all aboard

a review of local transport and travel in urban areas outside London
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Local Authorities and Public Transport
Good quality public transport is vital to the well-being of local communities and thus receives significant financial support from the public purse, but it is perceived by many users to be expensive, unreliable and inconvenient.

The Issues that Local Transport Authorities Need to Address
Transport authorities need to demonstrate how they help to meet social, economic and environmental objectives, but monitoring and benchmarking are not robust; and authorities cannot always demonstrate that they are providing value for money.

Improving Local Transport
Best value and the transport White Paper present opportunities to help develop an integrated, accessible, affordable and environmentally sustainable transport system; good practices in consultation, monitoring and partnership working need to be adopted universally.
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Local government spends about £1 billion a year on revenue support for public transport and travel. This allows private sector bus and train operators to provide services which are socially necessary, but which are not commercially viable; funds concessionary fares for elderly people and other target groups; supports accessible transport services for people who have difficulty using ordinary buses or trains; and provides other help for transport users and the transport industry – for example, timetables and maps.

Some of this expenditure is in London, where the boroughs spend well over £100 million supporting concessionary travel for elderly people and others; and some subsidises bus services and concessions outside the large cities. But most of this revenue expenditure is spent on passenger transport in the English metropolitan county areas and in other major cities outside the capital. In the former metropolitan county areas, six passenger transport authorities (PTAs) – one per area – set policies and fund the six, legally separate, passenger transport executives (PTEs) which implement those policies. PTAs and PTEs spend about £650 million a year. In other major urban areas, city councils – urban unitary authorities – spend a further £50 million a year. Together, the PTAs and city councils serve 15 million people. Metropolitan district councils also have a key role in supporting public transport, as they are the highways, traffic management and planning authorities for their areas.

This report seeks to help members in the six English PTAs and in metropolitan districts and city councils and senior managers in PTAs, PTEs, metropolitan districts and city councils to achieve best value for their revenue expenditure while responding to the vision of an accessible, environmentally sustainable and integrated public transport system set out in the White Paper, A New Deal for Transport: Better For Everyone. Authorities in England are to produce drafts of the first of the new local transport plans, proposed in the White Paper, by the summer of 1999. In Wales, authorities will be expected to submit progress reports in 1999 and complete plans by August 2000. The local transport plan for each former metropolitan county area will be prepared jointly by its PTA and the metropolitan districts.

This report draws upon research carried out in 1998. It concentrates on revenue expenditure in support of public transport in major cities (excluding London), some of whose problems, such as large-scale traffic congestion and poor air quality, differ from those elsewhere. The Commission has not yet examined arrangements in London; these differ from those in the rest of the country and are expected to change on creation of the Mayor for London and the Greater London Authority. Nor does this report cover capital expenditure. Nevertheless, some of the lessons from this study will apply to London. Some may also apply to more rural areas. The Commission is likely to carry out further work on transport issues within the next few years.
The research has included work in Wales, and the report’s findings and recommendations are applicable to urban areas in the Principality. However, most of the unitary authorities in Wales are smaller and more rural in character than the conurbations and the large cities on which the report focuses.

The Commission’s study team comprised John Gaughan and Robin Byde from the Commission’s Local Government Studies Directorate, under the direction of Greg Wilkinson and, later, Kate Flannery. Stephen Gregg, of District Audit, provided additional help. The research included visits to all six English PTAs and their PTEs, meetings with officers from a sample of metropolitan district councils in each PTA area, and visits to seven city councils and one shire district council. Sixteen city councils and 25 metropolitan district councils returned questionnaires to the Commission.

An advisory group of practitioners and other interested parties provided valuable assistance and professional insight. The study benefited from excellent co-operation from the authorities and PTEs visited by the team, from those councils that took part in the postal survey, from the Department of the Environment, Transport and the Regions, the Welsh Office and other government departments, from the Office of the Rail Regulator and the Office of Passenger Rail Franchising and from organisations and individuals that offered their views and advice during the study. The Commission is grateful to them for their help and is also grateful to the organisations and individuals who commented on drafts of this report. As always, responsibility for the conclusions and recommendations rests with the Commission alone.
Local Authorities and Public Transport

Efficient and affordable public transport makes an important contribution to the social, economic and environmental well-being of local communities. Local authorities in urban areas outside London thus subsidise public transport and travel, even though most buses and trains are now owned and operated by private companies.

However, many people see public transport services as expensive, unreliable and inconvenient, and use them only when they have no alternative.
1. Efficient and affordable public transport makes an important contribution to the social, economic and environmental well-being of local communities. Therefore, central and local government continues to support it financially, even though the private sector now owns and operates most buses and trains. The public purse (that is, taxpayers’ money) provides nearly one-third of the industry’s income; local government alone is spending about £1 billion a year.

2. However, many people see buses and trains as expensive, unreliable and inconvenient, and use them only when they have no alternative. In response, public authorities are seeking improvements to provide better services for existing users. This will also help to create the environmentally sustainable and integrated transport system envisaged in the White Paper, *A New Deal for Transport: Better For Everyone* (Ref. 1), which the Government issued in the summer of 1998. Local authorities have an important role in achieving this vision, primarily as purchasers and enablers rather than as providers or operators. And they will need to demonstrate best value, with its emphasis on challenging current activities, consulting on priorities, exposing work to competition, comparing performance and continuously improving service delivery. The rest of this chapter discusses these issues in more detail.

**Why local authorities support public transport**

3. Local authorities support public transport because it can contribute to attaining some of their key objectives and improve people’s quality of life [EXHIBIT 1]:

- **social objectives**: Authorities often aim to ensure that disadvantaged groups, such as those with low incomes or people with disabilities, are not denied access to affordable bus and train services. Without public transport, travel to work, education or training, or trips to the shops or family doctor may be impossible. Even people in households with cars rely upon public transport to some degree to go about their daily business; but good provision is especially important to those living in the one-third of households in Britain that do not have a car (Ref. 2). Accessible and affordable public transport has an important role in helping to counter social exclusion. Many of those who do not own cars live in council or other social housing, are in low-paid, unskilled jobs, are unemployed, retired or otherwise economically inactive. Elderly people living alone and single parents are particularly likely to be without a car [EXHIBIT 2, overleaf]. Older women are especially dependent on public transport; fewer than one-quarter of women over 70 have a driving licence compared with two-thirds of men in the same age group (Ref. 3).
EXHIBIT 1

Social, economic and environmental objectives

Good public transport can contribute to achieving these objectives and thus to improving people's quality of life.

