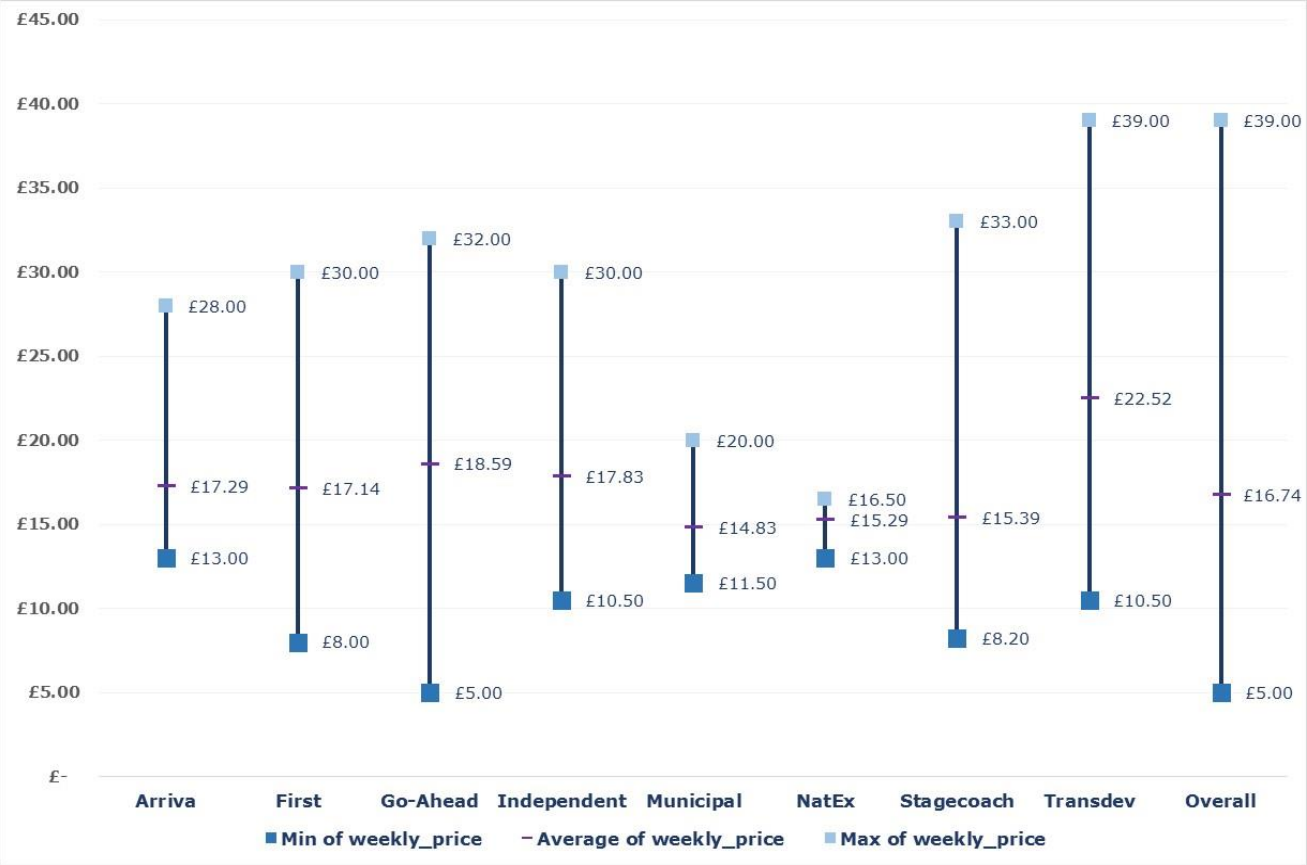


5.5 Weekly Tickets

5.5.1 Figure I shows that:

- In 2015, Transdev has the highest mean weekly ticket price at £22.52 and
- the Municipals the lowest at £14.83
- Go-Ahead has the lowest-priced weekly ticket at £5
- Transdev has the highest priced weekly ticket at £39
- All bar National Express and the Municipals have a wide range of prices.

Figure I: Range of Weekly Ticket Prices by Group



5.6 Weekly Ticket Multipliers and Discounts

5.6.1 Table 7 below shows the average multiplier of single to weekly ticket price and the discount offered on five return trips per week. Note that for any multiplier below eight, passengers receive a discount if they travel four days per week.

- Note that all of the 'big five' bar Go-Ahead offers discounts between 26 and 30 per cent.
- Unlike day tickets, no operator's average weekly ticket price is higher than ten times an average single (nor indeed nine times).

5.6.2 If these figures offer appreciable discounts to those travelling only three miles, those travelling further will be receiving very high levels of discount.

Table 7: Average Single to Weekly Tickets

Group	Single to Week Multiplier	Discount
Arriva	7.44	26%
First	7.39	26%
Go-Ahead	8.31	17%
Independent	8.40	16%
Municipal	7.92	21%
NatEx	6.98	30%
Stagecoach	7.23	28%
Transdev	8.82	12%
Overall	7.58	24%

5.7 Arriva

5.7.1 Figure J to Figure L illustrate the range of Arriva single, day and weekly fares by operator.

- There is an appreciable range of single fares at all operations except Derby and Yorkshire Tiger (the latter the result of a small sample);
- The highest mean single fare by some margin is at Southern Counties (£2.70) and the lowest, again by an appreciable margin, at Durham County (£1.91);
- Some single fares only have 'whole network' day alternatives at £7 or more; but the lowest priced day tickets are at Durham County and Southern Counties;
- Cheapest weekly tickets are at Cymru and Durham County but even the most expensive Arriva weekly tickets are below £30.

Figure J: Arriva Single Fares by Operator

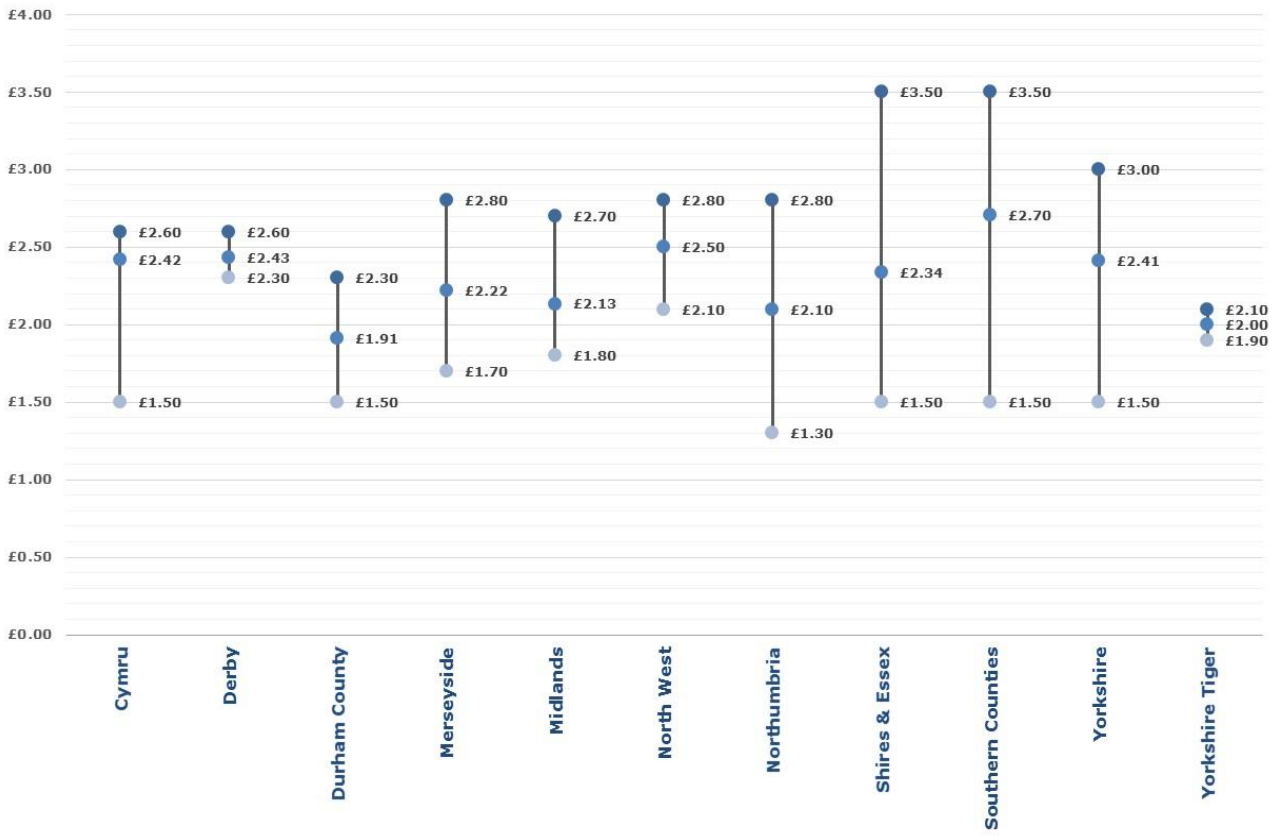


Figure K: Arriva Day Tickets by Operator

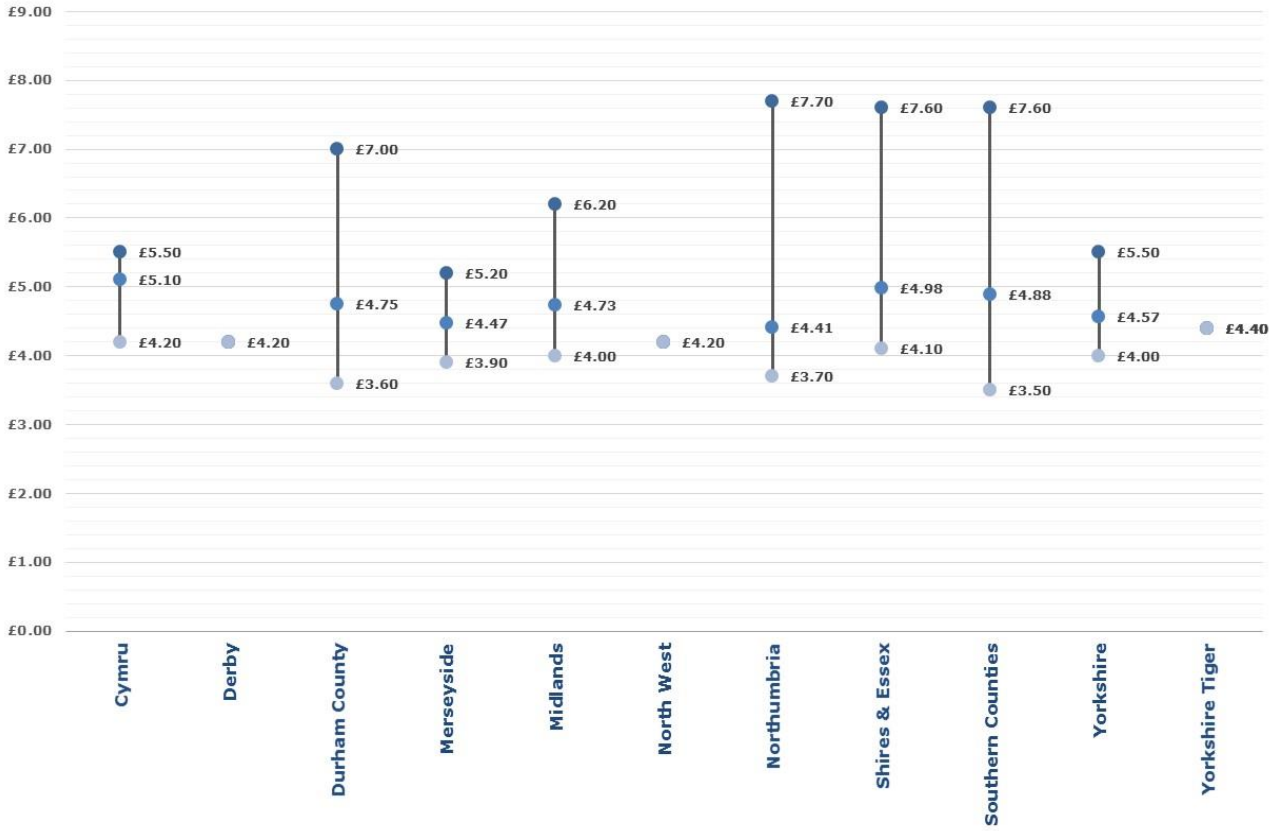
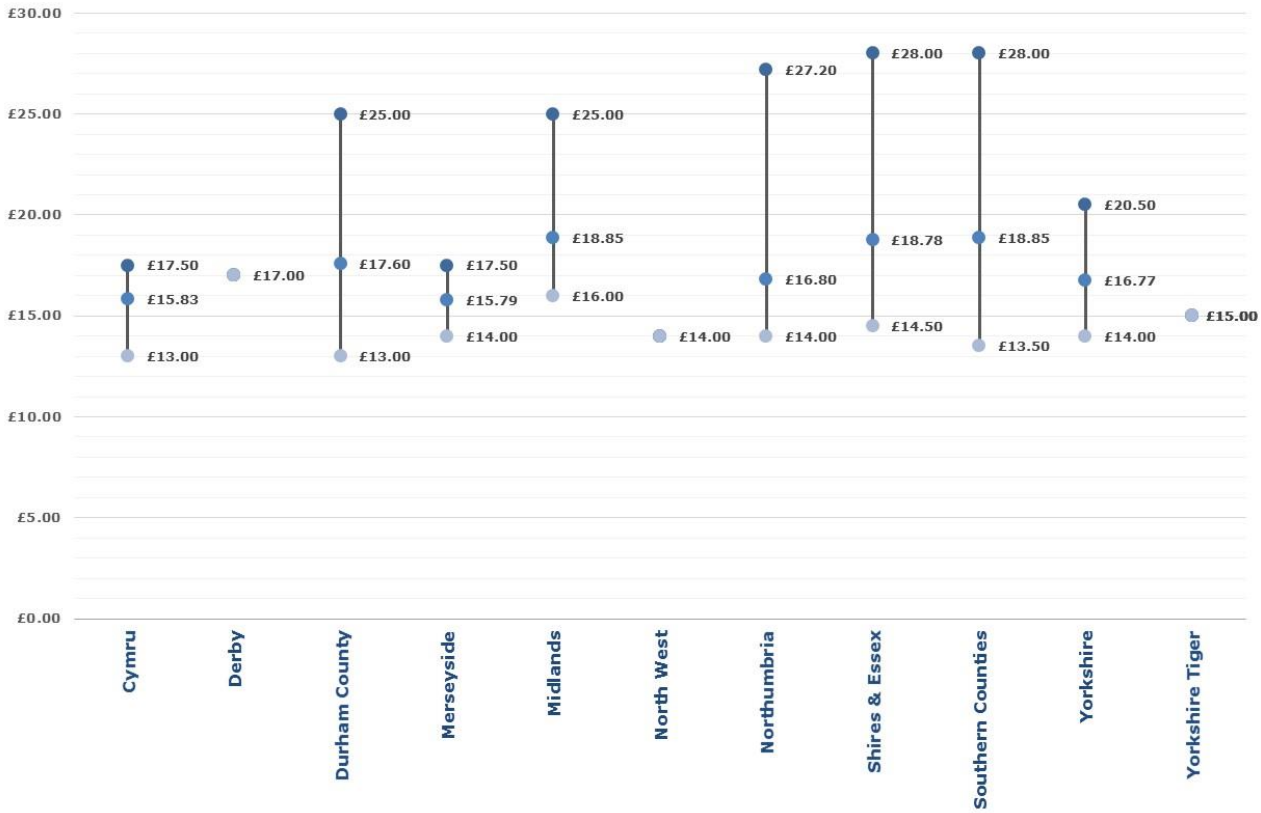


Figure L: Arriva Weekly Tickets by Operator



5.8 First

5.8.1 Figure M to Figure O illustrate the range of First single, day and weekly fares by operator.

- There is a huge difference in the range of single fares from none at all (Bristol) to 100% difference (Kernow);
- The highest mean single fares are at Cymru and Manchester (£2.98), the latter surprising for an urban operation, and the lowest by an appreciable margin, at Bristol (£1.50);
- Some single fares only have 'whole network' day alternatives at £7 or more; but there is a number of day tickets priced at or below £3.50;
- Cheapest weekly tickets are at Hampshire & Dorset and Manchester but even the most expensive First weekly tickets are £30 or below.
- For FirstGroup it is notable how much lower weekly prices were in 2015 compared to 2013.

