



ACORN Policy Briefing: Public Transport

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Glossary of terms

Monopolies: Companies that have such a dominant position in a market that they are not subject to competitive pressure.

Municipal: Relating to a city or town - in this case, referring to bus companies owned by local authorities (also known as councils).

Network Rail: A public body that owns and manages railway infrastructure, created in 2002 after railway infrastructure privatisation resulted in a series of rail crashes.

Rolling Stock Companies (ROSCOs): Private companies that own our country's trains, and make money by leasing them to train operating companies.

Train Operating Companies (TOCs): Private companies that run passenger rail services.

Executive Summary

Our system of public transport is dysfunctional, with clear social, environmental and economic costs. Privatisation and deregulation have created big profits for private companies, and made our trains and buses unaffordable and inefficient. Line closures have put many out of the reach of our transit network, and made journeys more time-consuming and expensive for many more. All of this combines to make us reliant on cars, which in turn worsens traffic congestion, air pollution, fossil fuel consumption and road accidents. The private monopolies that run public transport are rewarded for their mismanagement and profiteering with billions of pounds in subsidies from the

taxpayer, and from transport users via extortionate fares - in both cases, money that could be better spent elsewhere.

We must reverse this situation by taking transport out of the hands of private profiteers and running it for the common good. Decisions about fares, routes and timetables should be made by democratic bodies that prioritise improving people's lives and reducing emissions, not lining the pockets of shareholders.

ACORN's plan to take back control of transport:

- Nationalise train operating companies.
- Nationalise rolling stock companies.
- Introduce integrated ticketing.
- Phase in bus franchising across the country.
- Establish municipally owned bus companies.
- Expand urban mass transit systems.

Train operating companies

British Rail (the publicly-owned body that used to run our railways) was privatised in the 1990s under John Major. It is now split into 17 different [franchises](#), which train operating companies (TOCs) can bid to run for a set number of years. Season tickets and off-peak fares are [regulated by the government](#), while first-class, advance and walk-on fares are freely set by the TOCs. The TOC's profits are [guaranteed](#) by the government, meaning taxpayers take on the risk when the TOCs take up a franchise.

This privatisation project has been an abject failure, and made our railways unreliable, poorly managed, and the [most expensive in Europe](#). [7 of the 17](#) franchises have been already taken back into public ownership after failing in private hands. Railway workers are under constant attacks from TOCs who want to cut costs to the bone, without regard for [passenger safety or railway accessibility](#). Not only do our trains cost passengers a small fortune, taxpayers also have to shoulder the burden of effective [subsidies via Network Rail](#), while the operating companies pay out [millions in dividends](#). Rather than productively contributing to society, rail companies act as [rent-seekers](#), exploiting their monopolies to soak up money via fares that could go towards productive activity elsewhere.

We welcome the [Passenger Railway Services \(Public Ownership\) Bill](#), which will take the franchises back into public ownership as the private contracts expire. Public ownership won't be a magic bullet that solves our transport problems overnight, but it will end the era of our railways being a fractured mess, dominated by short-term thinking in the interests of private shareholders. The Bill presents an opportunity for the government to run the railways for the common good, ensuring it meets the needs of passengers, workers and the environment. Fares, routes and timetables should be structured in such a way that prioritises people's ability to move efficiently and affordably around the country for work and leisure over profitability. Trains should have drivers and guards to protect jobs and ensure safety and accessibility for passengers.

Our demand: Keep network rail under public ownership, bring railway lines into public ownership, and run them in the interests of passengers, workers and the environment.

Rolling stock leasing companies

When the railway was privatised, [three private Rolling Stock Companies](#) (ROSCO's) - Angel, Eversholt and Porterbrook - were created and given ownership of British Rail's vehicles. These companies act as monopolist middle-men, taking a large slice of ticket revenue for leasing rolling stock to the TOCs. While receiving significant subsidies from the taxpayer, ROSCOs made [record profits in 2022-23](#) - tripling the previous year's take - with a profit rate of 41.6% and dividend payouts amounting to £409.7m. These profits largely do not remain in the country, but are sent off to places like [Canada, Australia and Luxembourg](#), where the ROSCO majority shareholders are registered.