Source: Audit Commission
**economic objectives:** These include urban regeneration, increased competitiveness and labour mobility. A city centre in gridlock for much of the working day is not an attractive setting for businesses and retailers; encouraging people to use public transport is one way of easing the pressure caused by too many cars on the road. It is not enough to create training opportunities and jobs; people, including those without cars, need to be able to get to them. A recent survey of job-seekers found that 52 per cent identified lack of transport as a key barrier to employment.1

**environmental objectives:** These have risen rapidly up the agenda in recent years. II Car use has adverse consequences for the environment. Carbon dioxide from vehicle emissions contributes to the greenhouse effect and global warming; other pollutants emitted from car exhausts have detrimental effects upon air quality. Authorities can reduce such damaging effects by restraint measures – removing parking spaces or making parking in certain areas prohibitively expensive – and by supporting the provision of attractive public transport alternatives to the car.

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I The survey was to support the Audit Commission’s study of economic regeneration, the report on which will be published in autumn 1999.

II The Audit Commission reported in 1997 on measures that local authorities can take to secure environmental objectives (Ref. 4).

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**EXHIBIT 2**

**Households without cars**

Elderly people living alone and single parents are particularly likely to be without a car.

**Note:** Data are for 1993/95.

*Source: Audit Commission analysis of data from Transport Statistics Great Britain 1997 (Ref. 5)*
How authorities support public transport

4. Following the deregulation and privatisation of bus and train services over the last 15 years, private operators now own and run most public transport. But central and local government still play a major role in supporting the industry. In the former metropolitan counties – West Yorkshire, South Yorkshire, Tyne and Wear, Merseyside, Greater Manchester and the West Midlands – expenditure to support both bus and rail services is channelled through six passenger transport authorities (PTAs). Travel arrangements within these major conurbations are complex. In addition, local rail services are more significant than in most other cities outside London, while travel patterns include many movements across local authority boundaries. PTAs provide a way of addressing issues from a wider, sub-regional, perspective than that of individual metropolitan district councils.

5. In other major cities outside London, unitary authorities such as York, Bristol and Leicester support bus services. Between them, the PTAs and city councils serve around 15 million people. But city councils and PTAs differ greatly in history, in the powers that they possess and in how they are funded. The six PTAs also implement their policies through legally separate bodies, the passenger transport executives (PTEs).

6. PTAs and city councils provide revenue support for public transport and travel in a number of ways, some of which are interconnected. For example, many officers argue that, if the reimbursement that bus operators receive from authorities and PTEs (to cover the loss of fare income caused by concessions) were reduced, some routes would no longer be commercially viable and operators would withdraw these services. Where such services are socially necessary, authorities and PTEs would then have to intervene and subsidise them. In other words, officers believe that expenditure on concessionary fares and supported bus services is linked; as a result, savings on the costs of the former would be followed by increases in expenditure on the latter.

7. In addition, local government makes considerable capital investment in transport infrastructure, as, for example, when PTEs improve bus stations and shelters and city councils and metropolitan districts create bus lanes and other bus priority measures. PTAs and PTEs have also been involved with capital projects such as the South Yorkshire Supertram, the Greater Manchester Metrolink and the Midland Metro light rail systems.

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I There is a seventh Passenger Transport Authority – Strathclyde – in Scotland. The Audit Commission’s remit applies only to authorities in England and Wales.

II As mentioned in the Preface, this report does not cover London.

III Throughout this report the term ‘city council’ is used to mean an urban unitary authority, irrespective of whether or not the authority formally possesses city status.
City councils, PTAs and PTEs

City councils

City councils achieved unitary status during the local government reorganisation of the 1990s. They not only have powers to support public transport, but are also authorities for planning and highways and traffic management. Thus, as well as providing direct financial support for public transport, they can help to improve and promote it in other ways. For example, they can take account of whether, and how, new developments can be served by public transport when making land use decisions; and they can help to improve the speed and reliability of bus services by introducing bus lanes. City councils fund their support for public transport through the usual local government mechanisms such as revenue support grant and council tax. City councils are also local education authorities and, as such, are obliged to provide free home-to-school travel for certain pupils and students.

PTAs

The members of a PTA are elected councillors, nominated to it from the metropolitan districts in its area; the metropolitan districts also fund the PTA through a levy. The PTA sets this levy; the metropolitan districts do not decide. The levy is treated as part of the districts’ expenditure when they set their council tax and when the Government provides them with revenue support grant. The PTA does not raise any council tax itself and does not receive its own revenue support grant.

The PTA is a local authority in its own right, separate from the districts. However, it is a single purpose, public transport body – land use, highways and traffic management powers and duties in its area lie with the individual metropolitan district councils. Like the city councils, the metropolitan districts are also local education authorities and, as such, are required to provide free home-to-school travel for some pupils and students.

The PTAs were last reformed in the mid-1980s, when the metropolitan county councils were abolished. They subsequently had to revise their approach on deregulation and privatisation of the bus industry later in the 1980s and, in the 1990s, on the break-up and privatisation of British Rail.

PTEs

PTA policies are implemented by six PTEs, one per authority. Each PTE is funded by, but is legally separate from, its PTA. PTEs consist entirely of officials and have their own powers, duties and accounts. They were founded in the late 1960s, when they owned and ran many bus services in their areas. The deregulation and privatisation of the bus industry in the 1980s means that they now act primarily as purchasers and enablers, rather than providers, of public transport. They, too, have had to respond to the break-up and privatisation of British Rail.