Figure M: First Single Fares by Operator

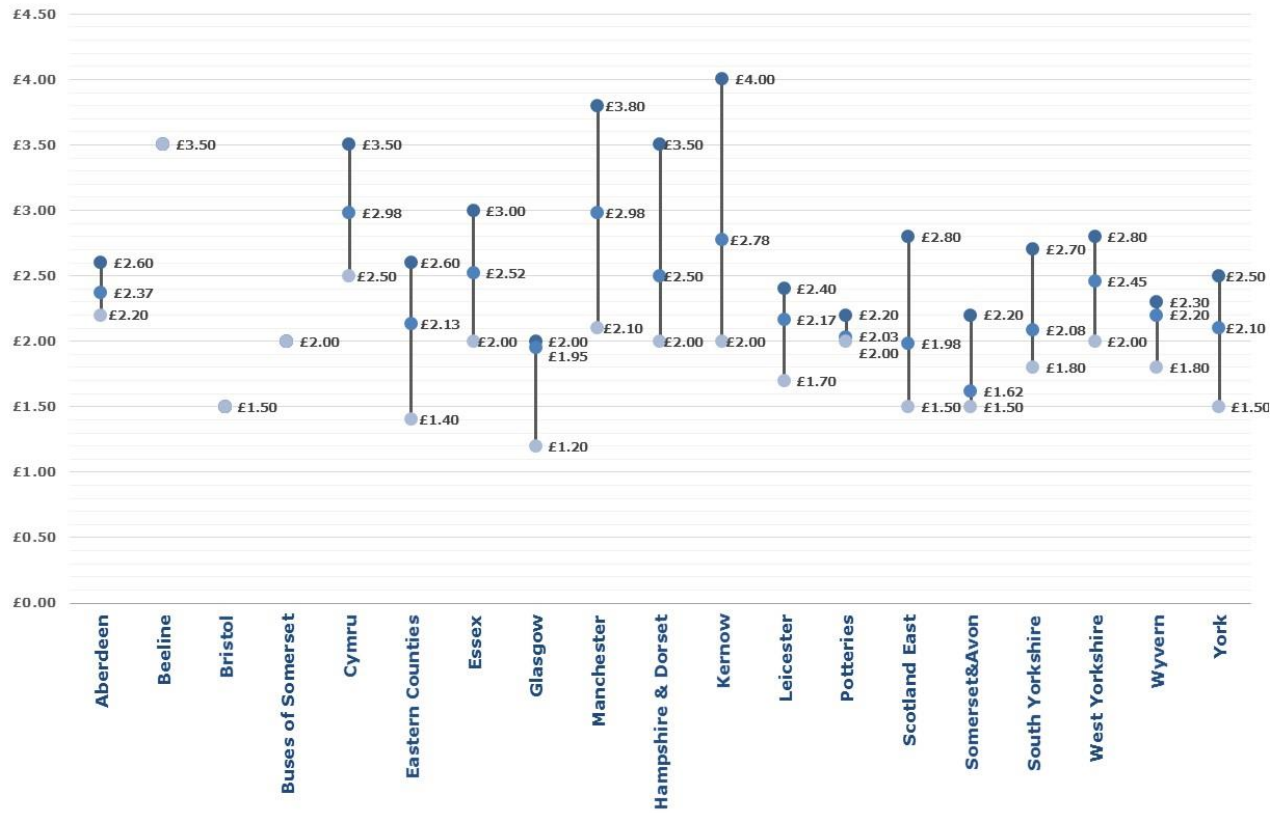


Figure N: First Day Tickets by Operator

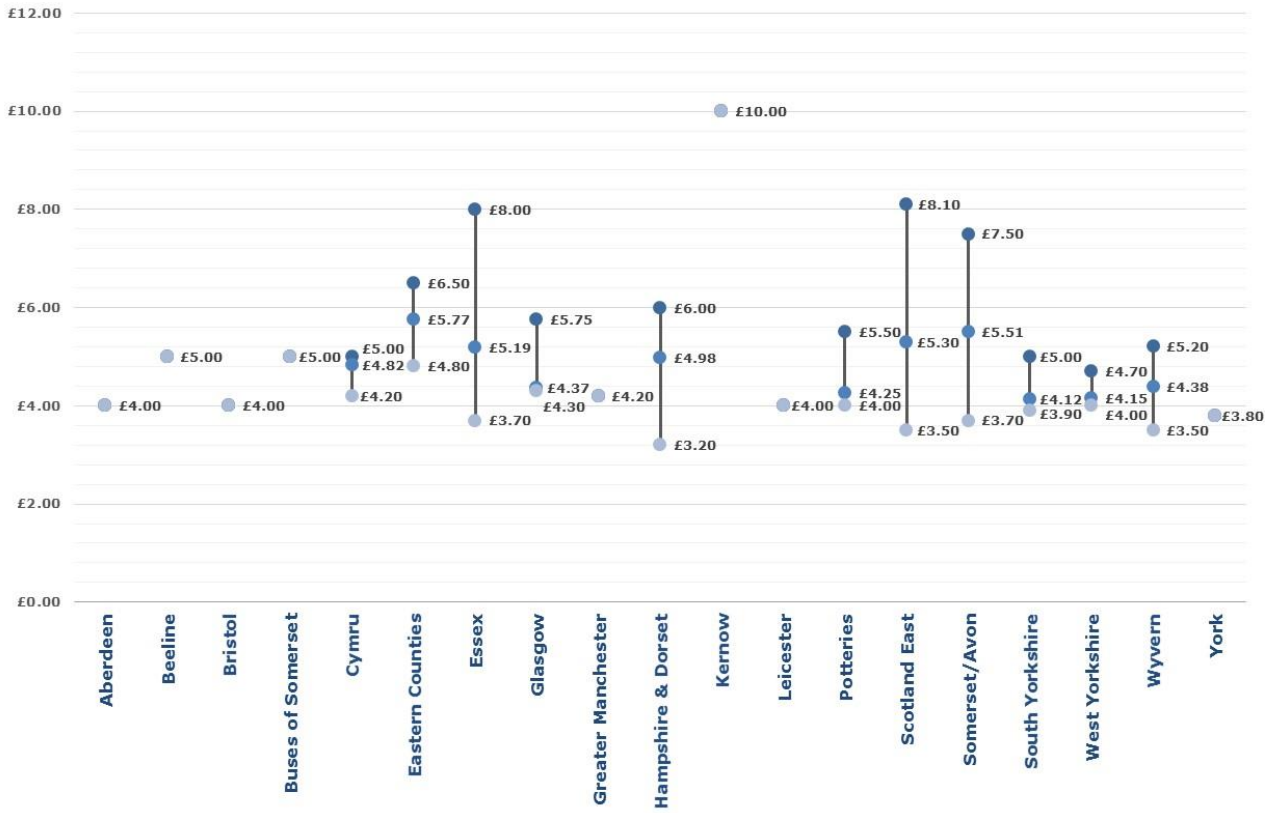
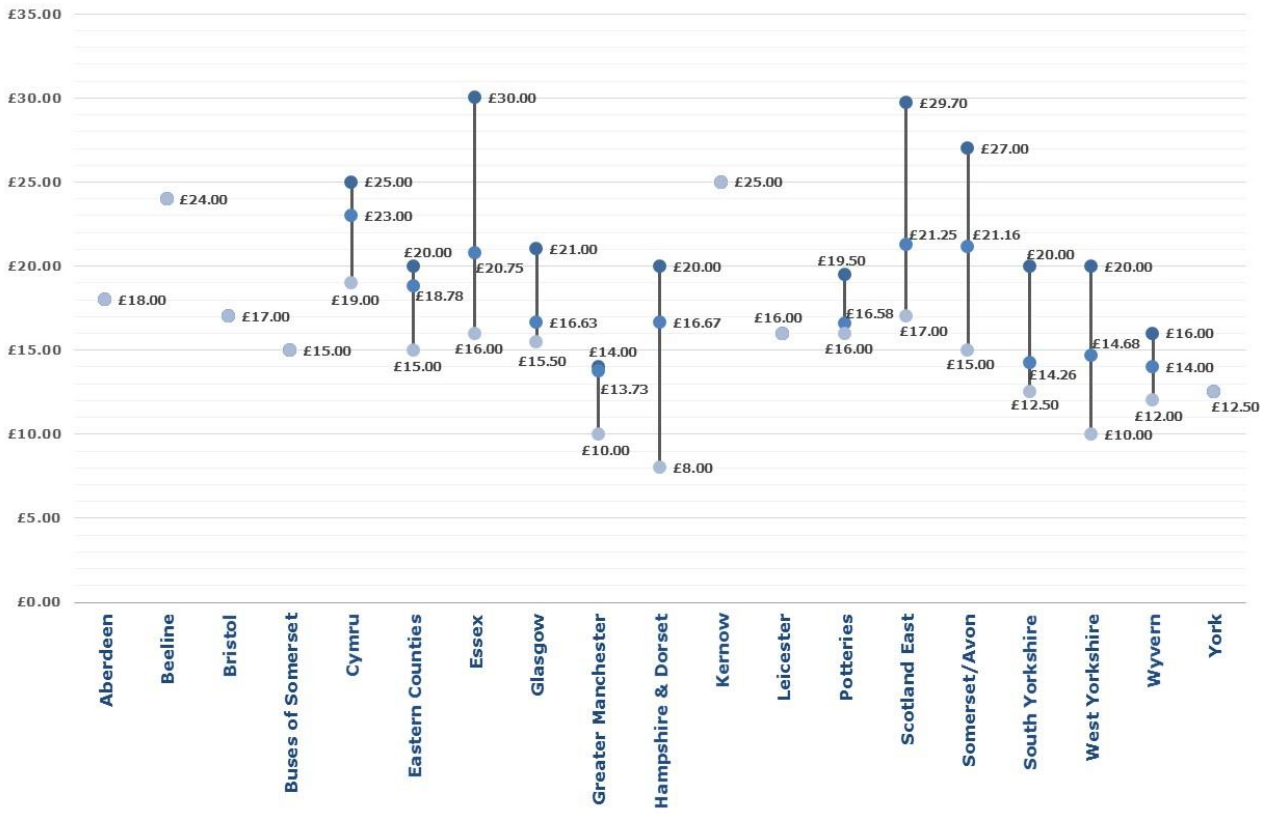


Figure O: First Weekly Tickets by Operator



5.9 Go-Ahead

5.9.1 Figure P to Figure R illustrate the range of Go Ahead single, day and weekly fares by operator.

- There is a huge difference in the range of single fares from none at all (Oxford) to over 100% difference (More);
- The highest mean single fare is at Southern Vectis (£3.25) and the lowest at Plymouth (£1.99) the latter only slightly different from Go North East (£2.01);
- Some single fares only have 'whole network' day alternatives at £7 or more; Southern Vectis £10 ticket is notable and the number of day tickets priced below £4 is small;
- Cheapest weekly ticket is at Bluestar and the most expensive weekly ticket is £32 at Plymouth (a by-product of its expansion into Cornwall).
- The Southern Vectis weekly at a very reasonable £24 is notable compared to a high average single fare (£3.25) and relatively expensive day ticket (£10).

Figure P: Go Ahead Single Fares by Operator

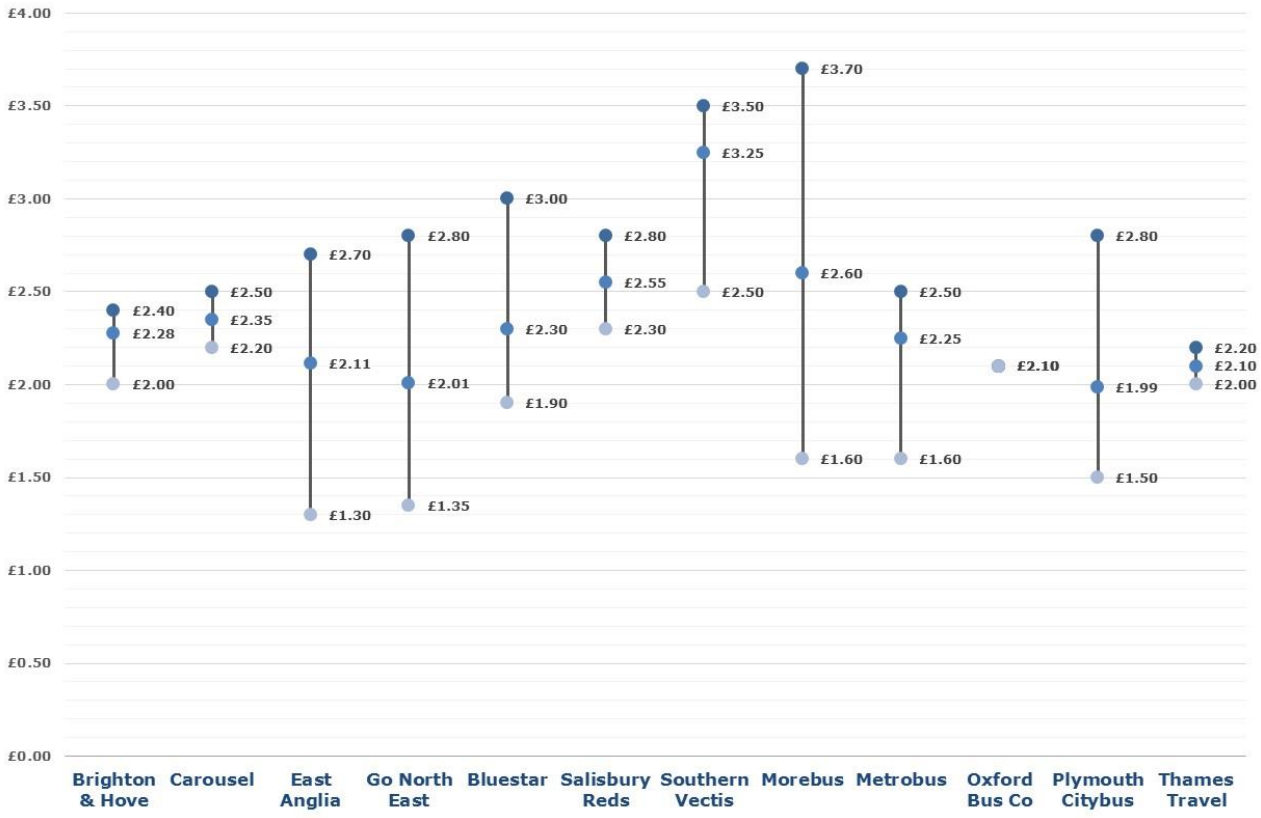


Figure Q: Go Ahead Day Tickets by Operator

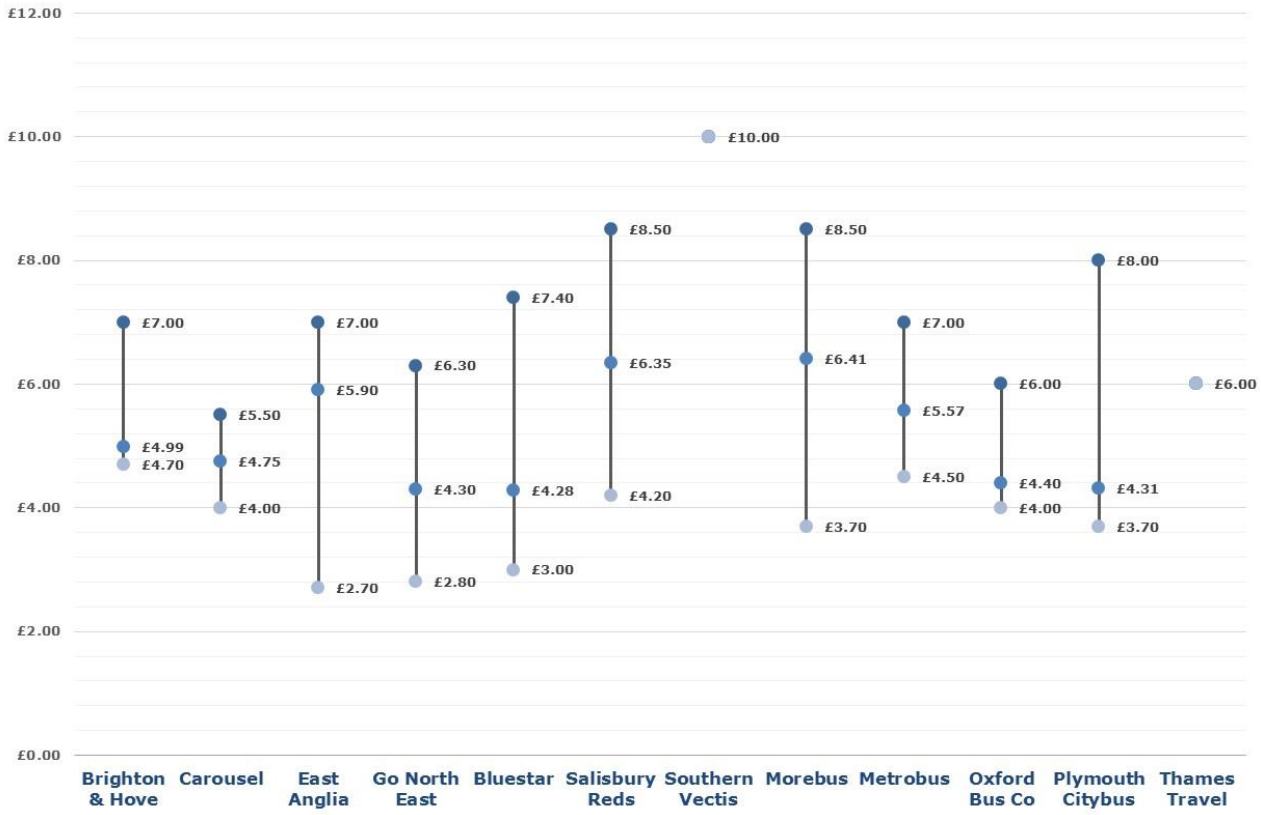
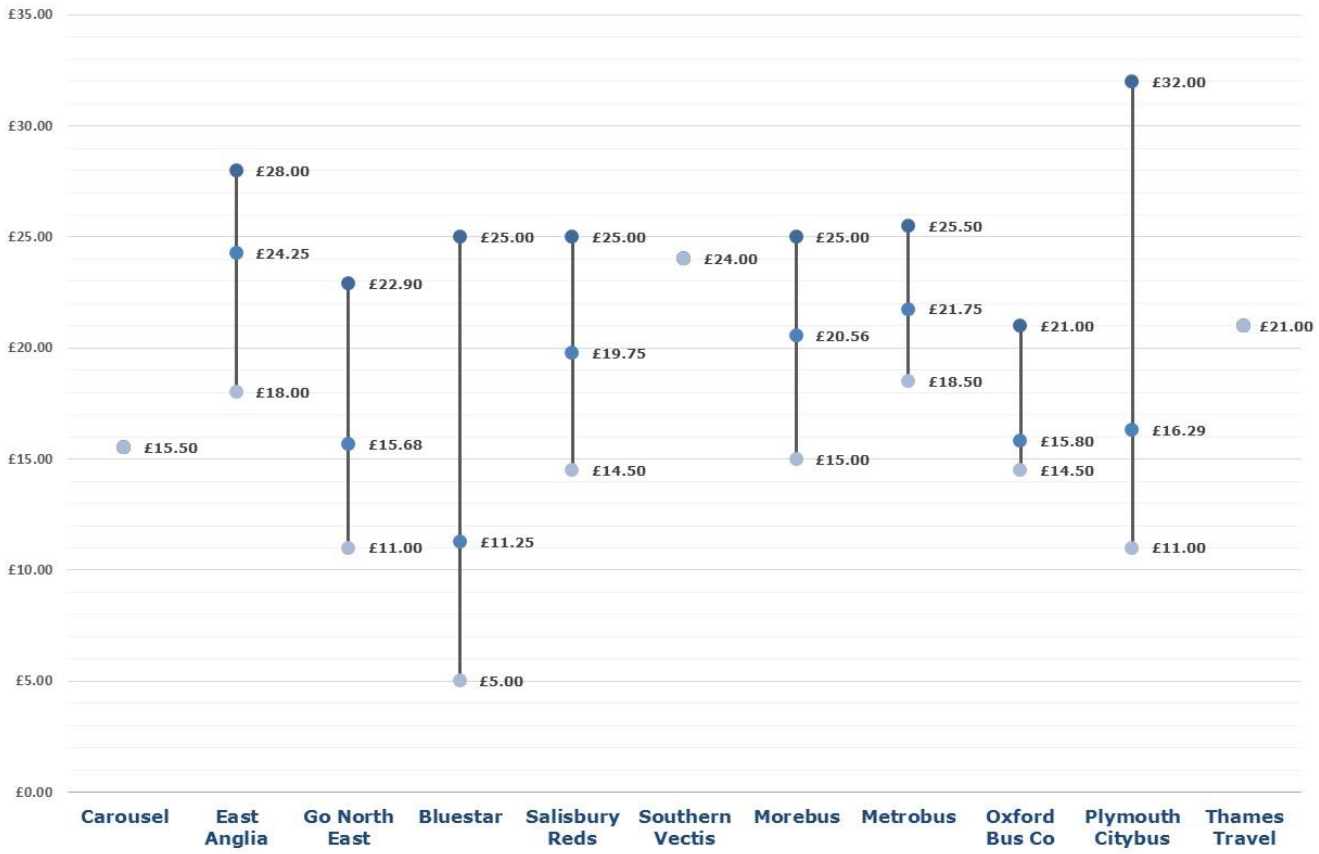


Figure R: Go Ahead Weekly Tickets by Operator



5.10 Independent Operators

5.10.1 Figure S to Figure U illustrate the range of independent operators' single, day and weekly fares by operator.

- This is a disparate group of operators with widely differing operations and we would not expect any homogeneity in this group;
- With a few exceptions, fare levels are broadly the same as the 'big groups'
- The highest mean single fare is at trentbarton (£2.43) and the lowest none-other than on Shetland (£1.30) where Leask's fares are set by the Shetland Islands Council;
- Note that Kirby Lonsdale Coaches is successor to Pennine Motors which usually had the highest single fare in the survey, but is now at a much more 'normal' level.
- Small sample sizes influence the findings for day and weekly tickets but there is no clear difference from the major groups. The availability of day and weekly products is lower, however. Eighteen operators for sample single fares reduce to fifteen for day tickets and twelve for weeklies.