Unfortunately, the government has nothing to say about the ROSCO racket. To build a public transport system that exists for public good not private gain, we must end the practice of leasing from Rolling Stock Companies, and nationalise our rolling stock along with the railway lines. After nationalisation, new rolling stock should be produced within the UK wherever possible.

Our demand: Nationalise the ROSCOs, and use their massive profits to invest in upgrading rolling stock and rail infrastructure across the nation.

Bus franchising

While trains are poorly regulated, buses largely operate in an unregulated wild-west free market, where fares, routes, timetables and standards are set by the operators. They were deregulated in the 1980s, and in the time since [fares have doubled](#) and [usage has halved](#). Despite a lack of public oversight, the companies are dependent on public cash. [40% of bus operator revenue](#) comes from the public purse, meaning the taxpayer guarantees bus company profits without getting a say in how they are run. Because bus companies operate for private profits not public good, they have cut routes and increased fares, price gouging the (disproportionately working class) people who rely on their service while failing to improve the network. Between 2002 and 2023, the number of bus routes shrank from [more than 18,000](#) to [fewer than 11,000](#). Often the routes that are culled are in the places that need them most, where there are few alternative bus routes or other transport methods to use instead: [56% of small rural towns](#) in North East and South West of England have become transport deserts or are [at risk of becoming one](#).

Following ACORN campaigns, places including [Cambridgeshire & Peterborough](#), [Greater Manchester](#), [Liverpool City Region](#), the [West Midlands](#) and [West Yorkshire](#) have either announced or implemented bus franchising - a system in which bus operators run services under contract from a combined authority, who set the routes, fares and working conditions, and can strip contracts from failing operators. The government's [Better Buses Bill](#) is a positive step forward, and contains measures intended to expand bus franchising, such as extending the powers to introduce it to include local authorities, and speeding up the process. An important part of reducing emissions is getting people out of cars and onto public transport, and evidence from Manchester shows that [franchising has increased bus usage](#). We want to see it rolled out in as many places as possible, as quickly as possible, for the benefit of both passengers and planet.

Our demand: Support local and combined authorities to roll out bus franchising as widely and rapidly as possible.

Publicly-owned buses

Once common throughout the UK, publicly-owned buses were [deregulated and privatised](#) in the 1980s and 90s, with only a few left remaining today. The [Bus Services Act 2017](#) prohibits local authorities from establishing new municipal bus companies. As well as expanding franchising, the Better Buses Bill will lift this ban on municipal buses. However, there is a risk that council-run buses be seen as a last resort where the private sector fails. Publicly-owned buses should be seen as the gold standard, cutting out the middle man and placing power in democratic hands to run buses in the interests of passengers, workers and the environment, with any surpluses remaining in public hands for reinvestment in buses and other services.

Westminster should support local authorities to establish bus companies, including significant funding, which could come in part via abolishing council tax and establishing a [fairer tax system for local authorities](#). Socially important routes should be expanded and permitted to run at a loss, such as those that serve rural areas or provide people with access to vital services. Fares should be set according to what people can afford, not what brings in the most profits. Routes and timetables should be planned with the goal of reducing car usage in mind, providing motorists with efficient and affordable alternatives. With a system of franchising in place, failing private companies could have their routes transferred to public operators if they fail to provide an affordable and reliable service, with good pay and conditions for staff.

Our demand: Proactively support local authorities to establish bus companies and run them in the interests of passengers, workers and the environment.

Urban mass transit

Cars, buses and inter-city rail are not the only forms of transport available. Outside of London, provision of mass transit options such as light rail, underground rail and trams are scarce, forcing people into cars (indeed, our country contains the [largest city in Europe without a mass transit system](#) - Leeds).

There are signs of improvement in this area. For example, [West Yorkshire Combined Authority](#) has received £200m from the government to develop a mass transit system across the region. If we are serious about getting people out of their cars and into more sustainable and efficient forms of transport we need to see progress on this across the country: funding should be provided to all urban centres with insufficient mass transit to build new networks, and all new mass transit should be kept in public hands.

Our demand: Provide major funding to urban centres for the development of mass transit systems.