Source: Audit Commission
BOX B

How city councils, PTAs and PTEs support public transport and travel

| Supporting concessionary travel | Authorities have powers to establish concessionary fare schemes for elderly people, people with various types of disability and for children and young people. People entitled to a concession pay less than the normal fare or may even travel without charge. Authorities can compel bus operators to participate in schemes but must reimburse them for the drop in fare income caused by the concession. Rail operators often participate voluntarily in schemes and are then reimbursed for fare income forgone. |
| Paying for socially necessary bus services | Following deregulation in the 1980s, bus operators can decide which services to run, provided that they first register their proposed routes with the local traffic commissioner (the official who licenses operators). Local authorities no longer control the local bus networks in their areas and can subsidise only ‘socially necessary’ services that do not compete with those that are run commercially. For example, an authority can subsidise a bus service that connects an outlying estate to the town centre when low usage and income on that service would preclude its commercial operation. In PTA areas, such support underpins between 5 per cent and 20 per cent, by mileage, of the total bus network. |
| Funding accessible transport | Many people, particularly the elderly and those with disabilities, are unable to reach the bus stop or negotiate the steps on to the bus. PTAs and some city councils support special services for such people, which are usually provided by charities or voluntary bodies. They include minibus services, such as dial-a-ride, which pick people up from, and return them to, their homes. |
| Paying for rail services in their areas | The PTEs are signatories, with the Office of Passenger Rail Franchising (OPRAF) and the train operating companies (TOCs) to the local rail franchises covering their areas. Both OPRAF and the PTEs subsidise the TOCs which, in return, are required to provide the level and pattern of services set out in their ‘passenger service requirements’. Elsewhere, the franchises involve only OPRAF and the TOCs. The provisions of the Railways Act 1993 account for the difference. Prior to privatisation of the rail network, PTAs/PTEs had agreements with the British Railways Board. |

continued overleaf
| Providing information, publicity, etc | Train operators are required, under their franchises, to co-operate in providing information about services across the national rail network. Bus operators are not under a similar obligation and no one is required to show how bus and rail services link. Local government, particularly PTAs/PTEs, has been filling the gap – providing maps, timetables, telephone enquiry lines, etc. It is also involved in creating, marketing and selling through tickets and season tickets, which are valid on buses and trains run by different companies, as operators sometimes prefer to publicise and sell tickets only for their own services. |
| Looking after bus stations, bus shelters and other bus infrastructure | As well as their capital investment in bus stations and bus shelters, authorities incur revenue costs – for example, in tackling graffiti and vandalism and in funding routine cyclical cleaning and maintenance. |
| Other revenue expenditure | For historical and geographical reasons, some PTAs and PTEs provide or fund other services. For example, the Merseyside PTA/PTE operates the Mersey ferry and the Mersey tunnels. Nexus (the Tyne and Wear PTE) operates the Tyne and Wear Metro, one of the three remaining publicly run rail systems in the country - the others are operated by Strathclyde PTE and London Underground. |

*Source: Audit Commission*
What authorities and passenger transport executives spend on revenue support

8. The privately owned bus and rail industry receives 30 per cent of its turnover from the public purse. Central government spent £2 billion in 1997/98 to support rail and bus services across Great Britain; local government spent another £1 billion in revenue support for public transport. The PTAs and PTEs account for most of the latter – £650 million a year. Much of this represents commitments that are not controllable in the short to medium term [EXHIBIT 3]. For example, in 1997/98 over half of PTA/PTE expenditure was to finance historic debts; to cover pension obligations dating from bus privatisation; and to meet contractual commitments under rail franchises that do not expire until 2004. The remaining £290 million a year funded:

- concessionary travel (£189 million); II
- supported bus services (£46 million);
- information and infrastructure (£22 million); and
- accessible transport and travel (£16 million).

Corporate overheads accounted for the final 3 per cent of PTA/PTE expenditure.

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I The costs to PTAs/PTEs of supporting rail services rose on privatisation, largely because of changes in the way that the rail industry funds, and recovers the costs of, its infrastructure. The Government meets PTA/PTE rail franchise costs via a specific rail grant.

II These payments reimburse operators for loss of fare income but try to leave them no better or worse off than they would be if there were no concessions. They are not intended to provide operators with a subsidy; instead the payments represent a subsidy to the concession-holders whose travel costs are reduced by concessionary fares.

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EXHIBIT 3

Revenue spending on transport by PTAs/PTEs in 1997/98

Many commitments are not controllable in the short to medium term.

Note: Figures for individual components of the expenditure are rounded to the nearest £ million.

Source: Audit Commission, based upon data from the Passenger Transport Executive Group
9. The city councils, which serve non-metropolitan areas outside London, spend a further £50 million a year supporting public transport and travel. Their expenditure is considerably lower than that of the PTAs and PTEs. This is partly because they serve about 4 million people, compared with 11 million in the PTA areas, and partly because they have little involvement with rail; revenue support for rail services in their areas is almost entirely met by central government, through OPRAF.

10. However, even if rail is ignored, spending per capita has been higher in PTA areas than in city council ones [EXHIBIT 4]. Reasons include car ownership, which is below the national average in all six PTA areas; for example, in Tyne and Wear nearly half of all households do not have a car (Ref. 6), compared with the national average of 30 per cent (Ref. 2). Therefore, PTAs have policy objectives of providing a high level of support for public transport. In turn, this helps to explain why PTA concessionary fare schemes tend to cover a higher proportion of their populations, and offer greater benefits to concession-holders, than is usual in the city councils; the duty laid upon PTAs and PTEs, by the Transport Act 1985, to have regard to the transport needs of members of the public who are elderly or disabled, is a further factor. Another reason for higher expenditure in the PTA areas is that their extensive rail and bus networks mean that people entitled to concessions have more opportunities to use them. PTAs have also tended to support a wider range of activities – for example, providing telephone information lines – than the city councils, which have generally focused their subsidy on concessionary fares and socially necessary bus services.

EXHIBIT 4

Per capita spending on local transport and travel by different authorities in 1997/98

There was considerable variation in expenditure patterns; but PTAs spent markedly more per capita than city councils.

Source: Audit Commission analysis of data from the Passenger Transport Executive Group and of survey returns from city councils.
11. Across the country, many people who use public transport are satisfied with the quality of the service that they receive. However, a significant minority are not (Ref. 7), and many people use public transport only when they have no alternative. Centro, the West Midlands PTE, recently surveyed bus passengers and car drivers and found that 90 per cent of drivers use their cars out of choice. In contrast, only 29 per cent of bus users travel this way by choice – the majority use the bus because they have no real alternative (Ref. 8). Passengers' views about bus services help to explain why bus use has been falling for the last 40 years, as people have increasingly been able to afford their own cars.\(^1\)

Privatisation and deregulation of the bus industry have not halted this decline; indeed some critics argue that it has contributed to the fall – for example, by fragmenting a previously integrated public transport network. In London, bus usage has grown over the past few years (Ref. 9). It is only in London that the entire bus network is controlled by a public sector body, London Transport.