Figure S: Independent Operators' Single Fares

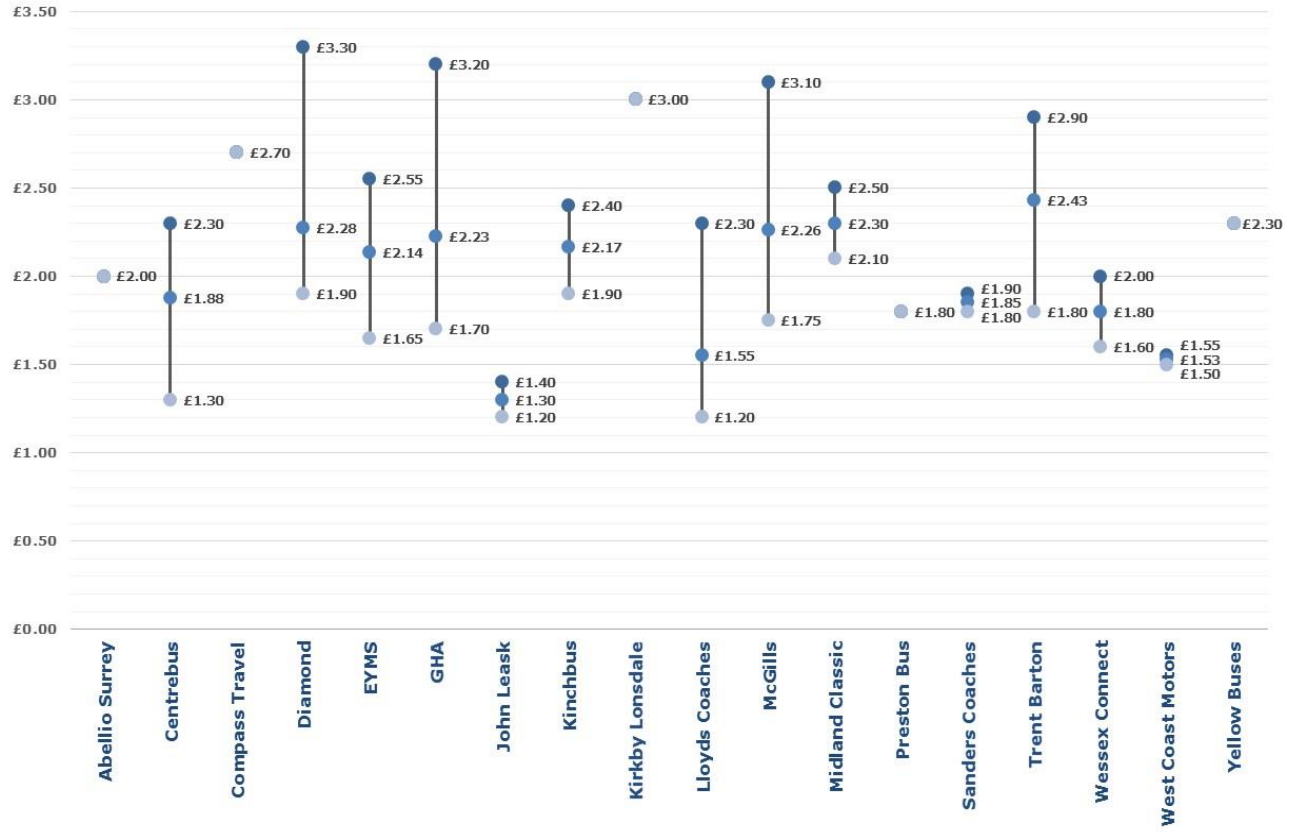


Figure T: Independent Operators' Day Tickets

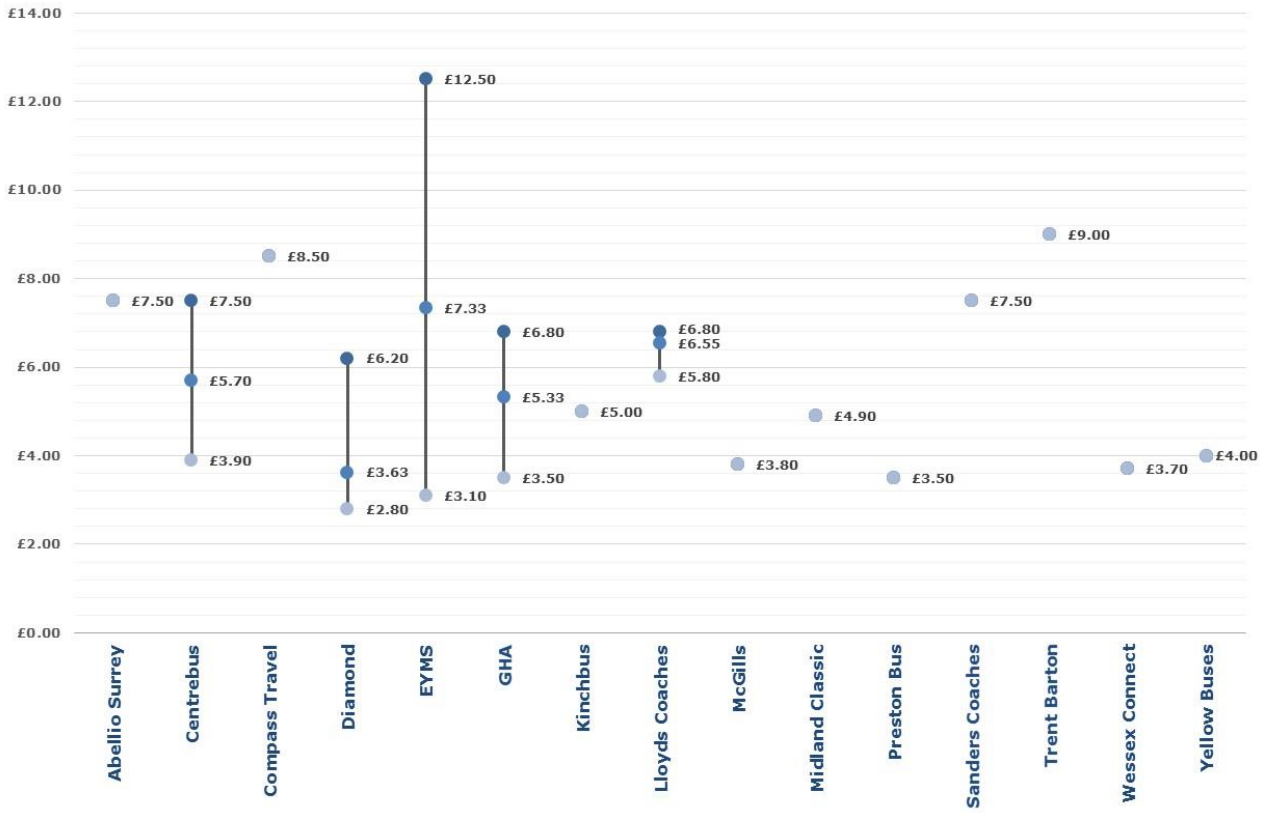
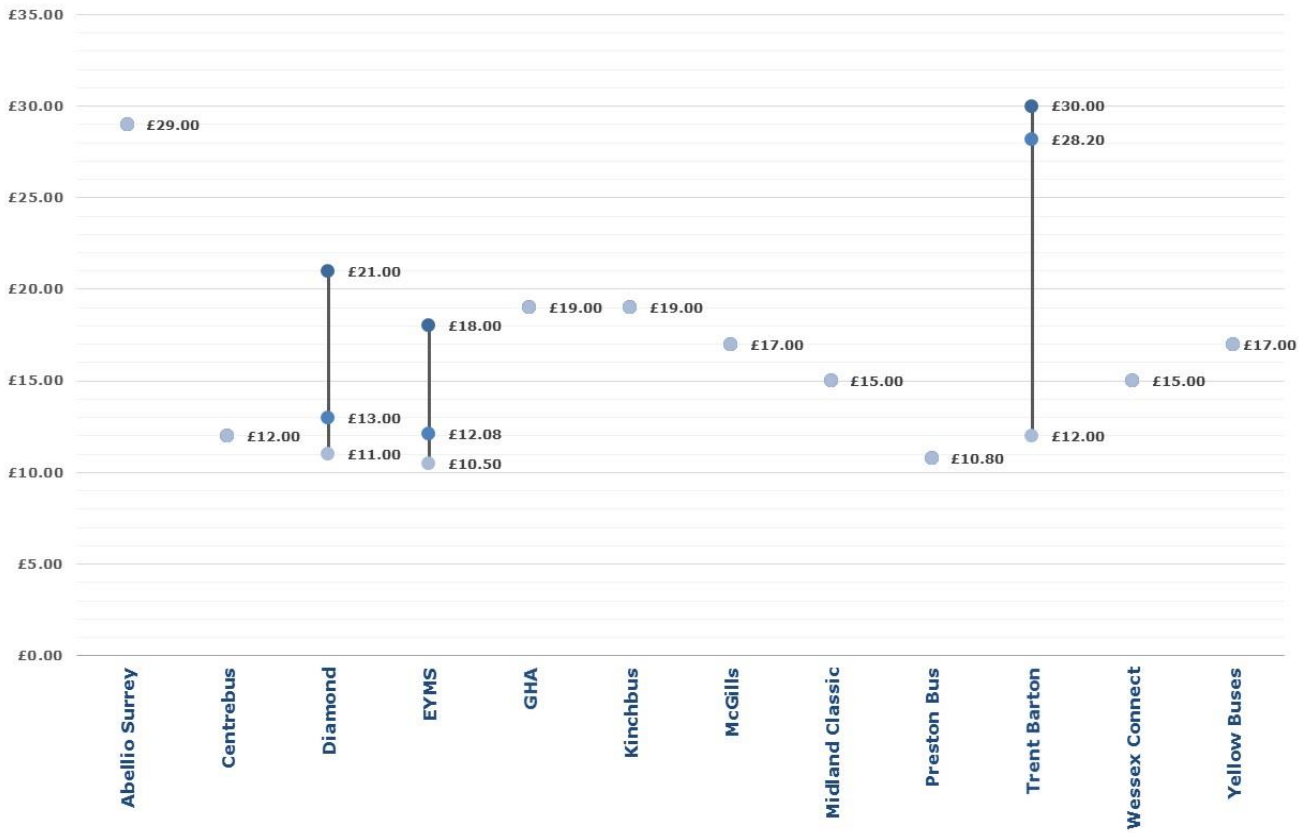


Figure U: Independent Operators' Weekly Tickets



5.11 Municipal Operators

5.11.1 Figure V to Figure X illustrate the range of municipal single, day and weekly fares by operator.

- Single fares range most where the operator also has 'out of town' operations.
- The highest mean single fares are at Rossendale and Warrington (£2.70) a level well-above the majority of the 'big group' operations. The lowest is at Ipswich (£1.30);
- Lothian's £1.50 city flat fare, a bargain by any measure, and the size of its operation brings the average of this sector down, otherwise it varies little from the big groups.
- Although Lothian and Nottingham's 'country' operations bring in day tickets at £7, the norm is somewhere between £3.50 and £4; Warrington's £5.95 for a smaller network seems steep. Yet conversely Warrington's weekly ticket, at £11.50, is cheapest by some margin.
- Lothian is alone in this group in not offering an on-bus weekly ticket.

