

## **Making bus service registration digital by default and mandating the provision of fares and punctuality data**

### **Department for Transport**

### **RPC rating: fit for purpose**

The IA is now fit for purpose as a result of the Department's response to the RPC's initial review. As first submitted, the IA was not fit for purpose.

### **Description of proposal**

Although the majority of bus services have data on punctuality and fares, there is currently no requirement to publish this information. The proposal will amend the Transport Act 1985 to make the release of data mandatory and thereby increase transparency in the bus market. The Department also intends to improve the IT system used to register bus operators in order to meet the Government's 'digital by default' initiative. Currently 75% of bus operators still register through the paper service.

The Department expects that releasing data will result in improvements in bus services, as consumers are more likely to make use of this information and demand for the better services will increase. Third parties such as journey planning websites and apps may also have an interest in these data, as they can contribute to improving the accuracy of their journey time and price estimations.

### **Impacts of proposal**

#### *Direct business costs*

All buses will need to have automatic vehicle location (AVL) devices in order to comply with the new requirements. Although 90% of buses in England outside London already have such devices, the remaining 10% will need to be fitted with them. The Department estimates that this will impose a direct one-off cost to bus operators of £3.5 million.

All bus operators will need to report the data to the local transport authorities. The Department has estimated that bus operators will spend approximately one hour per week reporting at a cost of £4.9 million to bus operators over the 10 year appraisal period.

The Department also expects bus operators to incur one-off familiarisation costs of £0.02 million.

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### *Wider business and consumer impacts*

The Department expects the proposal to lead to a more effective and transparent service for bus users. The Department has valued the improved service as a benefit to consumers of 2-3 pence per bus journey, which amounts to up to £250 million per year. The Department also expects this to lead to an eventual increase in bus use that is estimated to result in an increase in the profit of bus operators by a total of up to £5 million per year. The Department has acknowledged an expected increase in fuel duty paid by the bus operators that will result from a higher use of buses. The increase is expected to be up to £1.1 million per year. As these effects are indirect, they have not been included in the calculation of the estimated equivalent annual net cost to business (EANCB).

### *Government impacts*

There will be small ongoing costs to government (£0.9 million per year) in the form of processing the data. Also, the IT system used to register bus operators digitally will need to be improved in order to meet the Government's 'digital by default' initiative.

The RPC verifies the EANCB of £0.3 million. Based on current working assumptions, the RPC expects that this will be a qualifying regulatory provision that will score under the business impact target.

## **Quality of submission**

Following the RPC's initial review of the IA, the Department has amended the small and micro business assessment in the following ways:

**Submission of data.** The RPC's initial review did not explicitly focus on the ability of small and micro businesses to absorb costs arising from the submission of data. Nevertheless, The IA now helpfully explains that the Department is considering supporting small and micro businesses with the submission of data, where the small or micro business lacks the necessary software. This will mitigate some of the costs that small and micro businesses may be less able to absorb.

**AVL device cost.** The RPC initially expressed concerns of a disproportionate cost on small and micro businesses resulting from the requirement to fit an AVL device to each bus. Of the estimated 10% of bus service operators that will need to fit an AVL device, the Department estimates around half will be small or micro businesses. The IA previously mentioned that the bus service operators grant (BSOG) helps to cover some of the cost of fitting the AVL device, but the grant is soon to be reviewed. The

RPC initially expressed concerns over the possibility of the BSOG being discontinued and the subsequent consequences on small and micro businesses. The Department now explains that the BSOG will be reviewed in 2018, prior to the implementation of this proposal in 2020. The IA states that further consideration into aiding small and micro businesses with the fitting of AVL devices will be considered if the BSOG is discontinued in 2018. Due to the uncertainty regarding the future of the BSOG grant, the RPC is content that this approach is reasonable. However, in the event that the BSOG does not continue past 2018, as promised, the Department will need to consider how to mitigate the burden on small and micro businesses of fitting AVL devices in an alternate way.

**Lack of exemption.** The RPC initially asked the Department to consider the exemption of small and micro businesses from the proposal. The IA now provides a more detailed assessment of the proportion of the market served by small and micro businesses, whilst stating that exempting them would undermine the objective of achieving 100% transparency in bus data. The IA should include further discussion on why the Department considers it essential to gather data from 100% of bus service operators.

### Departmental assessment

| Classification                                 | Qualifying regulatory provision (IN)                              |
|--|---|
| Equivalent annual net cost to business (EANCB) | £0.3 million (initial estimate)<br>£0.25 million (final estimate) |
| Business net present value                     | -£2.1 million   |
| Societal net present value                     | £464.5 million  |

### RPC assessment<sup>1</sup>

| Classification                      | Qualifying regulatory provision (IN) |
|-------------------------------------|--------------------------------------|
| EANCB – RPC validated <sup>2</sup>  | £0.3 million                         |
| Small and micro business assessment | Sufficient                           |

<sup>1</sup> The RPC verification of the estimated equivalent annual net cost to business (EANCB) and assessment of whether the measure is a qualifying regulatory provision are based on current working assumptions.

<sup>2</sup> For reporting purposes, the RPC validates EANCB figures to the nearest £100,000.

Opinion: final stage IA  
Origin: Domestic  
RPC reference number: RPC-DfT-3179(1)  
Date of implementation: 2020

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| RPC rating (of initial submission) | Not fit for purpose |
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**Michael Gibbons CBE**, Chairman