12. The Centro survey also revealed that many people – particularly women, who are more dependent than men on public transport – find railway stations inconvenient. For example, it is not always easy to climb steps to platforms or carry shopping by train. Some have concerns about personal security. Frequency and reliability of services are also issues. Research for Railtrack, the company that owns rail infrastructure, found that around 40 per cent of people surveyed across the country identified more frequent and reliable services as key issues that would persuade drivers to switch to rail (Ref. 11). But the rail industry is not succeeding in responding to these concerns. Instead, services are getting worse. For example, the Central Rail Users Consultative Committee's most recent Annual Report revealed a sharp decline in the punctuality and reliability of services, and a 103 per cent increase in passenger complaints between 1996/97 and 1997/98 (Ref. 12). And the Office of the Rail Regulator has reported that the TOCs received 540,000 complaints from passengers in the six months from the start of April to the end of September 1998 (Ref. 13).

13. Most households in the country have at least one car (Ref. 2) and over 80 per cent of journeys\(^\text{II}\) are by car or van (Ref. 14). This high proportion of vehicle ownership and use not only reflects increasing wealth but changes in the way that we live and work. For example, out-of-town shopping developments, dispersed housing and more varied travel-to-work patterns are more difficult to serve economically by public transport than those based upon town and city centres, and provision tends to be poorer. Poor provision, in turn, adds to the social and economic isolation of people who do not have cars, making car ownership more attractive.

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\(^1\) Rail travel has been much more stable over the same period and usage has recently begun to increase.

\(^\text{II}\) This analysis excludes journeys on foot. The percentage of journeys by car or van is 60 per cent if foot travel is included.
BOX C

Passengers’ views about bus services

Difficulty finding out about services
That’s a very basic thing that you need to know – that your bus actually goes from that stop, otherwise you stand there with your hand out like an idiot.

Buses don’t serve the places that people want to get to
There’s a bus stop directly outside the place that I work, but the bus that goes from that stop doesn’t go anywhere near my house – I’d have to walk about three miles at the other end.

Changing buses
I’d have to travel into the city and then out again if I wanted to get to work [by bus].

Cost
Three pounds a day it would cost me and I can’t afford that – especially as I’d have a car sitting outside doing nothing.

Inconvenient stops
I live ten minutes walk away [from a bus stop]. The bus doesn’t come into our estate. It was terrible on my way home, I had to carry the shopping back.

Safety at stops
You wouldn’t get me down to a bus stop at night, unless I knew that there was some form of protection against thugs.

How long people have to wait for a bus
If they only go every half an hour then you have to think very hard about whether you are going to hang around.

Getting on/off buses
All these people were trying to get on the bus and they were pushing against people trying to get off – the whole thing eventually came to a standstill.

Difficulties with pushchairs/shopping
It’s not just old and disabled people – you try getting two kids, a load of shopping and a buggy on a bus.

How long the journey takes
It was so slow and so crowded ... I wouldn’t do that again for all the tea in China.

Personal safety on the bus
My friend was on the bus when these schoolkids just went mad and were running through the bus attacking people and yelling and screaming – she was terrified.

Dirty, uncomfortable buses
There were young lads with their dirty trainers up on the seats and crisp bags and cans everywhere – it wasn’t a very nice picture.

Badly driven buses
This old lady got on with two big shopping bags ...he [the driver] really put his foot down ... she went over on her knees and the ....... didn’t even stop.

Source: Selected by the Audit Commission from Barriers to Bus Use: Report on Qualitative Research (Ref. 10)

14. People's preference for car travel has implications for authorities' environmental objectives. Though people in Britain increasingly accept that congestion and pollution are problems, many drivers – the potential new users of public transport – regard bus and train services as inflexible, expensive and inconvenient [EXHIBIT 5]. Furthermore, about 70 per cent of motorists say that they would not make more use of public transport to commute to work even if its costs were halved (Ref.15). However, attitudes are changing, albeit slowly. For example, about 43 per cent of drivers
now say that they would use their car less if public transport were better, compared to 23 per cent a decade ago (Ref. 15); and an estimated 20 per cent of the journeys on the Manchester Metrolink light rail system were previously made by car.

15. Some critics of the bus industry suggest that people’s poor opinion of travel by bus mirrors the industry’s attitude to its customers. The bus industry is increasingly consolidated. The three largest groups of companies accounted for only 13 per cent of the industry’s turnover at the start of the decade; they now represent over half of turnover (Ref. 16). However, critics argue that the bus industry believes that it is unable to compete with the car and that investing to improve quality will not pay because it will not attract enough extra business. They also argue that, though it is in long-term decline, the industry is profitable because of vigorous cost-cutting and because it maximises its income from its captive, if falling, market among people without cars. Certainly, staffing in the industry has fallen markedly in the last decade while fares have risen in real terms (Ref. 17). On the other hand, there are examples of substantial investment in higher quality buses and staff training; nationally, investment by operators has grown as profits have risen. However, if critics’ interpretation is correct, operators’ attitudes towards expanding their market may be a barrier to realising some authorities’ environmental and other objectives.

EXHIBIT 5

Car drivers’ views of public transport

Many car drivers have negative perceptions of bus and rail services.

Note: Survey was carried out in 1995.

Source: Lex Report on Motoring 1998 (Ref. 18)
If local government needed a prompt to pay attention to the transport agenda, the first major White Paper on transport for 20 years provided it. Issued in summer 1998, *A New Deal for Transport: Better For Everyone* (Ref. 1) envisages that central and local government, transport operators, individual car users and commuters will work in partnership to create an environmentally sustainable and integrated transport system that is accessible to all [BOXD]. It represents an important shift in policy from the roads construction programme that has dominated the last 30 years to an emphasis on better public transport, improved traffic management and discouraging car use. The approach involves a mixture of ‘carrots’ (measures intended to make public transport more attractive to car users) and ‘sticks’ (such as congestion charging) intended to make car use less attractive; the White Paper also seeks to encourage walking and cycling. Overall, it seeks a change in the way that we live and work, and one that will require a change in our aspirations for, and attitudes to, travel. This may take many years fully to take effect; we have spent decades reaching the environmentally unsustainable position that the White Paper addresses.