Figure V: Municipal Operators' Single Fares

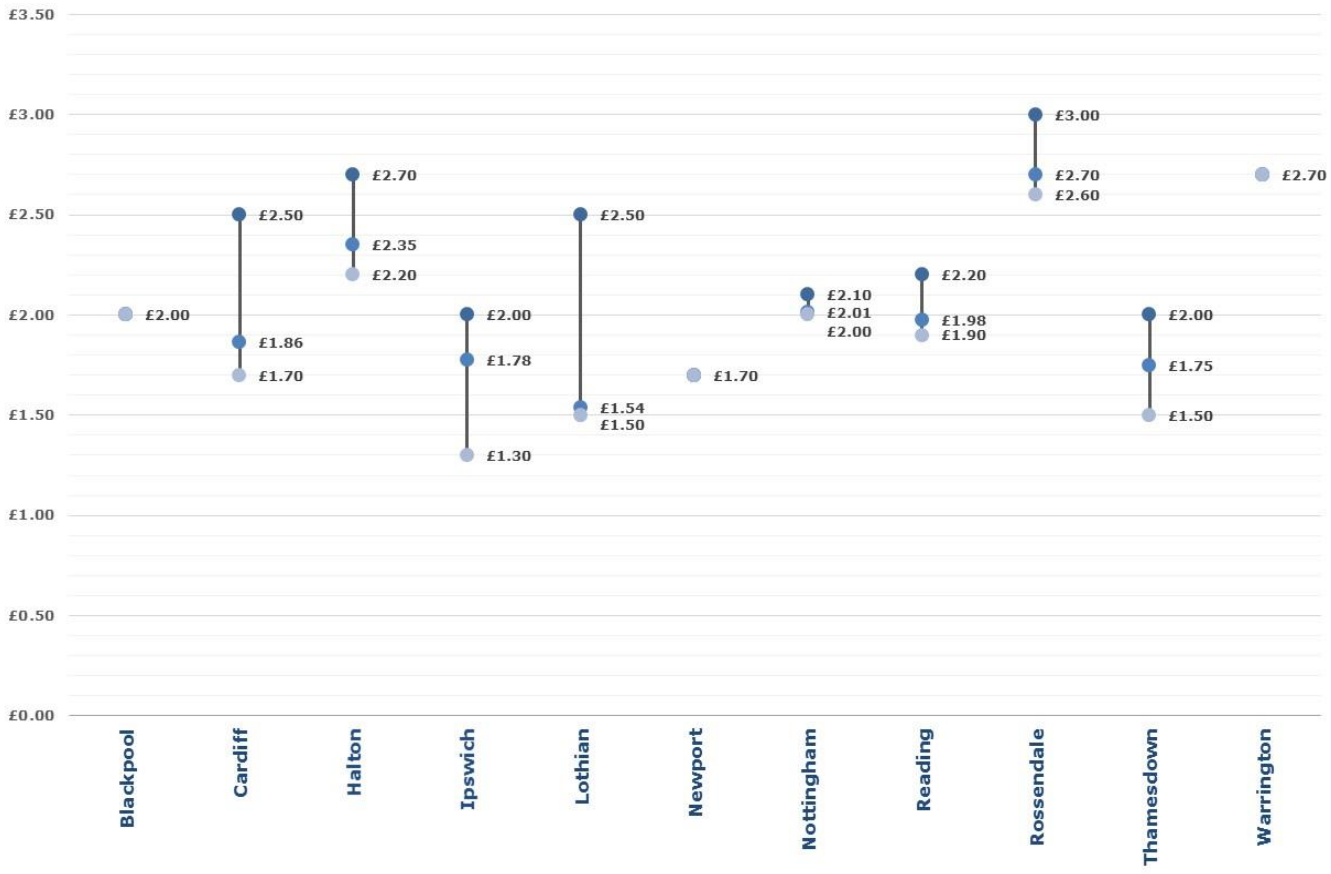


Figure W: Municipal Operators' Day Tickets

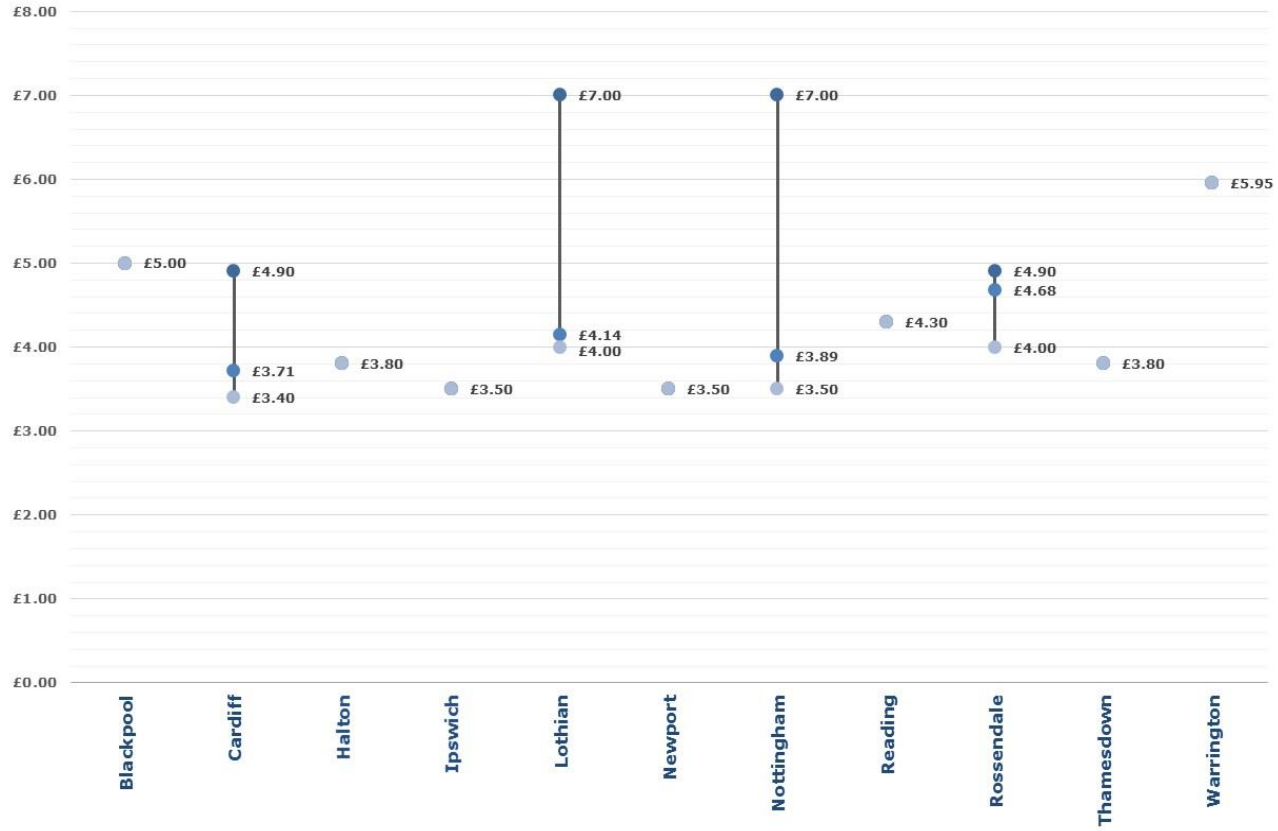
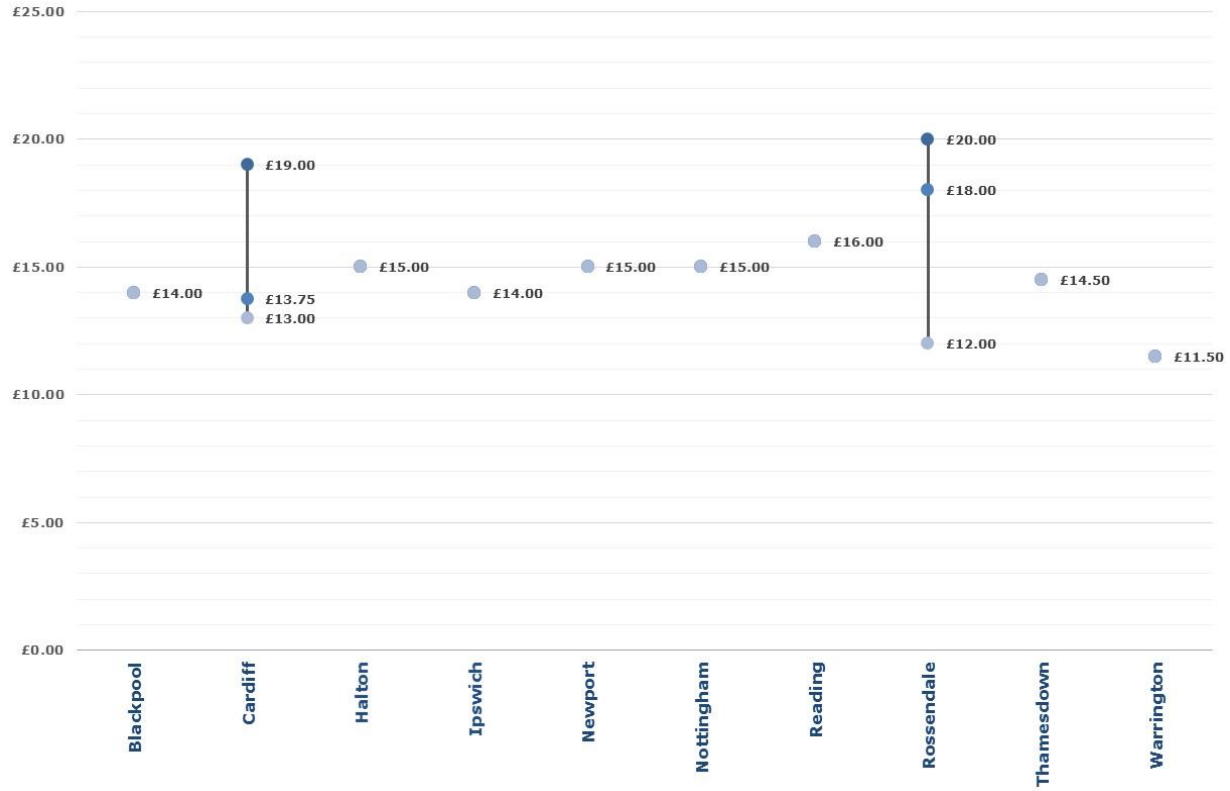


Figure X: Municipal Operators' Weekly Tickets



5.12 Stagecoach

5.12.1 Figure Y to Figure AA illustrate the range of Stagecoach single, day and weekly fares by operator.

- Almost all operators have a wide range of single fares for the same distance (with the exception of Norfolk and Oxford);
- The highest mean single fare is at Cymru (£2.43) and the lowest at East Scotland (£1.64) which is only slightly different from West Scotland (£1.70);
- Some single fares only have 'wider network' day and weekly alternatives; the most expensive £13 option at Highland covers a local journey in Tain with an equivalent single fare of £1.55. Hardly a realistic alternative. Most 'town' areas have their own tickets at £4 or below;
- Cheapest weekly ticket is at West Scotland (£8.20 Irvine Megarider) and the most expensive weekly ticket is £33 at East Midlands (the only weekly equivalent for a £2.50 journey into Wainfleet).
- The number of weekly tickets costing between £9 and £11 is notable.

Figure Y: Stagecoach Single Fares

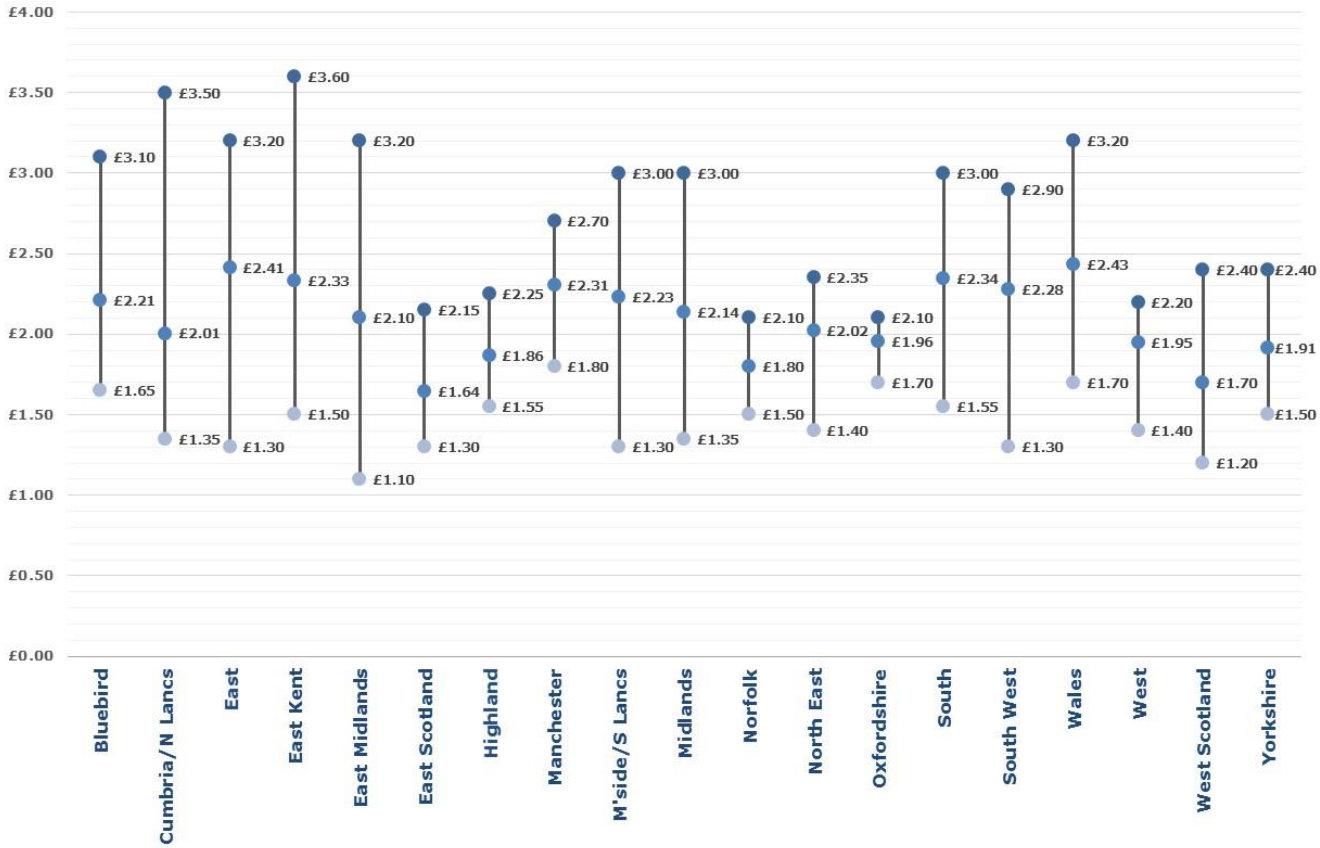


Figure Z: Stagecoach Day Tickets

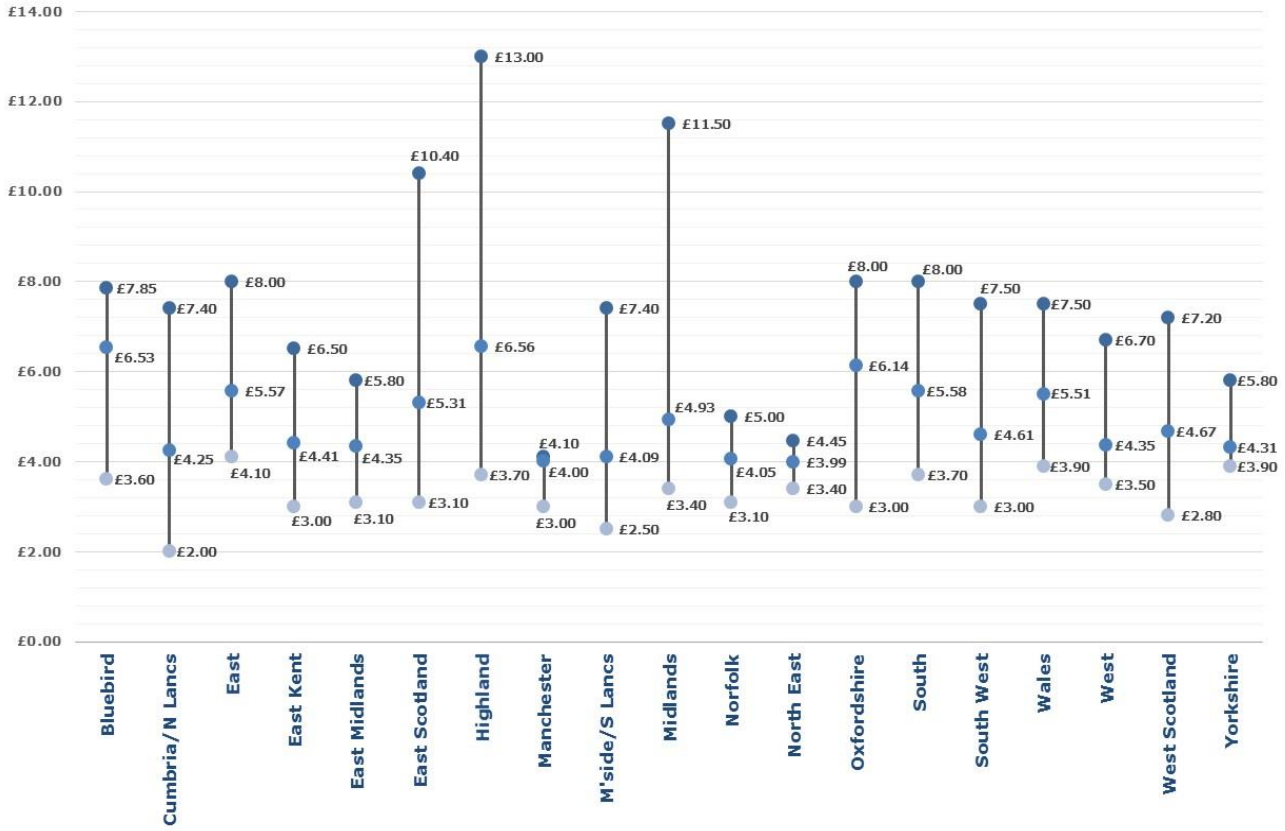
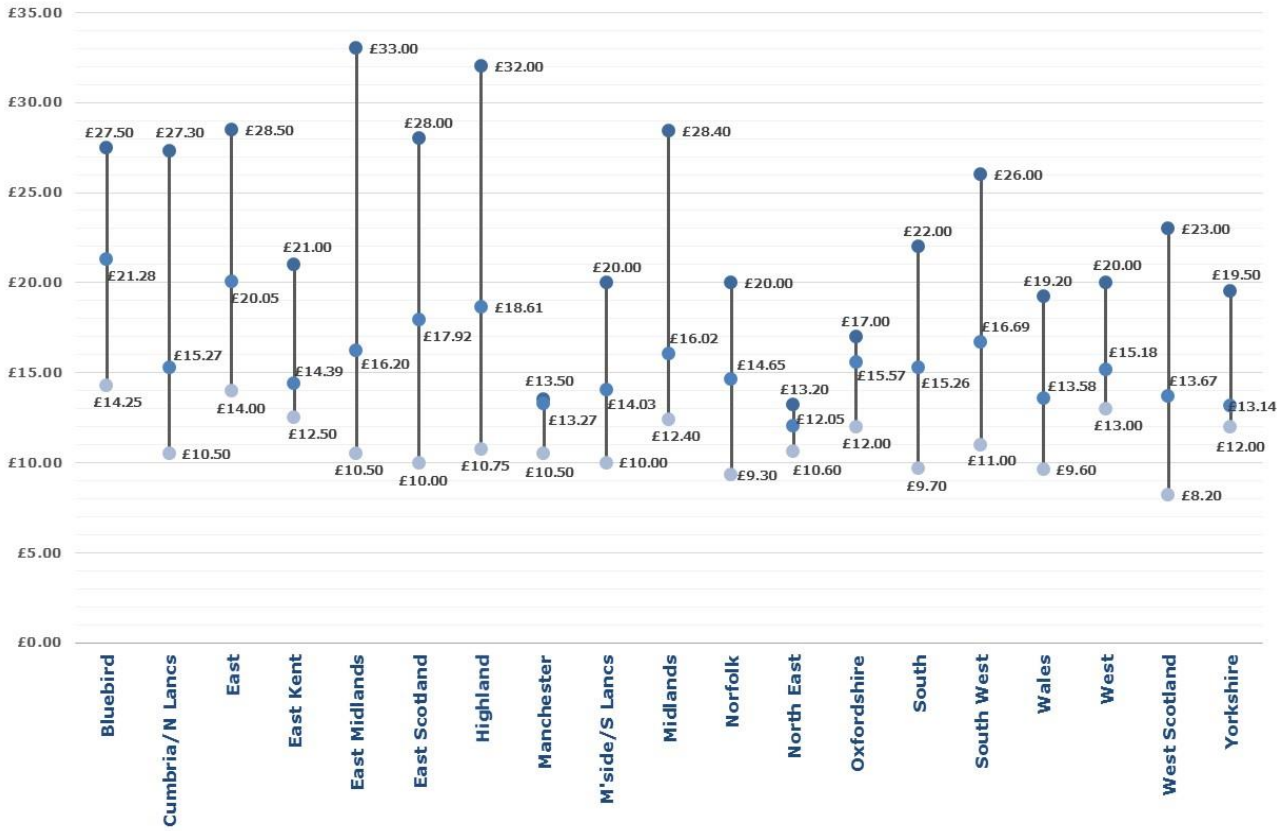


Figure AA: Stagecoach Weekly Tickets



5.13 Transdev

5.13.1 Figure BB to Figure DD illustrate the range of Transdev single, day and weekly fares by operator.

- Except at Yorkshire Coastliner, there is barely any difference in single fares for the same distance;
- The highest mean single fare is at Harrogate (£2.86) and the lowest at Coastliner (£2.33);
- Coastliner distorts the overall picture for day and weekly tickets but nonetheless day tickets are higher priced than other operators on average, while weekly tickets vary little from the norm;