Some of the proposals in the White Paper will require primary legislation. For example, road charging and charges for providing parking for employees require changes to the law; the Government issued a consultation paper, *Breaking the Logjam* (Ref. 19), in December 1998. But others, such as the introduction of local transport plans, do not require legislation. Indeed, the Department of the Environment, Transport and the Regions (DETR) issued *Draft Guidance on Local Transport Plans* (Ref. 20) in November of 1998. Authorities in England are to produce provisional plans by July 1999. In each of the former metropolitan counties, the PTA and the metropolitan district councils are to prepare a single, joint plan. This approach acknowledges the important role to be played by the metropolitan districts. As the highways, traffic management and parking authorities for their areas, the metropolitan districts are responsible for some of the ‘carrots’ (for example, bus lanes and bus priorities at traffic lights, to help provide a speedier and more reliable service) and most of the ‘sticks’ (for example, control of on-street parking). Joint plans and joint working across district boundaries also means that it will be possible to treat travel-to-work corridors and bus routes in their entirety. The Welsh Office issued its *Draft Guidance on Local Transport Plans in Wales* (Ref. 21) in February 1999. Authorities in Wales are asked to make progress reports in 1999, with completed plans to be submitted by August 2000.
BOX D

Key features of the transport White Paper

Local transport plans
Medium-term and comprehensive local plans to help develop sustainable and integrated transport.

Bus Quality Partnerships
More 'Quality Partnerships' between authorities and operators. Under these voluntary arrangements, the operator may provide new, low-emission buses on a route and customer care training for drivers; the authority may provide improved facilities, such as bus shelters, bus lanes and bus priority at traffic lights along that route.

Journeys to and from school
More encouragement of safe routes to school to reduce the car-borne 'school run'.

Commission for Integrated Transport
New body to advise on integration, how best to subsidise the bus industry in the longer term and how to promote changes and monitor progress.

National public transport information system
Comprehensive information by telephone, internet, etc.

Reducing the need to travel
Revised land use planning and other guidance to encourage town centre and brownfield developments, rather than greenfield ones, and thus reduce the need to travel.

Concessionary fares
Introduction of a national minimum half-price bus fare for elderly people. At present, authorities have a power, rather than a duty, to provide concessions. PTAs have exercised this power in the light of their duty to have regard to the travel needs of elderly and disabled people; their schemes for these groups offer free or low-cost travel. But a minority of other authorities do not have schemes; and some schemes offer only limited benefits to concession-holders.

Strategic Rail Authority
Will replace the present regulatory arrangements involving the Office of the Rail Regulator and the Office of Passenger Rail Franchising. The Strategic Rail Authority will oversee franchise renewals and promote faster improvements to services and tougher regulation of TOCs. The Office of the Rail Regulator will remain but will focus more on the regulation of Railtrack.

Bus Quality Contracts
Under a 'Quality Contract', a single operator will provide services in a particular area or on defined routes. This is a move away from the deregulated bus market created in the 1980s. The first contracts will be pilots and will require ministerial approval.

Congestion charging and charges for workplace parking
New powers for local authorities to charge drivers for entering town centres and to charge employers who provide car parking places for their staff. Here, too, the first use of powers will be in pilot projects and will require ministerial approval.

Source: Audit Commission interpretation of key elements of the transport White Paper
18. City councils, PTAs and metropolitan districts will also need to demonstrate best value. Under this new regime, there will be a general duty to secure continuous improvement in services, focusing on economy, efficiency and effectiveness. Authorities will be required to conduct best value performance reviews of all of their activities, and publish a best value performance plan giving targets and actions plans for the coming year, alongside results from the previous year. Plans and performance will be subject to rigorous external audit and inspection. It is expected that the first statutory performance plans will cover the financial year 2000/2001. PTEs will not be required to produce performance plans. But, since they implement PTA policies, PTAs’ plans will have an impact upon them.

Conclusion

19. Authorities in urban areas outside London spend substantial, though widely varying, amounts to support travel by public transport. Despite this expenditure, a significant minority of people who use public transport are dissatisfied with the quality of the service that they receive. Public transport is also unattractive to many car users, making it difficult to meet environmental objectives for transport. The White Paper seeks to address these issues and signals new opportunities for local authorities and transport operators. Outside the PTA areas, the primary responsibility for improving many aspects of rail transport lies with the commercial operators, with OPRAF and with the Rail Regulator. Within their areas, the PTEs also have a role, as co-signatories of the rail franchises, and have to exercise it within a policy framework provided by their PTAs. The bus industry is largely deregulated. The primary responsibility for improving services therefore lies with the operators, though the traffic commissioners, who license operators of local services, have a part to play. But city councils and PTAs fund socially necessary bus services and support the industry; they, too, have key roles. The transport White Paper and best value challenge city councils and PTAs to demonstrate value for money while helping to meet the transport needs of a new millennium.
The Issues that Local Transport Authorities Need to Address

Authorities frequently have only broad definitions of whom they wish to help and comparatively little idea about whether they are succeeding. They face challenges in demonstrating that they obtain value for money; for example, when compensating bus operators for the drop in income caused by concessionary fares they use complex economic theory to decide what to pay. Mechanisms for consulting local people and reporting back to them on performance may also need improving to satisfy the best value tests.
Authorities frequently have only very broad definitions of who they are trying to help

20. PTAs, PTEs and city councils are anxious to deliver best value and address the new transport agenda. They seek to do so within a challenging legal framework. Although they already have in place many good practices, authorities and PTEs need to address four major issues in order to meet the new demands that lie ahead:

- **setting objectives**: Planning processes have often focused more on capital than on revenue expenditure. Nor have policies on public transport always been well integrated with those for other services. Authorities do not always co-operate effectively – for example, on how to treat travel to out-of-town shopping developments.

- **identifying whom is meant to benefit from subsidy**: Authorities frequently have only very broad definitions of whom they are trying to help and comparatively little idea about whether or not they are succeeding.

- **demonstrating value for money**: Authorities and PTEs face particular challenges in deciding how much to pay operators for concessionary travel, in letting and managing contracts for subsidised bus services and when entering into bus Quality Partnerships with operators. There are also challenges in ensuring that accessible transport services operate efficiently and in improving the value provided by rail franchises. PTAs and PTEs have over 3,000 staff and need to demonstrate that their in-house working is efficient and competitive.

- **transparency and accountability**: PTAs and PTEs will need to build upon the foundations provided by their current arrangements for consulting with, and reporting to, the public in order to achieve the level of transparency and accountability required by best value.

21. Many authorities and PTEs are addressing these issues, which present important barriers to best value and the development of an integrated and environmentally sustainable transport system. The rest of this chapter examines them in more detail. It focuses upon areas of relative weakness that need to be tackled. The final chapter then discusses the way forward and offers examples of good practices by PTAs, PTEs and city councils.

Setting objectives

Revenue expenditure

22. Local transport plans (LTPs) are replacing the DETR's transport policies and programmes (TPP) capital bidding system. Historically, transport planning in many authorities has been driven by the requirements of TPP (or of the Welsh Office's transport grant system). Air quality regulations and the requirements of the Road Traffic Reduction Act 1997 have led to a greater emphasis on environmental considerations within transport planning and on objectives such as reducing traffic volumes. But objective setting and monitoring has tended to remain focused on the capital projects funded through TPP. Authorities have paid less attention to developing detailed policies, targets and measures to monitor and justify revenue spending – such as support for concessions, socially necessary bus services and accessible transport – which is intended to achieve social objectives.
...in many city councils, transport policies do not form an integrated package...

23. In addition, in many city councils, transport policies do not form an integrated package intended to address comprehensively people's travel and transport needs. Instead, policies on concessionary fares derive from the approaches followed in predecessor shire districts, while policies on other transport matters are similarly based on the approaches followed by predecessor county councils. The small numbers of staff dealing with public transport in city councils can limit the expertise held by individual authorities and constrain the development of new, more integrated policies. City councils also have widely differing views about some aspects of transport policy. For example, one council sees the local taxi (hackney carriage) and minicab trade as an important form of public transport, especially in supporting city-centre night-club, theatre and restaurant activity; it nevertheless restricts the number of hackney carriage licences that it issues at the request of existing licence-holders. In another city, officers view taxis and minicabs as rivals to public transport, competing for passengers with buses.

24. The White Paper sets out, and LTPs require [BOX E, overleaf], a more comprehensive view of objectives. The DETR's Draft Guidance, and the Welsh Office equivalent (Ret. 20 and 21), both indicate that revenue expenditure should be covered in LTPs. They also state that objectives should include access for all, safety, and the integration of different modes of transport as well as economic and environmental objectives. In line with best value principles, they also require that authorities set measurable targets, establish systems to monitor achievement and seek public participation in the preparation of their plans. Previously, consultation has sometimes focused on individual capital schemes rather than on overall policies and objectives.

Integrating transport and other policies and plans

25. Achieving social, economic and environmental objectives requires authorities to take a strategic view which, for example, links decisions about transport with those on regeneration and land use planning. Some city councils have a clear vision of how transport arrangements contribute to economic development, a vibrant city centre and environmental sustainability and have already brought transport and land use together in a single department. This is not possible in the former metropolitan counties where different bodies – the PTAs and the metropolitan district councils – hold responsibilities for public transport and land use planning. Some PTAs, PTEs and metropolitan district councils are co-operating to bring transport and land use issues together effectively. But effective co-operation is not universal and there can be tensions between authorities' desires to attract inward investment and the environmental aspects of the transport agenda. Developers often prefer greenfield sites, served by road, to brownfield ones that are well served by existing public transport. This preference helps to explain why public transport facilities have not always been given a high priority as part of new developments. As the director of development for one metropolitan district said, the traditional attitude has been that the developer is bringing the jobs and it is up to the workers to get to them.
Key elements of a local transport plan

The DETR’s Draft Guidance sets out key elements for a local transport plan:

- objectives consistent with the Government’s integrated transport policy and commanding widespread local support. These must be consistent with the Government’s over-arching objectives for transport:
  - to protect and enhance the built and natural environment
  - to contribute to safety for all travellers
  - to contribute to an efficient economy, and to support sustainable economic growth in appropriate locations
  - to promote accessibility to everyday facilities for all, especially those without a car
  - to promote the integration of all forms of transport and land use planning;
- an analysis of problems and opportunities;
- a long-term strategy to tackle the problem and deliver the plan objectives;
- a costed and affordable five-year implementation programme of schemes and policy measures; and
- a set of performance indicators, targets and other outputs that can be used to assess whether the plan is delivering its stated objectives.

The Welsh Office’s Draft Guidance is similar but includes a further key element:

- a key diagram which shows the core transportation networks in relation to land use policies.

Note: Based upon paragraphs 153 and 155 of the DETR’s Draft Guidance (Ref. 20) and paragraphs 138 and 140 of the Welsh Office’s Draft Guidance for Wales (Ref. 21).

Source: Audit Commission
26. Policies on public transport need to take account of school-related travel. Increasing numbers of car-based escort journeys are accelerating the growth in local congestion and pollution. Greater parental choice of schools may be contributing to this by lengthening the distances travelled and increasing the difficulty or complexity of making the journey by public transport. Changes, such as the creation of grant-maintained schools and city technology colleges, have reduced councils’ ability to influence the timing of holidays and when the school day starts and finishes. This makes it more difficult for authorities to co-operate with operators to develop public transport arrangements, aimed at school travel, which seek to avoid overloading the commercial bus network. In addition, operators are sometimes reluctant to target commercial services at school travel. Although the ridership (that is, the number of users) can be high, such services are required only twice a day, but at peak times, and for only part of the year. Thus, buses used to serve schools may be difficult to utilise cost-effectively for the rest of the day and much of the year. In addition, school children can be viewed as unattractive, disruptive passengers.

27. PTAs, PTEs and city councils are therefore trying to encourage alternatives to the school run by subsidising socially necessary bus services that are intended specifically for school travel. But this approach is not universal and poorly integrated objectives on car use and travel to and from school are not uncommon. For example, despite a general policy of discouraging car use, one authority withdrew subsidised bus services aimed at school travel on budgetary grounds, without considering the wider impact on local car journeys. The officer overseeing subsidised services had no idea how pupils who had used those buses now travelled to school; as far as he knew, they had ‘just disappeared’.
Poor co-ordination makes it difficult to minimise the overall cost to the public purse of school-related travel.

28. Local education authorities (LEAs) are obliged to provide free home-to-school travel to certain pupils and students. They meet their obligations in a number of ways, including providing, or contracting for the provision of, dedicated home-to-school buses. These buses are not registered as public services and can be used only by pupils and students receiving free travel. Such arrangements are not always well integrated with wider policies on public transport. For example, a city council may be seeking to stimulate improvements to the quality of the bus fleet that serves the local market by including quality requirements in its contracts for supported socially necessary services. But contracts for LEA home-to-school services, let by another part of the same authority, may have lower standards that can be met without improving fleet quality. Similarly conflicting signals are possible when PTEs let contracts for socially necessary bus services and metropolitan districts, in their role as LEAs, award ones for free home-to-school travel.

29. Poor co-ordination also makes it difficult to minimise the overall cost to the public purse of school-related travel. For example, one option is to support many socially necessary bus services, which complement and supplement commercial ones, in order to create a comprehensive network that can be used for school-related travel. Many of the pupils and students entitled to free travel can then be given bus passes. Other people, including other pupils and students, can also use the network. Few authorities know whether this is more or less cost-effective than using dedicated LEA-funded services as the main means of providing free home-to-school travel.