Figure BB: Single Fares on Transdev

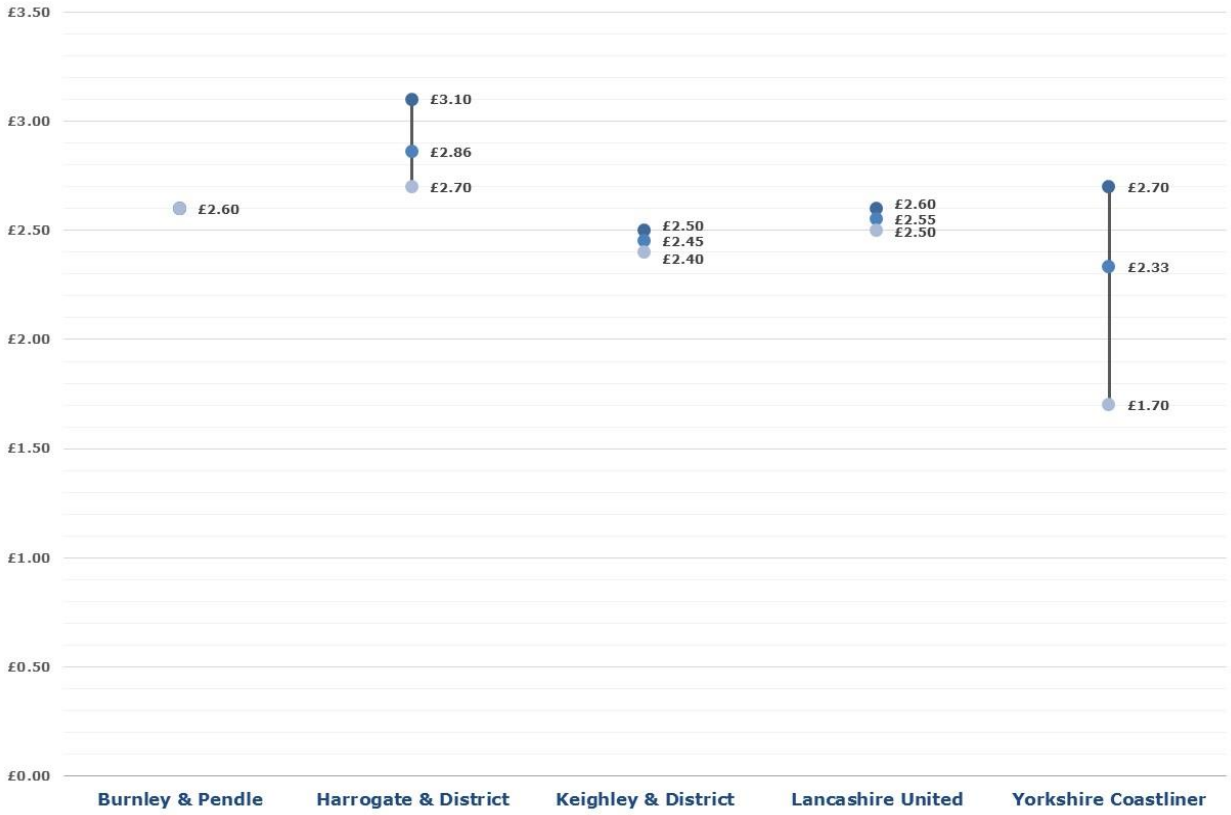


Figure CC: Day Tickets on Transdev

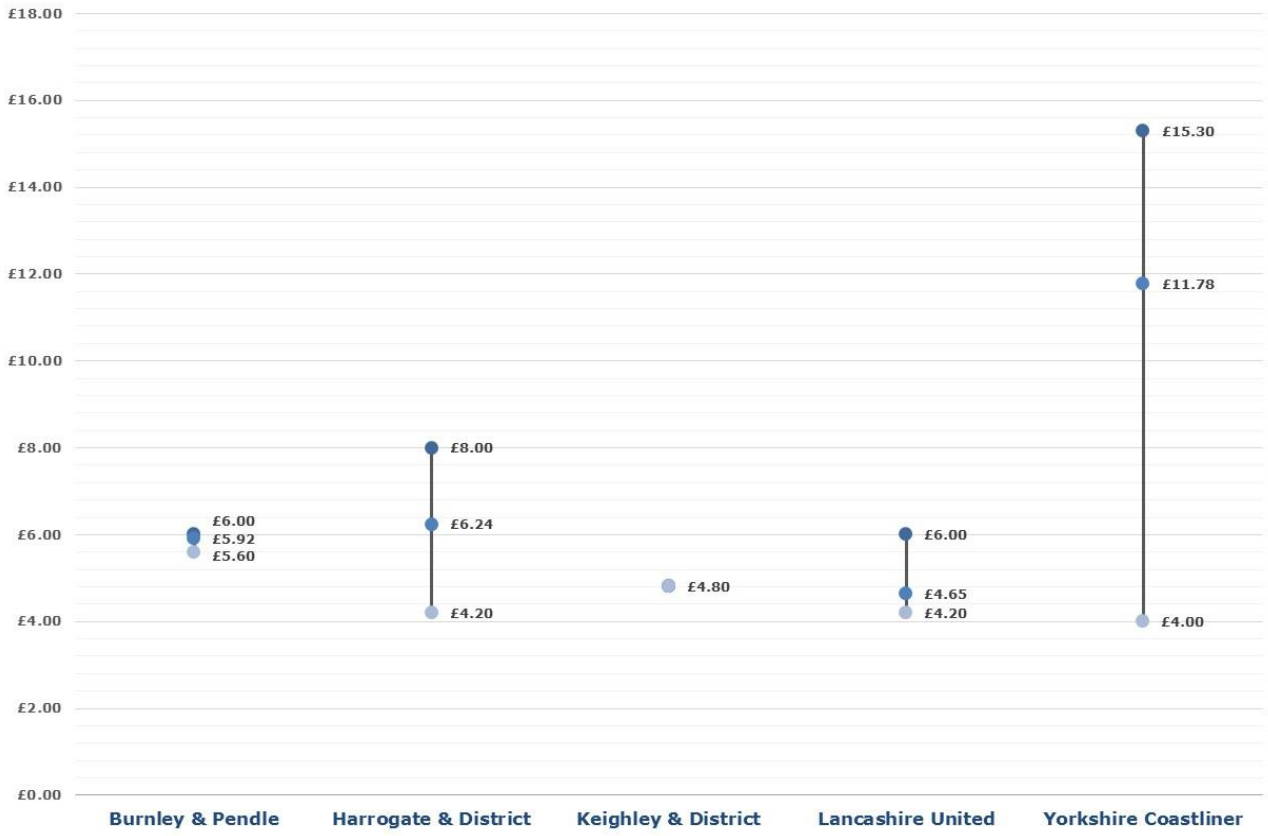
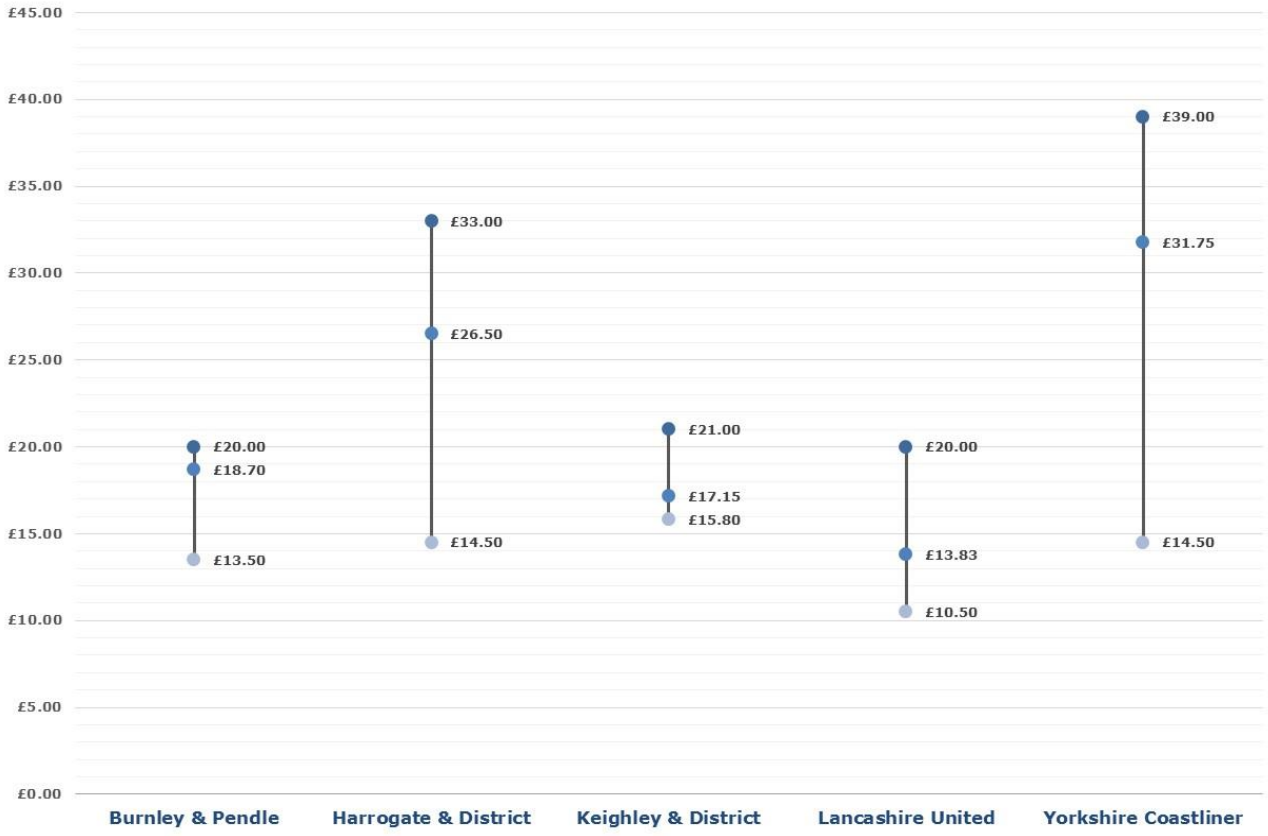


Figure DD: Weekly Tickets on Transdev



5.14 Summary

5.14.1 In the tables below we summarise the lowest and highest priced single tickets, the lowest priced day and weekly tickets together with operator and their location.

5.14.2 Note that comparison of the most expensive day and weekly tickets would be unfair as most of these cover a far wider area than the sample journey.

Table 8: Lowest and Highest-Priced Single Fares over 3 Miles

Rank	Value	Operator	Place
Lowest Price			
1	£1.10	Stagecoach	Hull
2=	£1.20	First	Glasgow
2=	£1.20	Leask's	Lerwick
2=	£1.20	Lloyd's	Aberystwyth
2=	£1.20	Stagecoach	Glasgow
2=	£1.20	Stagecoach	Dumfries & Galloway
Highest Price			
1	£4.00	First	Falmouth
2	£3.80	First	Manchester
3	£3.70	Go South Coast	Wareham
4	£3.60	Stagecoach	Hythe
5	£3.50	Go South Coast	Isle of Wight

Table 9: Lowest-Priced Day Tickets

Rank	Value	Operator	Place
Lowest Price			
1	£2.00	Stagecoach	Carlisle
2	£2.50	Arriva & Stagecoach	Chester
3	£2.70	Konect Bus	Dereham
4=	£2.80	Go North East	Stanley
4=	£2.80	Diamond	Redditch
4=	£2.80	Diamond	Kidderminster
4=	£2.80	Stagecoach	Irvine

Table 10: Lowest-Priced Weekly Tickets

Rank	Value	Operator	Place
Lowest Price			
1	£5.00	Go South Coast	Southampton
2	£8.00	First	Southampton
3	£8.20	Stagecoach	Irvine
4	£9.20	Stagecoach	King's Lynn
5	£9.60	Stagecoach	Cwmbran

Analysis by Market 6

6.1 Introduction

6.1.1 This section contains our analysis of the 2015 survey data by operating market for each route within the database. These comprise the following four categories:

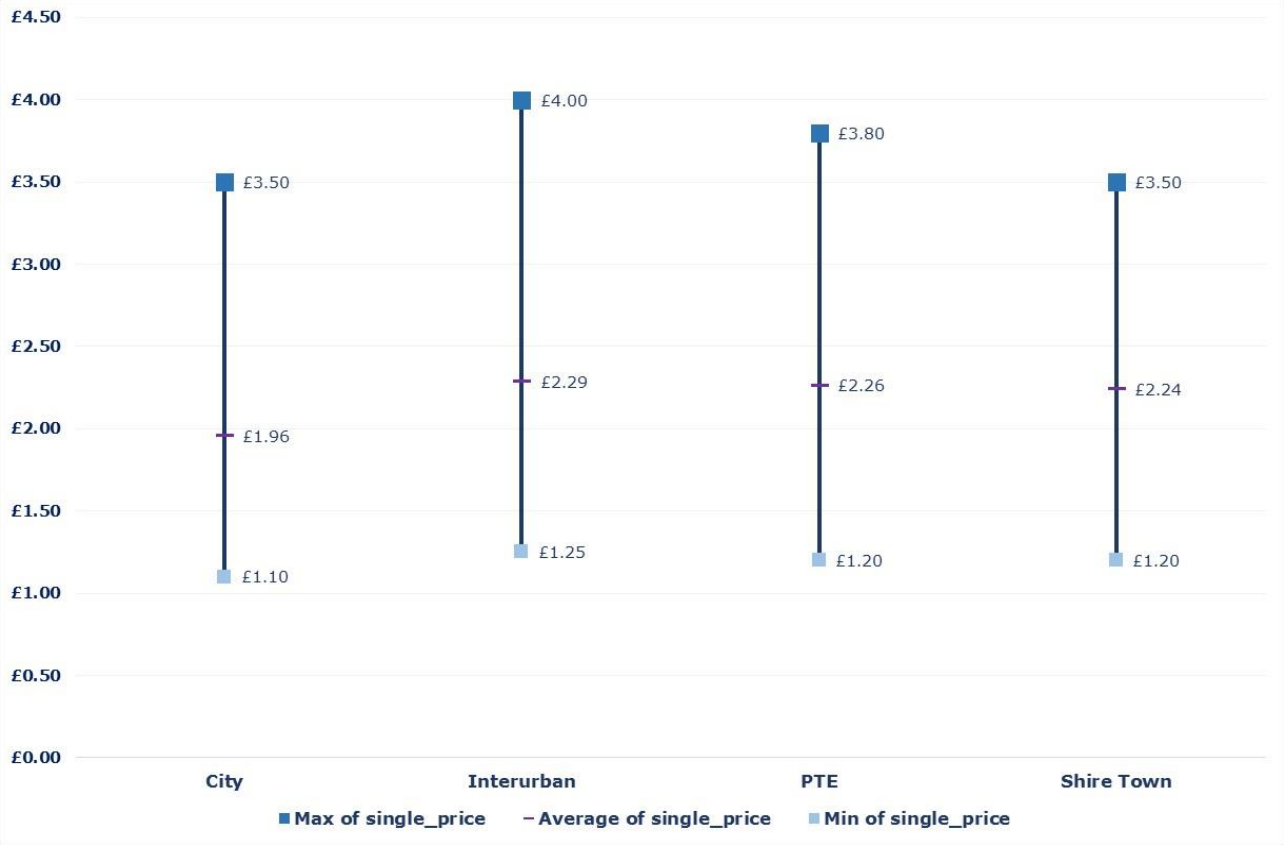
- City – routes from networks which primarily serve cities which are not part of the PTE areas (e.g. Bristol);
- Interurban – routes which primarily link towns and cities (e.g. Nottingham to Derby);
- PTE – routes which primarily operate within PTE (Metropolitan) areas; and
- Shire Towns – routes which primarily start or terminate in towns within the Shire counties.

6.2 Single Fares

6.2.1 The range of adult single fares by market is shown in Figure EE which shows that:

- The City market has the lowest mean single fare (£1.96) – and the lowest single fare within the 2015 survey database (£1.10); these are influenced strongly by the £1.50 fares at First Bristol and Lothian.
- The interurban market has the highest mean single fare (£2.29) and the highest single fare within the 2015 survey database (£4.00);
- Mean fares in shire towns, PTE areas and interurban markets are broadly similar.
- The range of fares in all markets is considerable.

Figure EE: Range of Single Fares by Market, 2015

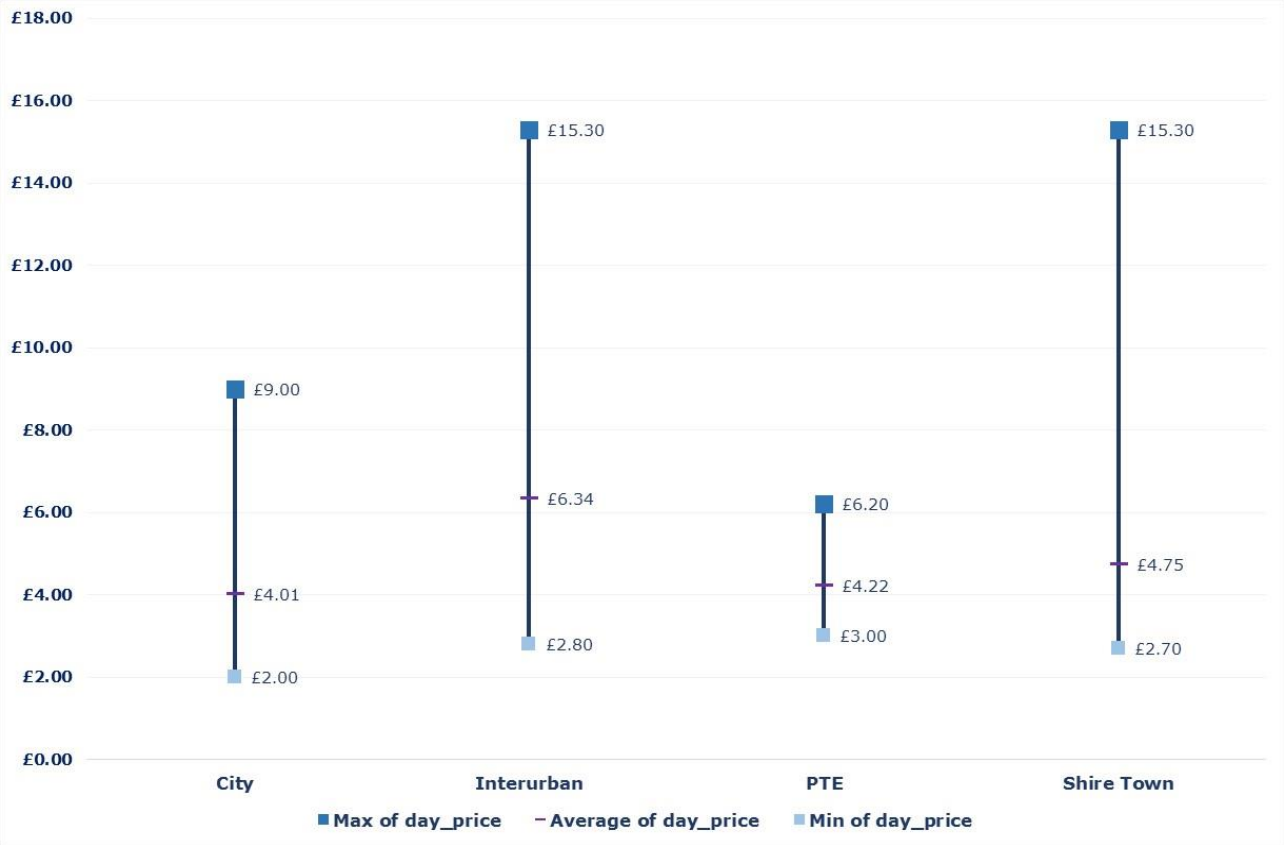


6.3 Day Tickets

6.3.1 Figure FF illustrates the day ticket prices by market. Our analysis shows that:

- The interurban and shire markets jointly had the highest (£15.30) and the City market the lowest (£2.00) priced day ticket;
- The interurban market has the highest mean day ticket price at £6.34, but this includes tickets which cover a very wide area;
- Lowest average prices are in the PTE and City markets;