Co-operation with other authorities

30. Effective inter-authority co-operation is essential if LTPs are to cover journey-to-work and other travel corridors and if, in the PTA areas, transport policy is to be integrated with LEA policy on home-to-school travel and with land use and other policies. There is already much effective cross-boundary work. But there is also evidence of tension between authorities. For example, several fieldwork authorities are seeking to support their city centre shopping areas but find it difficult to agree with their neighbours on how best to deal with the road travel generated by edge-of-city shopping and leisure developments.

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I Entitlement depends primarily upon age and distance travelled to school.

II The Audit Commission reported upon LEA-funded free home-to-school travel in 1991 (Ref. 22).

III Some dedicated LEA provision is always likely to be necessary. For example, some of those entitled to free travel have disabilities or behavioural problems which mean that they cannot use the public transport network.

IV The DETR’s Draft Guidance (Ref. 20) indicates, in paragraph 140, that the Department will look to local highway authorities to develop effective liaison arrangements with neighbouring authorities. The Welsh Office’s Draft Guidance (Ref. 21) states, in paragraph 9, that the development of local transport plans will require cross-border co-operation with neighbouring authorities and offers the Welsh Transport Advisory Group as a model which local authorities may wish to follow.
Identifying who is meant to benefit from subsidy

31. Concessionary fares, supported bus services and accessible transport cost PTAs and city councils about £285 million a year. Decisions about who, when and how to subsidise thus have significant revenue implications. But the position on setting policies and objectives, discussed above, means that policies are often very broad, and reflect historical practice rather than current need. Target-setting and performance monitoring are sometimes poorly developed. In consequence, local authorities are often incurring significant expenditure without a clear idea of which groups are benefiting from subsidy and whether these are the people whom they most wish to assist.

32. The rest of this section discusses three particular issues, namely that:

- policies on concessionary travel tend to focus on the nature and level of the benefits offered, rather than on their effectiveness and impact or whether they are necessary at all;
- the criteria used to justify subsidising bus services vary widely; and
- accessible transport services may not always be well targeted.

Concessionary travel

33. Concessions are often the subject of lively public interest, especially among those entitled to the reductions. Consequently, elected members are reluctant to downgrade the benefit, even when faced with financial pressures, and city councils and PTAs often appear to be locked into schemes. The financial commitment involved can also be difficult to predict accurately; the cost normally depends upon the number of journeys made by concession-holders and the fares set by operators.

34. However, concessions are provided at the discretion of local authorities. Their aim is usually to provide affordable access to bus and rail services for those who lack private transport and have low incomes. Authorities have to make a number of decisions when setting up or reviewing a scheme. As a result, the schemes operated by different PTAs and city councils vary widely. The decisions on whom to subsidise and the concession to offer have major financial implications. For example, one PTE has estimated that increasing the flat fare that concession-holders pay by 5p would reduce its reimbursements to operators by £2.5 million a year. The PTE estimated that this would reduce the number of bus trips made by elderly concession-holders by about 5 per cent and by children by about 9 per cent, as people cut back on travel in response to the fare increase.
35. Variations in the schemes operated by different authorities mean that people with similar personal circumstances receive differing levels of support from the public purse, depending on where they live. Variations may also be a source of irritation for people who travel across local authority boundaries. To try and achieve greater consistency, the Government is proposing to introduce a national minimum standard for the concessionary fares offered to elderly people – a maximum charge of £5 a year for a pass entitling the holder to travel at half fare on buses. Authorities will be able to continue to fund more generous schemes if they wish.
Concessions might persuade some car owners to travel by public transport and thus bring environmental benefits

36. Almost all authorities currently fund concessions for elderly people, which, because of the numbers eligible, often account for most of the concessionary travel budget. Affluent pensioners, who own cars or who can afford to pay the full fare on public transport, are usually eligible for the same benefit as those on the lowest income. For example, none of the PTAs means tests its concessions for the elderly; neither did any of the city councils visited by the Commission, though one restricted awards to people receiving a state pension. Elsewhere in the country, a minority of councils have means tested their elderly concession (Ref. 23). However, the minimum standard scheme proposed in the White Paper suggests that the Government does not see means testing as part of its policy on elderly concessions.

37. Concessions might persuade some car owners to travel by public transport and thus bring environmental benefits. However, funding generous concessions (that is, ones above the Government’s proposed minimum) for people who can afford to pay for their own travel risks diverting resources from other services that are aimed at people whom authorities particularly wish to help. One director of finance of a metropolitan district council stated that his authority was paying many millions of pounds a year, through the PTA levy, to help fund a generous elderly persons’ concession. At the same time, budgetary pressures were forcing the district to cut back social services provision for the elderly. He questioned whether this was the most effective use of resources.

38. Some authorities, including all six PTAs, fund concessions for children, students in further education and other young people. As well as affordability and accessibility, reasons include encouraging a culture of public transport use among young people at a time when they are becoming eligible for a driving licence. This costs about £60 million per annum. However, many city councils do not fund concessions for children, which bus operators often provide at no cost to the public purse [APPENDIX 1].

39. Weaknesses in setting policies on concessionary travel are compounded by deficiencies in target-setting and performance-monitoring. Authorities have not commonly set targets for take-up and use of concessions, either globally or by particular target groups. Of those visited and surveyed by the Commission, most were able to provide take-up data. However, some of this information must be treated with caution. Approaches to renewing concessionary passes vary; authorities that do this infrequently, or not at all, are likely to be over-counting take-up, as their figures include passes issued to people who have since left their areas or who have died. And councils often have only a poor idea of the number of people who are eligible for some types of concession against which to measure the take-up rate. For example, few authorities know how many people are eligible for a disability concession.
40. More detailed analysis of take-up – for example, analysis by ward to examine the extent to which people in low and high income areas are taking up concessions – is uncommon. Better understanding of the pattern of use is essential. In some places, the average cost per passholder is over £100 a year [EXHIBIT 7]. People’s travel behaviour varies; some individuals will be making above average use of passes; some might be receiving many hundreds of pounds of travel benefit a year. In order to decide how best to target scarce resources, authorities need to know how use varies, who makes above average use, why such people travel and whether they can afford to pay more for their travel. But authorities are not collecting this information.