Figure FF: Range of Day Ticket Prices by Market

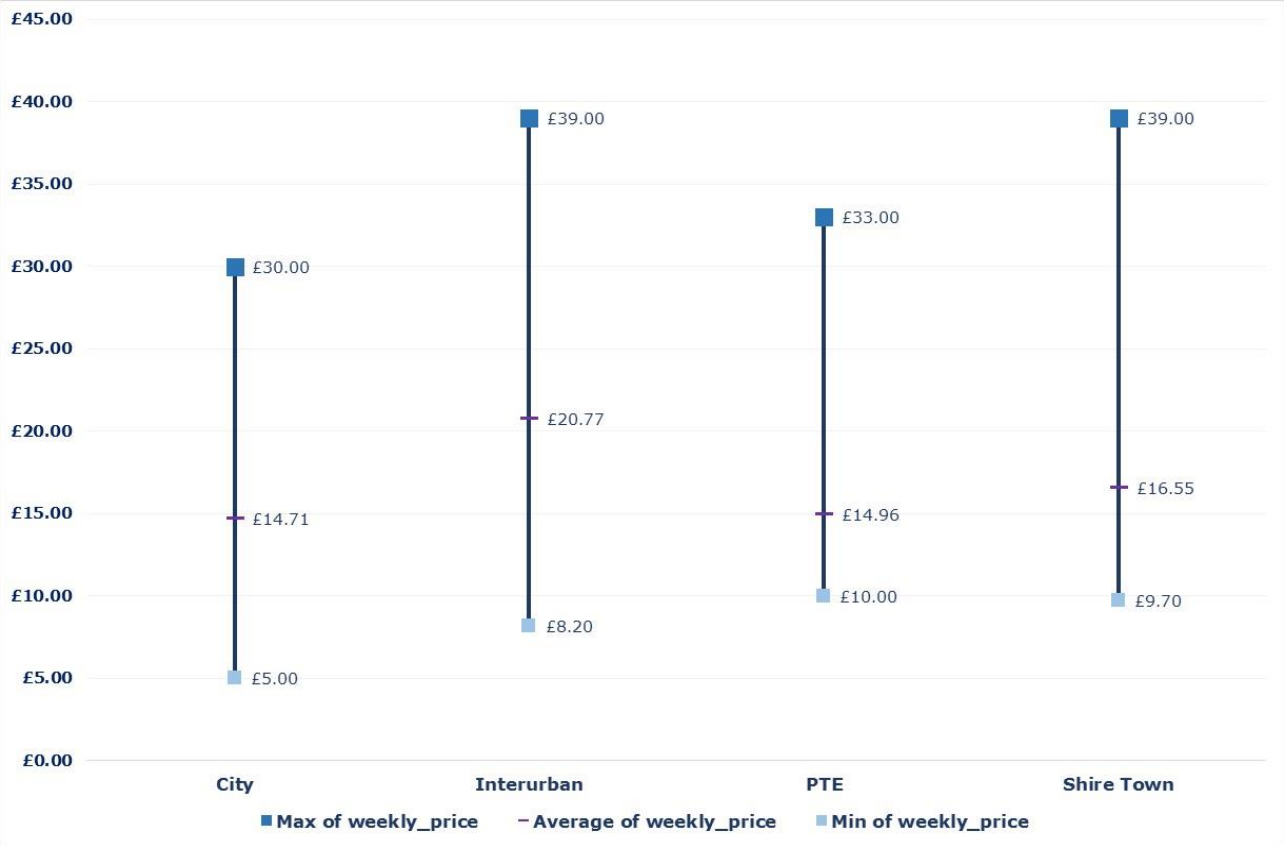


6.4 Weekly Tickets

6.4.1 Figure GG illustrates the range of weekly ticket prices by market:

- As with day tickets the interurban and shire town markets share the most expensive ticket, while the cheapest is in the city market;
- Mean price is again much higher in the interurban market;
- Mean prices in City and PTE markets are broadly similar.

Figure GG: Range of Weekly Ticket Prices by Market



Analysis by Region 7

7.1 Introduction

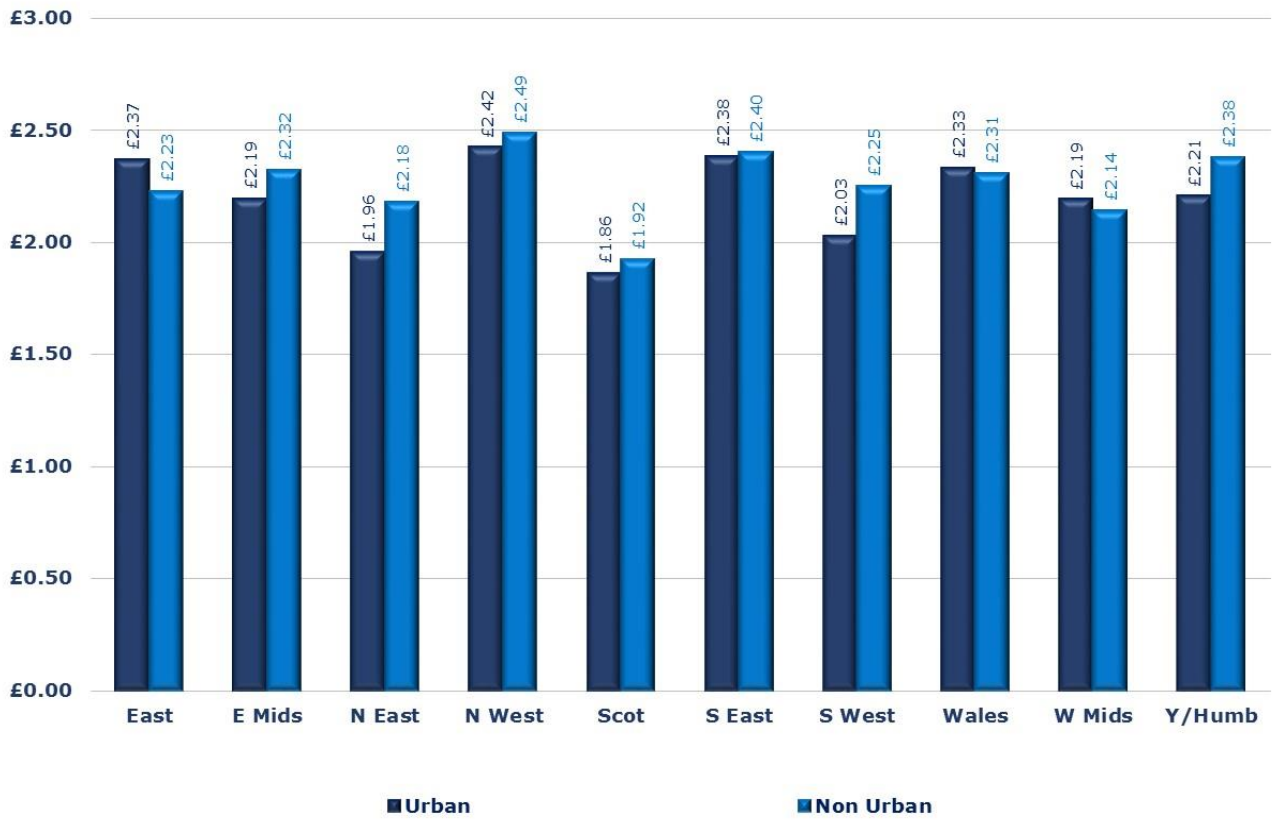
7.1.1 This section contains our analysis of fares data by region. The regions represent the former Government Office Region (GOR) boundaries, of which there were nine in England, alongside Scotland and Wales. Greater London is excluded from our analysis.

7.2 Single Fares

7.2.1 Mean single fares by region are shown in Figure HH and further sub-divided into urban and non-urban fares. The North East and South West are the only regions with significantly higher non-urban than urban fares.

7.2.2 There is significant variation by region, with mean fares in the North West highest of all and Scotland's mean fares notably lower than elsewhere. This is skewed downwards by Lothian Buses' £1.50 flat fare.

Figure HH: Mean Single Fares by Region

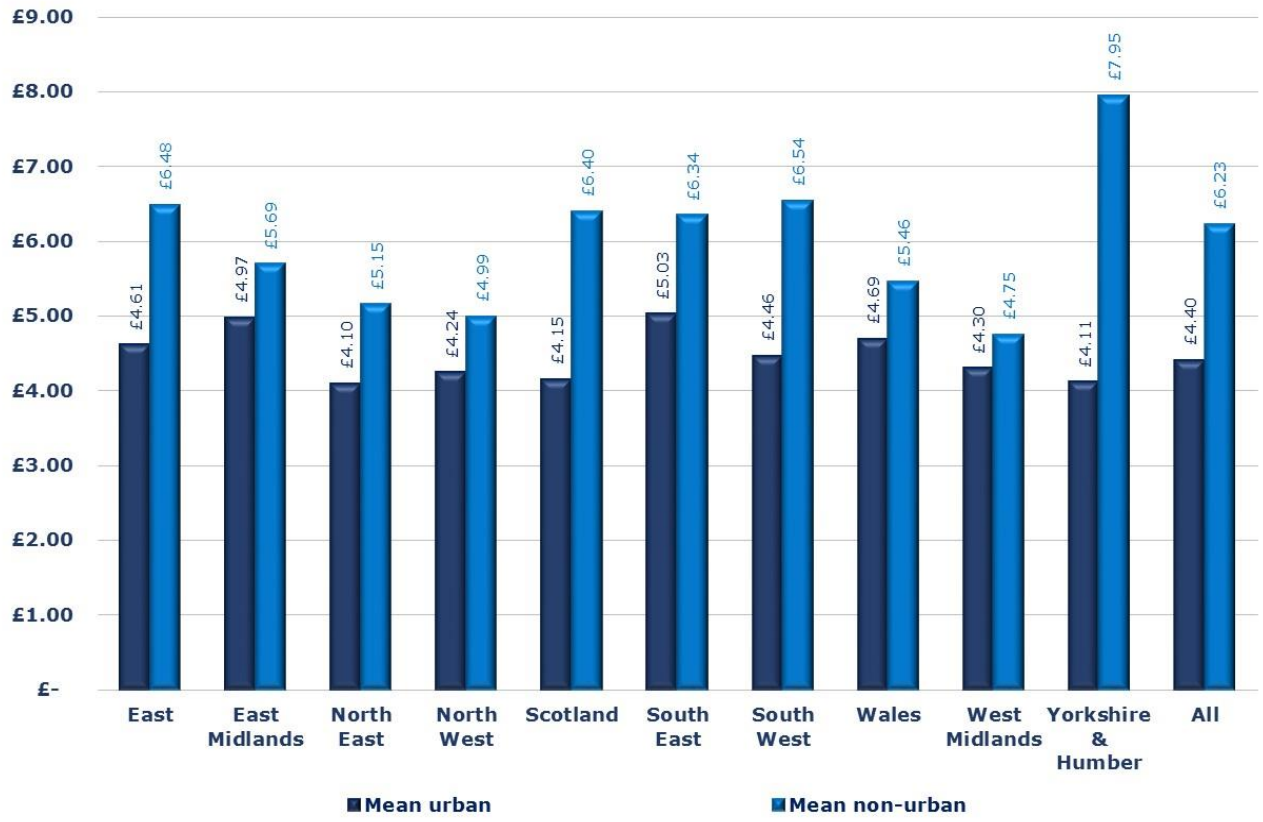


7.3 Day Tickets

7.3.1 Figure II shows mean day ticket prices by region and again split by urban and non-urban. There is a greater difference here between urban and non-urban as non-urban day tickets tend to be geared to longer (and hence more expensive) journeys.

7.3.2 Note that while the North West has the highest single fares its day tickets are, on average, amongst the cheapest. Day ticket pricing shows a distinct north-south divide with higher prices in the south.

Figure II: Mean Day Ticket Prices by Region

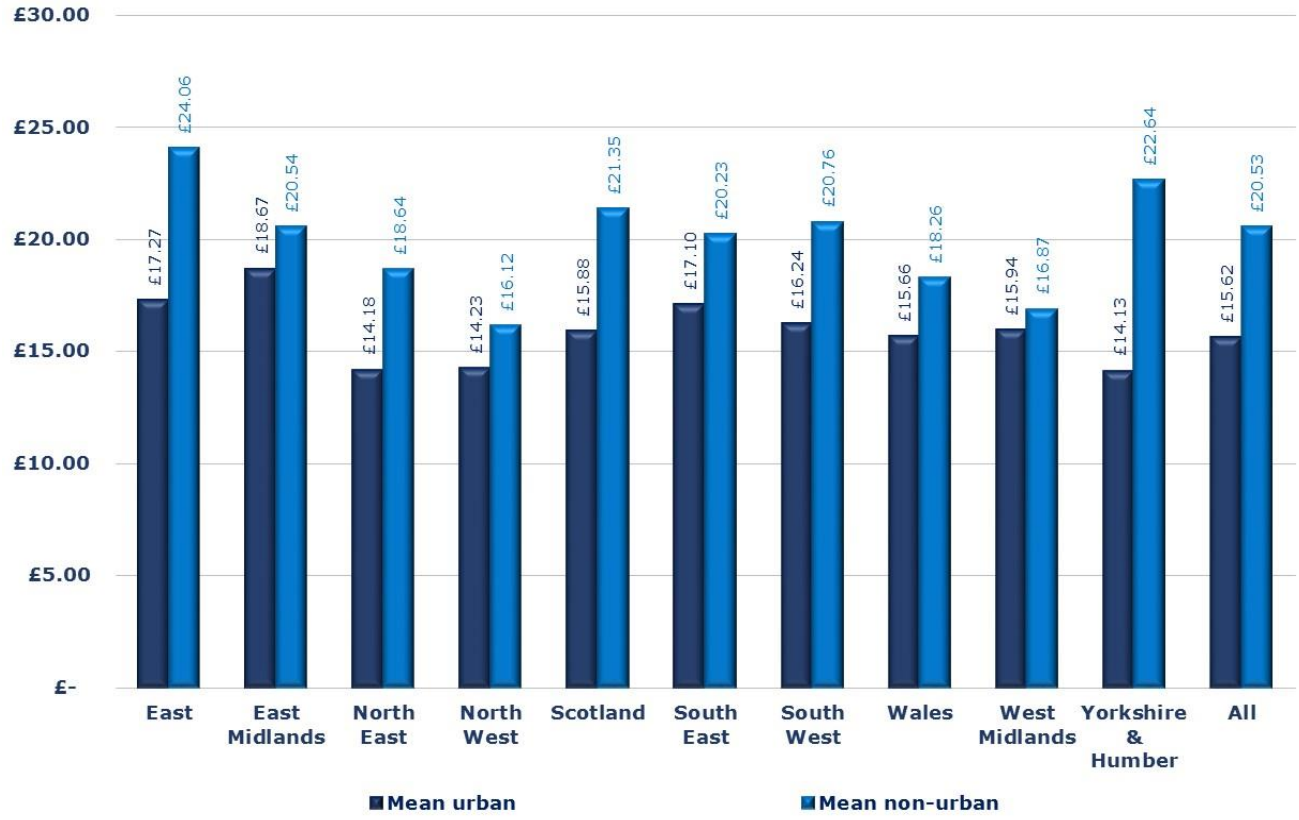


7.4 Weekly Tickets

7.4.1 Figure JJ shows mean weekly ticket prices by region and again split by urban and non-urban. There is not as great a difference here between urban and non-urban as there was for day tickets, but there is still a premium to be paid by non-urban passengers.

7.4.2 Note again that while the North West has the highest single fares its weekly tickets are overall the cheapest. There is little evidence here of any north-south divide in weekly ticket pricing.

Figure JJ: Mean Weekly Ticket Prices by Region



Trends 8

8.1 Introduction

8.1.1 This being our fourth fares survey it is now possible to look at some trend figures since the first survey in 2009. Table 11 below shows the results for the four successive surveys.

Table 11: Trend in Average Fares Since 2009

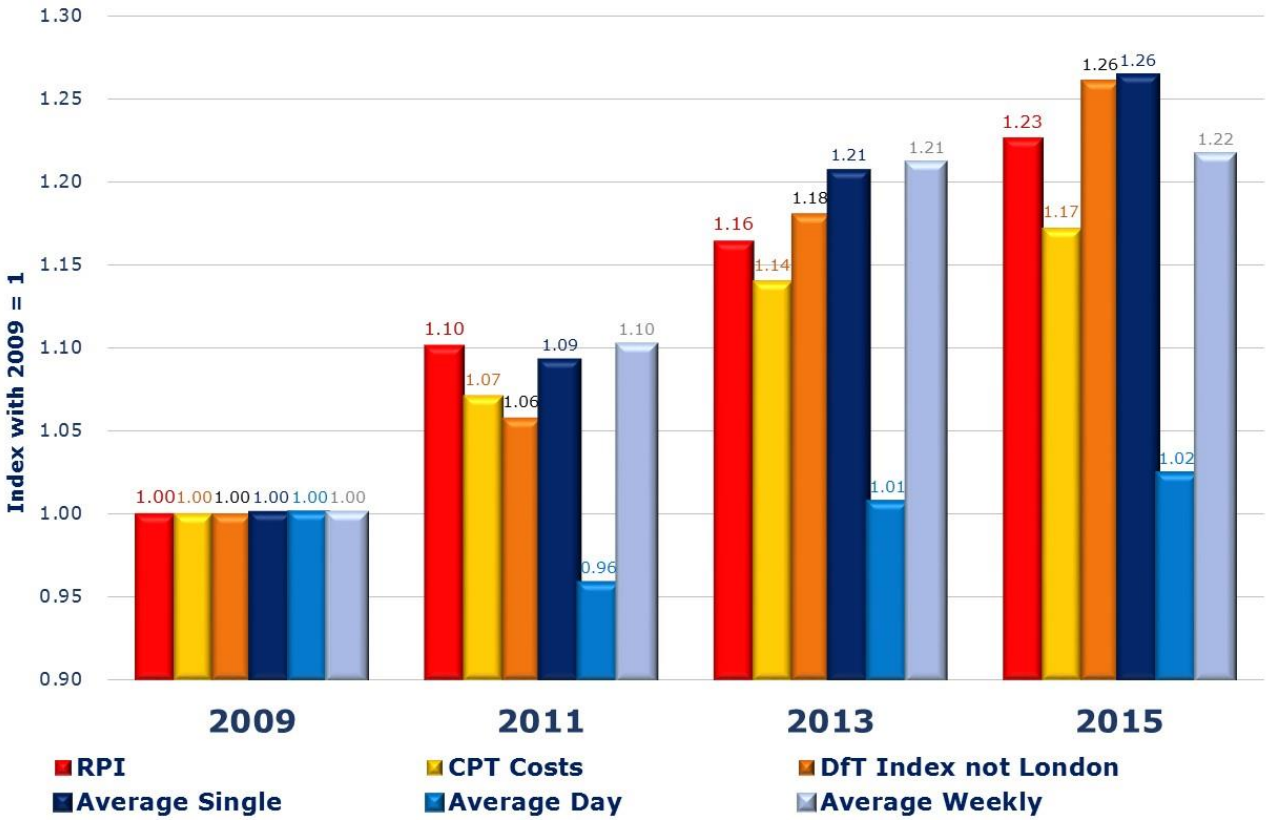
	2009	2011	2013	2015	Increase since 2009	Increase since 2013
Average Single	£1.75	£1.91	£2.11	£2.21	26.3%	4.5%
Average Day	£4.72	£4.52	£4.75	£4.83	2.3%	1.7%
Average Weekly	£13.77	£15.16	£16.67	£16.74	21.6%	0.4%

8.1.2 Figure KK below indexes the changes to average fare against the increase in Retail Price Index, the CPT's reported increases in unit bus operating costs and the DfT's fares index for English fares outside London. Single fares have risen 3% ahead of RPI, day tickets well below the rate of inflation and weekly tickets broadly in line with RPI. The DfT index follows increases in single fares most closely, while overall we show a somewhat slower rate of increase.

8.1.3 Although the CPT figures show unit costs being held below inflation and an industry apparently well in control of its costs, largely as a result of low wage awards and reduced volatility in fuel price, our work with operators shows clearly that **total** operating costs continue to climb.

8.1.4 The main driver of this cost increase is traffic congestion, which has a pernicious effect on bus operations. Buses are slower and hence less attractive to users, causing passenger loss while at the same time needing more resource (buses and drivers) to provide the same level of service. Stagecoach Manchester has reported that **one in ten** of its fleet is there purely to cope with traffic congestion. Thus we have increased cost and fewer passengers to pay fares to cover the increased cost. All this offers (well-reported) difficult trading conditions.

Figure KK: Changes Relative to 2009



8.1.5 Figure LL to Figure NN show trends by operator group for the mean single, day and weekly ticket prices. The largest increases occurred almost universally between 2011 and 2013 after the cut in BSOG.

8.1.6 While single fares have risen steadily, the same cannot be said of day and weekly tickets which in some cases have barely risen in price at all since 2009.

8.1.7 In certain areas Arriva has revised its ticket range with some new locally-focussed day and weekly ticket options which see its mean day and weekly products reduce in price between 2013 and 2015. These figures are perhaps a little unfair on Transdev as its results spring from a very small sample of fares and thus are subject to greater variance.

Figure LL: Change in Mean Single Fares by Operating Group Since 2009

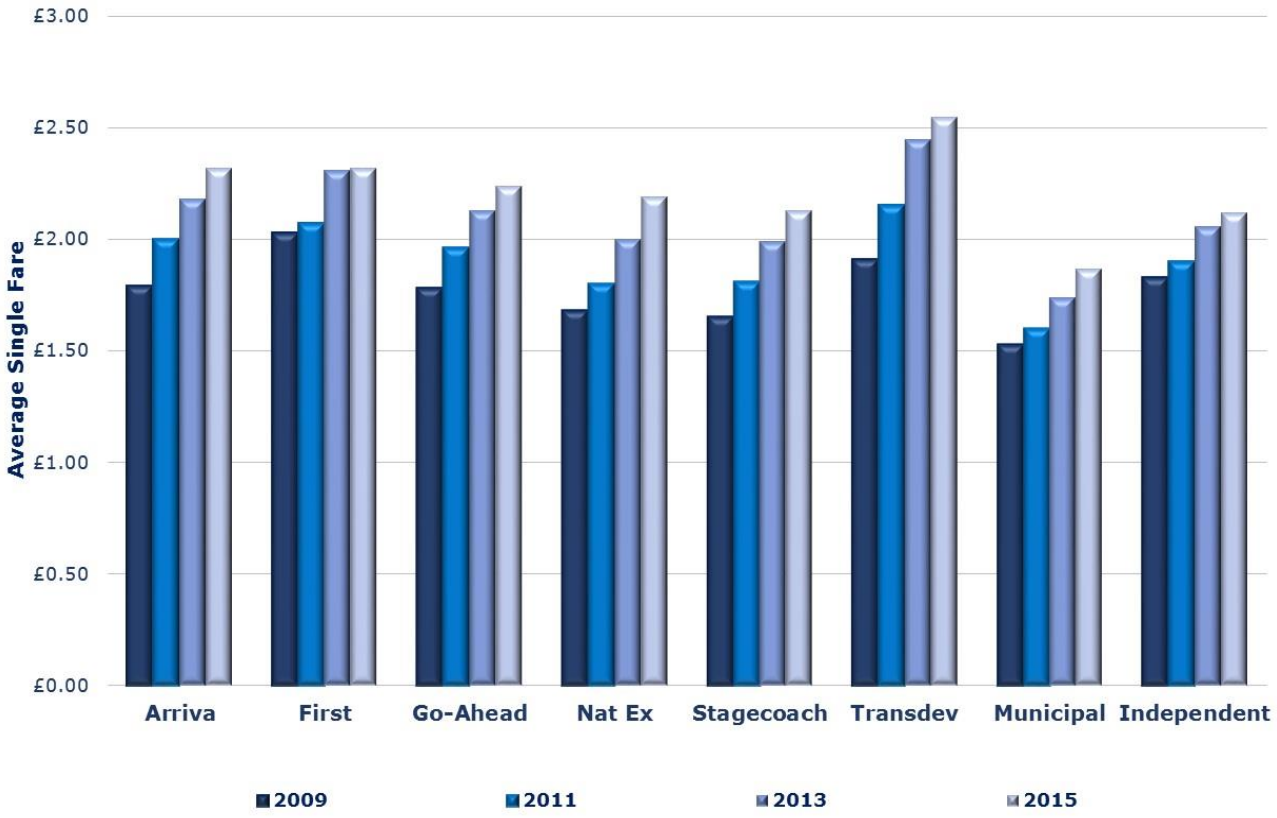


Figure MM: Change in Mean Day Ticket Prices by Operating Group Since 2009

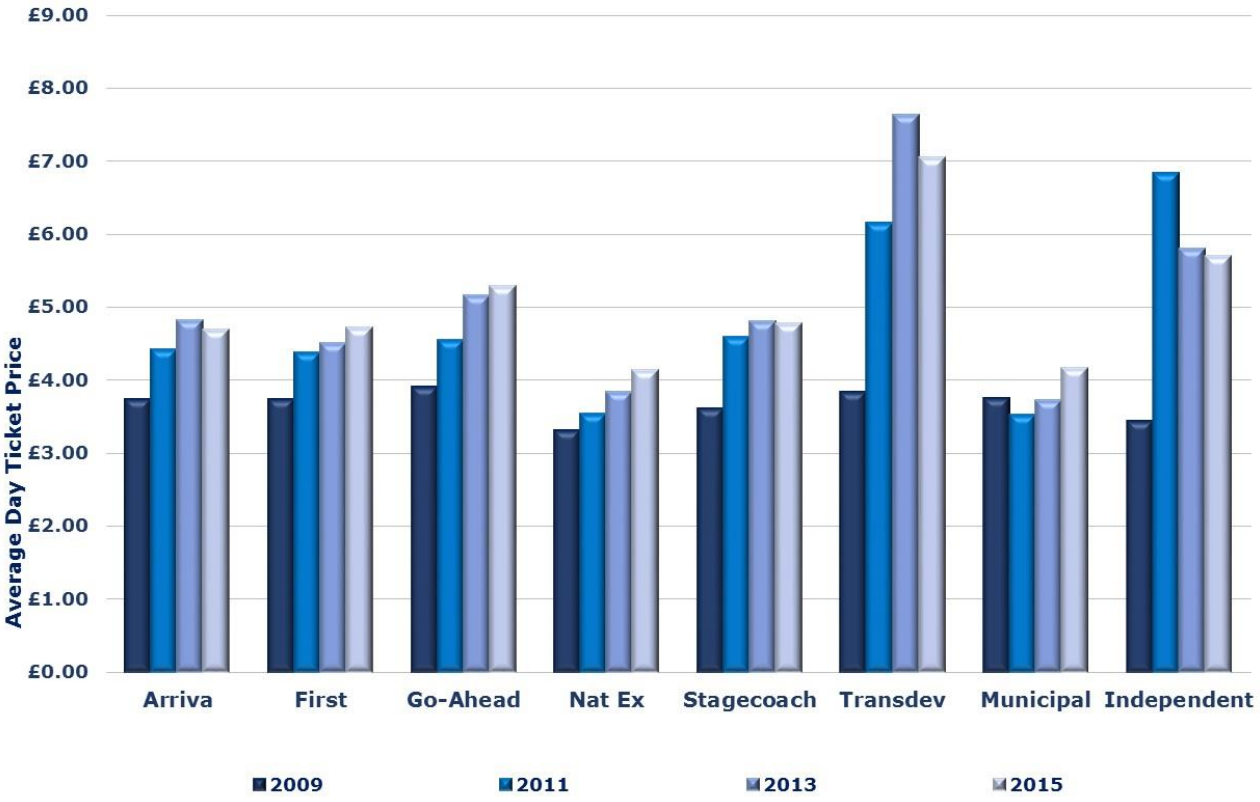
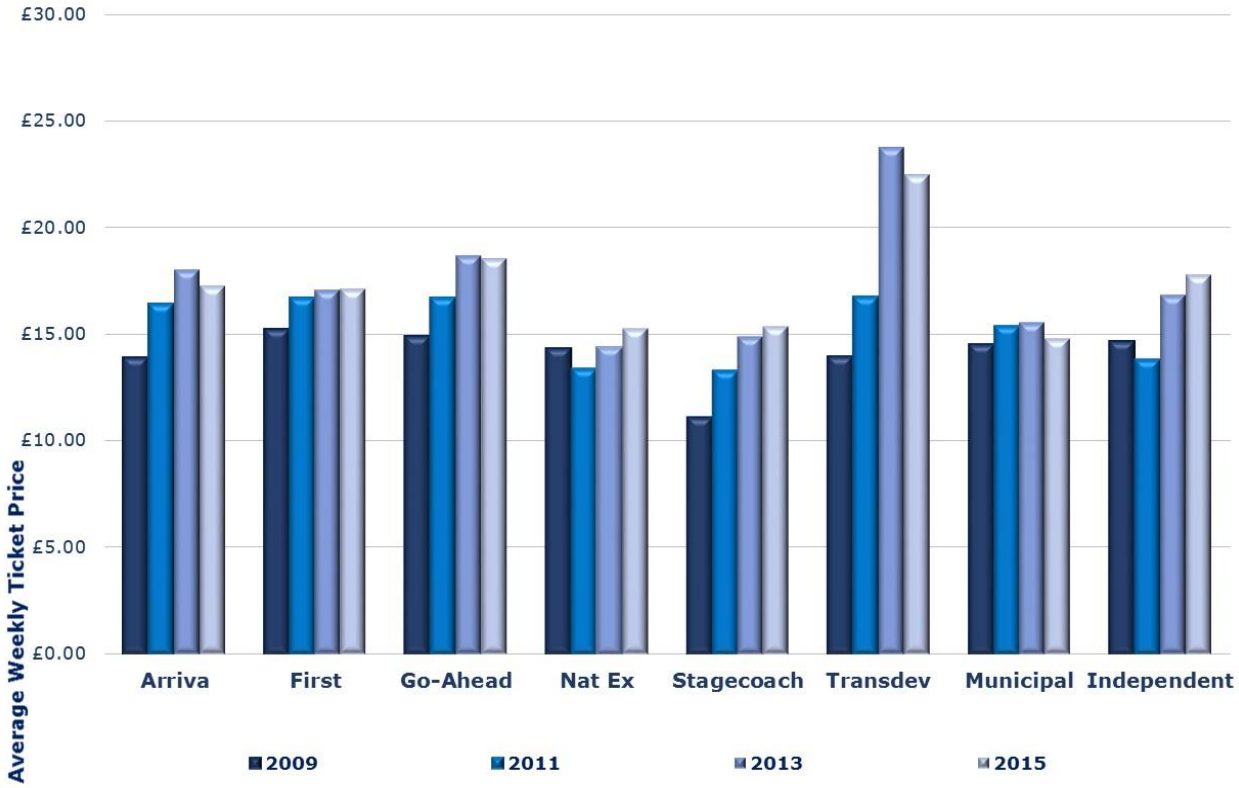


Figure NN: Change in Mean Weekly Ticket Prices by Operating Group Since 2009



Multi Operator Tickets 9

9.1 Introduction

9.1.1 As part of the survey we researched whether there was a multi-operator ticket available covering the trip included as a sample as a simple yes/no flag. The availability of multi-operator tickets is often talked down for political purposes but in truth many of these products have been available for years. There is of course a fundamental question in relation to multi-operator tickets and that is simply if there is only one operator there is no reason to have or demand for a multi-operator ticket.

9.1.2 Overall, **70% of the sample trips had a multi-operator alternative**, but this does vary by market, operating group and region:

- **There is 100% availability of multi-operator tickets in PTE areas;**
- And 79% in the Yorkshire and Humber region;
- But only 53% in Wales and
- For only 43% of trips in the interurban market.

Details are shown in Figure OO to Figure QQ below:

Figure OO: Percentage Availability of Multi-Operator Tickets by Market

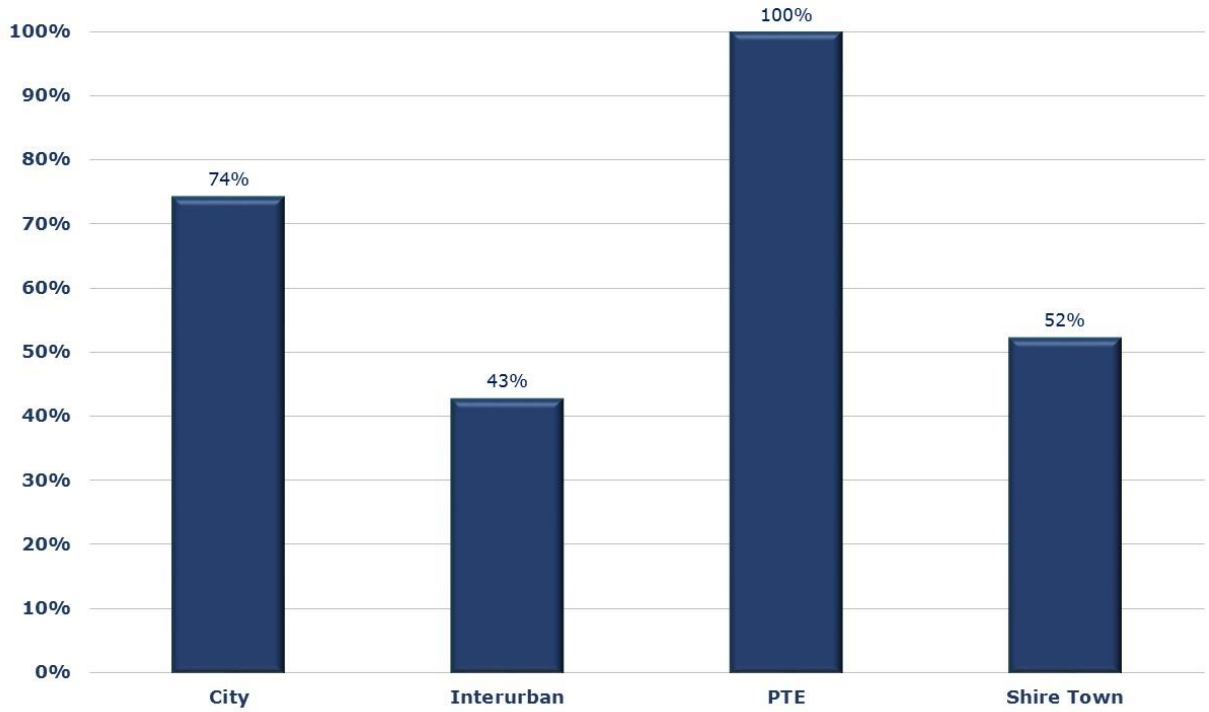


Figure PP: Percentage Availability of Multi-Operator Tickets by Region

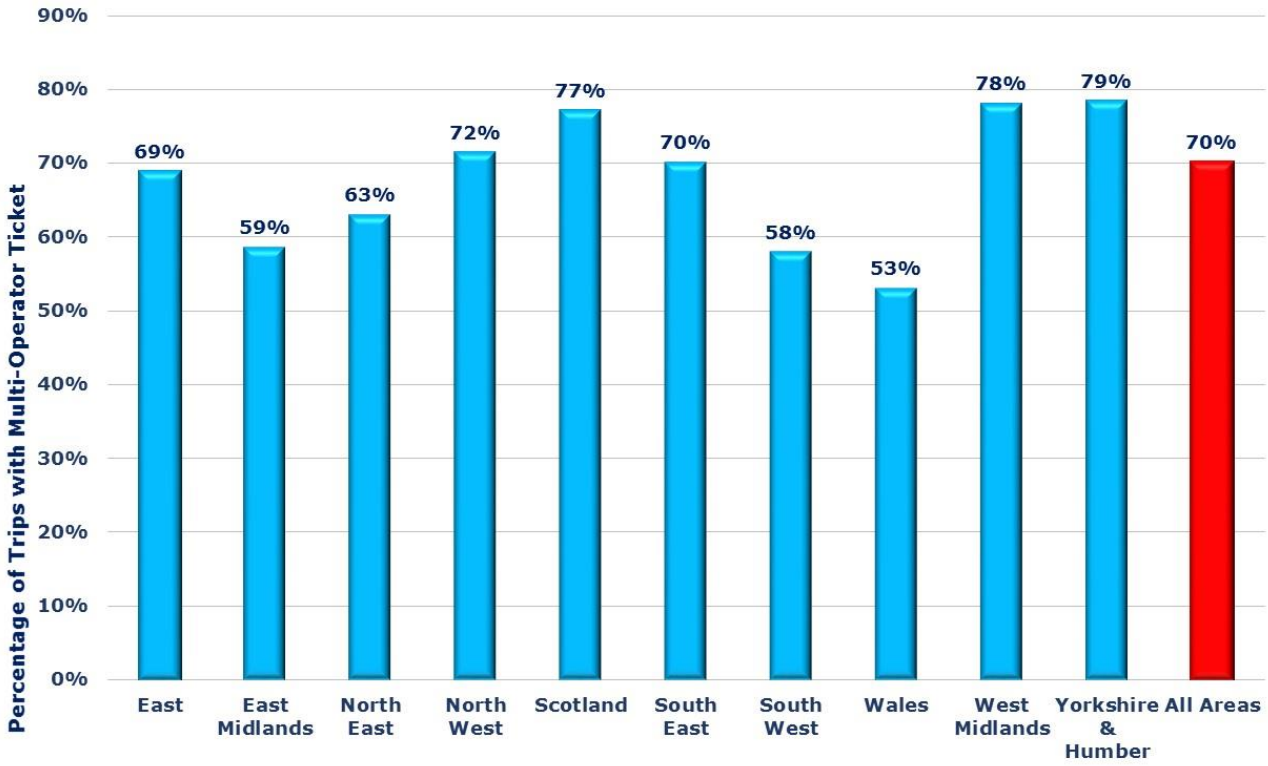
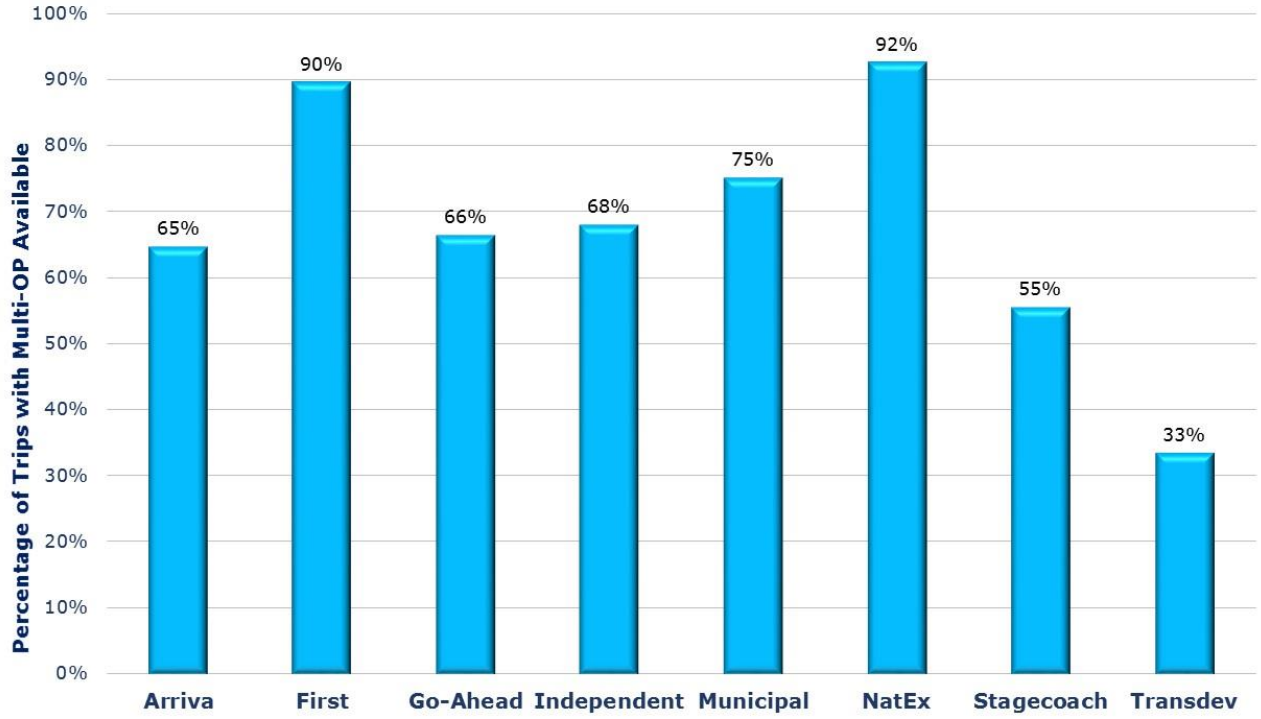


Figure QQ: Percentage Availability of Multi-Operator Tickets by Operating Group



Smart Ticketing 10

10.1 Introduction

10.1.1 This is a new section for the 2015 National Fares Survey. The purpose of this section is to look at the availability of both smartcards and M-Tickets. Smartcard availability includes those developed by other organisations such as PTEs as well as the operators themselves. M-Tickets are still principally operator led, with local authority-driven schemes remaining largely faithful to the smartcard.

10.2 Analysis

- **Overall 723 sample trips (70%) had a smartcard as a ticketing option whilst 511 (50%) had an M-Ticket as a ticketing option.**

10.2.2 Some operators have been long-term users of smartcard technology including EYMS, Nottingham City Transport and Trentbarton. Go-Ahead and Stagecoach have developed smartcards for use on their rail franchises as well as bus operations.

10.2.3 As can be seen from Figure RR, Arriva and First have developed mobile ticketing as their main e-ticket platform. Go-Ahead has looked to provide both options across its operations, although East Anglia's smartcards were recently withdrawn and in November 2015 Carousel operations had yet to offer either of the options. The only Arriva operation not to offer mobile ticketing was Yorkshire Tiger whilst the former Norfolk Green operation was the only part of Stagecoach yet to offer the Stagecoach Smart smartcard. First's only large-scale take-up of its smartcard application is in Bristol.

10.2.4 Figure SS shows the difference by market type of the availability of smart ticketing. Strathclyde is the only 'PTE' which does not offer its own smartcard product including bus travel (although it does have a Subway smartcard), whilst two out of the three main operators in the Strathclyde area do not offer smartcards but all three offer m-tickets. In Manchester, the multi-operator and multi-modal 'Get Me There' ticket is used in smartcard form on the bus but m-ticket on Metrolink trams.

10.2.5 The promotion of each type of smart ticketing by the groups has an effect on the regional penetration of each type as can be seen in Figure TT. The East Midlands in 2015 showed a low market penetration by m-tickets as its 'big three' operators favoured smartcards, as does the multi-operator scheme in Nottingham.

10.2.6 Whilst smartcards have been in existence longer than mobile ticketing, it would appear from our sample that the latter seems to have been accepted,

developed and introduced far more quickly despite the political emphasis on the former.

Figure RR: Smart Ticketing Coverage by Operating Group

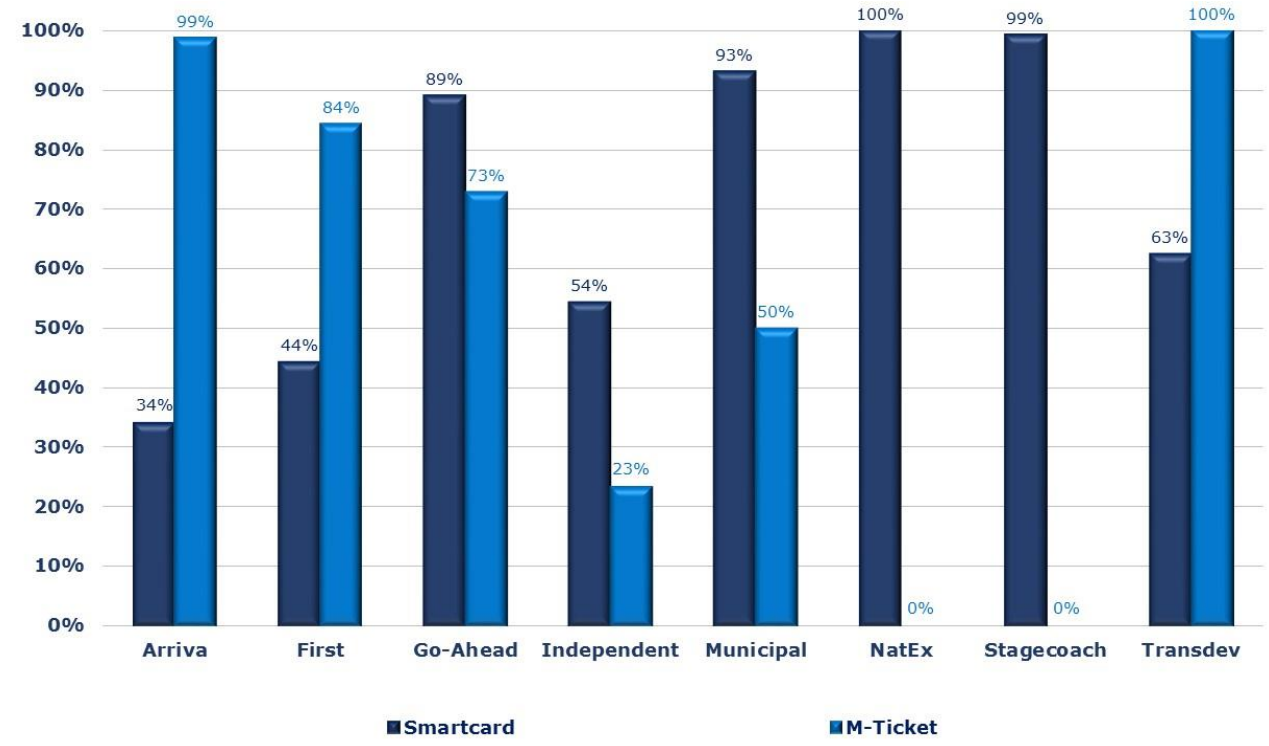


Figure SS: Smart Ticketing Coverage by Market

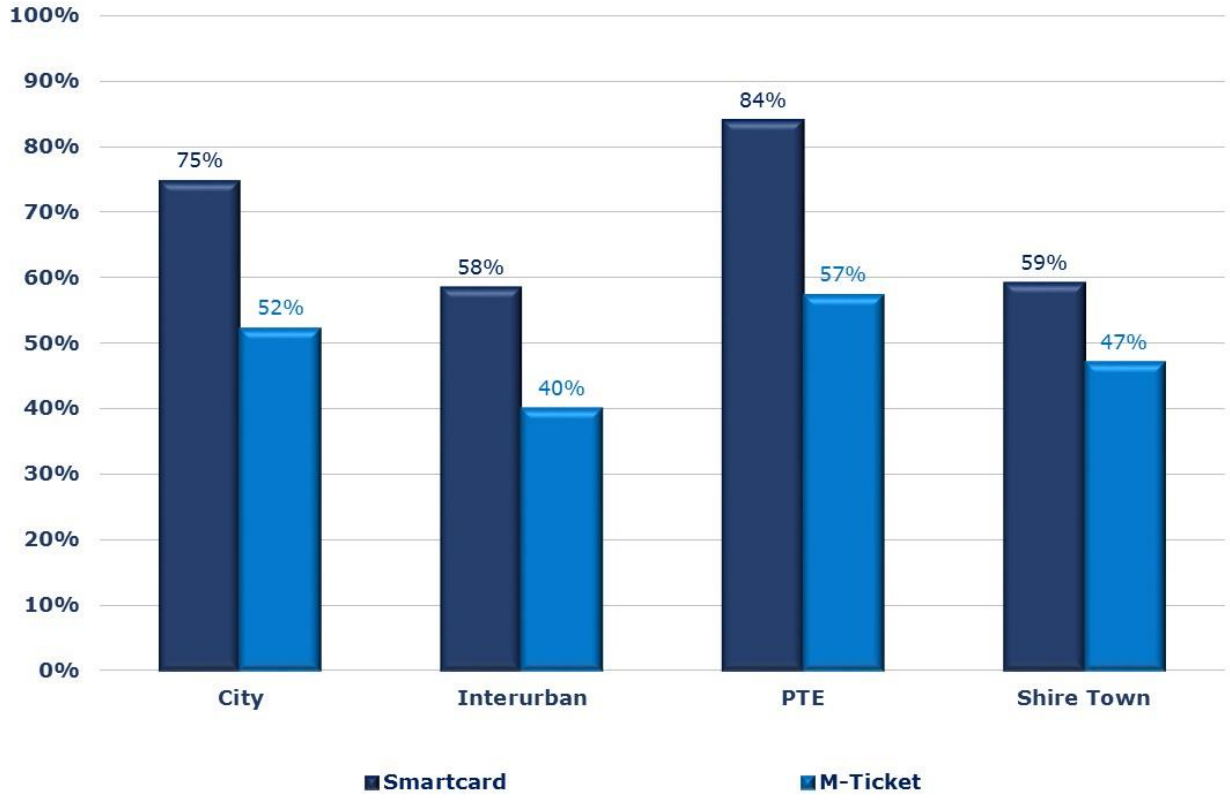
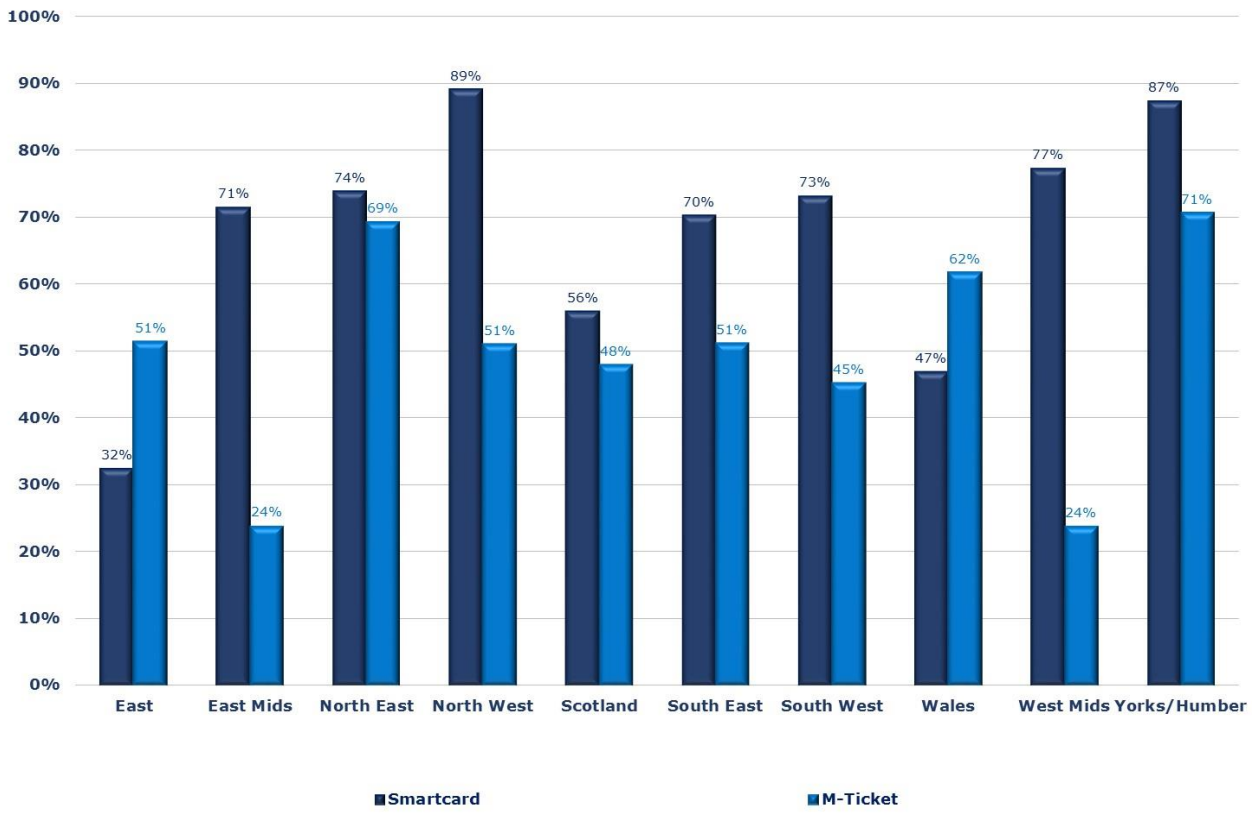


Figure TT: Smart Ticketing Coverage by Region



10.2.7 The use of bank cards as a form of cash payment, or indeed their use as a 'token' representing some form of multi-journey ticket whether bought on or off-bus is in its infancy outside London, where TfL has progressively encouraged the switch away from its highly successful but expensive to administer 'Oyster' system. Somewhat ironic considering the ongoing political pressure and large sums of money spent outside London to progress introduction of multiple local versions of 'Oyster', some of which have spent years in gestation.

10.2.8 The widespread public expectation now that 'wave and pay', or in truth more usually 'press, wait and pay', is the norm for even small transactions will undoubtedly place pressure on bus operators to follow suit and the major operators have promised significant progress in this field during 2017.

Summing Up 11

11.1 Summary

11.1.1 As in previous surveys, there is a large variation in sample three mile single bus fares between £1.10 and £4.00; a range which has actually decreased since our 2013 survey partly as a result of some 'expensive' 2013 operators ceasing to trade and the withdrawal from the sample of all of the very low values below £1. The spread of fares is fairly continuous therefore we are happy with the use of mean values to represent a 'typical' fares. However, it remains our assertion that there has never been a 'standard bus fare' across GB for a three mile journey and this continues to be the case.

11.1.2 There is still a tendency for higher fares in less urban areas. Municipal operators tend to charge lower-than-average for single fares, but provide less discount for period-based tickets; and of the major bus operators, Stagecoach and now First generally offer the greatest discounts for day and weekly tickets. The challenge for all operators is to maintain acceptable profitability levels given the likely continuing fall in ridership (certainly short-term) and the relentless increase in total operating costs.

11.1.3 It would be reasonable now to suggest that the 'Day' ticket has long exceeded its target of replacing return fares. As can be seen from our analysis – and certainly with Go-Ahead and some Municipal operators – that more trips are generally expected from a Day ticket than the two we use to benchmark the level of discount against purchasing multiple single fares. The DfT's concessionary fares toolkit suggests 3.5 trips as typical for a day ticket – our analysis suggests that pricing is some way off this level but now somewhat greater than twice the single – except of course, that day tickets are likely to cover wider areas where their value is higher against higher single fares.

11.1.4 Weekly tickets can have their limitations based on journey purpose and timings. Our survey focuses on the majority of journeys that go from A to B and back and, in most cases, those who travel at least four days per week make savings by moving to a weekly product. Other beneficiaries, of course, are those making regular trips using more than one service; and Day tickets represent good value for these trips too.

11.1.5 If there are two areas of ticketing where operators come under political pressure it is for introduction of smartcards and multi-operator tickets. Although it can be argued, not least by TfL, that the smartcard is yesterday's technology, a significant number of trips in our survey do have a smart alternative while over half have a mobile ticket option. Multi-operator tickets cover all trips in PTE areas and high numbers of areas outside too.

11.1.6 With significant pressures on public sector revenue expenditure on local bus services – including the total withdrawal of supported services in some areas

and continued pressure on BSOG to mitigate the full cost of fuel – and the benefits that car drivers have continued to have through lower fuel and duty prices, the bus industry faces a challenging short- to medium-term future in keeping bus fares levels that are both affordable in the context of living costs and competitive against private transport.

11.1.7 In the end, income must exceed operating cost and with a decreasing amount of public spending those costs increasingly have to be borne by the passenger.

11.2 Looking Ahead

11.2.1 Part of the requirement of the Bus Services Bill in England will be for operators to publicise more information relating to fares and tickets above and beyond what they currently do. Most of the operating groups covered here have UK-wide coverage – so there is a reasonably strong likelihood that whatever needs to be developed within the English bus market to meet new statutory requirements will almost certainly be rolled out to Scotland and Wales as a result of economies of scale.

11.2.2 As we see in Section 10 – which considers coverage of e-Ticketing from our survey sample – both smartcards and mobile ticketing (m-Ticketing) already have considerable presence in the UK bus market.

11.2.3 Payment of fares by bank card is coming and, as with most retailers, will surely become as regular as a cash transaction. The majority of weekly tickets fall under the £30 'wave and pay' limit so the convenience of being able to step on a bus and buy a weekly ticket will continue.

11.2.4 What is likely, however, is that there will almost certainly be a role for the cash payment and paper ticket at least until the passenger market is willing to fully embrace new ticketing options and technologies. Far from all passengers have a bank account, many of those who do have yet to receive 'wave and pay' bank cards and an ever lower proportion possess smartphones.