Choosing which bus services to subsidise

41. Authorities support a variety of bus services [BOX F]. They all receive subsidy because they are unattractive commercially. And, with the exception of school travel, they tend to be unattractive because comparatively few people use them. A typical, non-schools, subsidised service is likely to have under five people on it at any time, a little over half of the number on an average, commercially operated service [BOX G, overleaf].

1 The Commission’s work on other subsidised services, as part of its study into income and charging, has revealed that quite small numbers of people can be very heavy users of those services and receive much of the subsidy. The Commission will report upon this work later in 1999.

EXHIBIT 7

Annual cost per adult concession-holder

In some places, the average cost is over £100 a year.

Note: Data for four city councils is based on the annual cost per elderly concession; data for a fifth excluded 400 free travel passes issued to blind people.

Source: Audit Commission analysis of data from the Passenger Transport Executive Group and from the Audit Commission survey
I sometimes think it would be cheaper to pay for a taxi to run up and down [a major road into the city centre] and let people get on and off it whenever they wanted.

Officer in fieldwork authority

**BOX F**

**Supported bus services**

Supported bus services include ones that:

- operate early in the morning, in the evenings and at weekends along routes that are served by commercial services at other times;
- serve remote communities;
- allow people to connect with commercially run services;
- fill other gaps in the commercial network — for example, by providing all-day circumferential services (that is, ones that travel around the periphery of a city rather than to and from the centre);
- serve schools, when operators are reluctant to provide such services commercially;
- are intended to pump-prime other commercial operations — that is, provide the opportunity to experiment with new services to see if they will prove commercially viable. If they do, the authority can withdraw its support and leave provision to the market. In 1997/98, eight services or parts of services supported in this way by Merseytravel, the Merseyside PTA/PTE, ‘went commercial’. In September 1998, 12 of its school routes also made the transition; and
- support park-and-ride initiatives. Park-and-ride facilities may help to reduce car traffic into city centres. But, to attract car users, they require frequent, regular bus services and often need lengthy nurturing before they can attract enough business for the buses to begin to operate commercially.

Some authorities also use contracts to try to pump-prime improvements in the local bus market — for example, by specifying low-floor or low-emission buses or that drivers receive customer care training.

*Source: Audit Commission*
BOX G

Subsidised buses typically carry fewer than five people at any time

Many PTEs and city councils do not collate data on the number of passenger trips on their subsidised services. But:

- each person who takes the bus in metropolitan areas travels an average 4.5 kilometres per trip;¹
- two PTEs that can provide data each have an average of about one passenger per bus kilometre (that is, on average one passenger gets on for every kilometre that a subsidised bus travels along the road); suggesting that
- if people have similar travel patterns on subsidised and unsubsidised services, on average fewer than five people travel on a subsidised service at any time.

Those city councils able to provide data had between 0.7 and 1.5 passengers per subsidised bus kilometre, suggesting a broadly similar position.

In contrast, for metropolitan areas overall, there are about 1.8 passengers per bus kilometre (commercial plus subsidised routes).² Subsidised routes form 13 per cent of the network, by mileage, in metropolitan areas.³ Adjusting for this, there are on average about 1.9 passengers per bus kilometre on commercial services in metropolitan areas, compared with about one on the subsidised routes. This suggests that, on average, per bus kilometre, subsidised routes carry just over half of the number of passengers transported per bus kilometre on commercial routes.

Note: Given the limitations of the source data, the calculation is approximate.

*Source: Audit Commission, drawing upon the data indicated*

¹ Based on data from Table 12a, Transport Statistics for Metropolitan Areas 1998 (Ref. 24).
² Based on data from Table 13, Transport Statistics for Metropolitan Areas 1998 (Ref. 24).
³ Based on data from Table 1.2, Bus and Coach Statistics Great Britain 1996/97 (Ref. 25).
...a service should not be supported just because it existed 14 years ago...

42. An operator has to register a new service with the traffic commissioner at least six weeks before it begins to run and, similarly, has to give the commissioner six weeks' notice before withdrawing a service. Changes to the network are common; altogether, over 1,000 were registered in the six English PTE areas in 1996/97. And when a commercial service is withdrawn, authorities and PTEs face the question of whether the route is socially necessary and worthy of subsidy. A break in provision – withdrawal and later reinstatement of the service – will often be socially undesirable and may damage long-term ridership on the route. If they wish to support a service that an operator plans to withdraw, authorities and PTEs therefore have to reach a decision, and award a contract, within six weeks of the operator giving notice of intended withdrawal.

43. Authorities and PTEs thus have to make decisions about which services to support in the context of a constantly changing commercial bus network. Nevertheless, they need to be able to demonstrate their rationale for subsidising particular services, especially where these are used by a relatively small number of beneficiaries. Criteria currently used to identify which bus services to support vary markedly. Typically, they are an accreted set of piecemeal decisions, the rationale for which may be historical or even lost to history. In some instances, city councils and PTEs are seeking to preserve routes that existed in 1985, before control of the bus network was deregulated, but which operators do not find commercially viable. Users may value the continued provision of core services to key destinations. In addition, repeated changes to the network may have a cumulatively damaging effect upon bus ridership by forcing people to rely upon cars. But a service should not be supported just because it existed 14 years ago; and authorities and PTEs should, but do not always, review support to see if new, and greater, needs have emerged since deregulation.

44. Often, criteria cited for subsidising bus services are linked to wider social objectives – such as ensuring access to shops, health-care and jobs – or support for local economic activity. Many authorities also set criteria about the maximum subsidy to be paid per trip or passenger. These, too, differ markedly from place to place, both among city councils and among the PTAs and PTEs. For example, one PTE will not subsidise above £2.25 per passenger trip, while another will not subsidise above £1 per trip. These decisions have major implications for how much public money is directed towards individuals who use subsidised services. Someone travelling regularly – a return journey a day, Monday to Friday, for 45 weeks of the year – on a route subsidised at £1 a trip would benefit from £450 of support a year. Someone doing this on a route supported at £2.25 per passenger trip would benefit from just over £1,000 a year of subsidy. Elsewhere, criteria for subsidy are less explicit. One PTE has no formal criteria; one of its officials commented that one reason for this was that adopting formal criteria might lead to the PTE withdrawing support for services that it had always funded!
45. Officers often rely on local knowledge to identify which services to support. Subsidy criteria are also applied with varying degrees of formality and rigidity. They may be altered if they give unacceptable results; for example, one authority withdrew support for some services but then revised its criteria to allow it to reinstate them, following complaints from the public. Many city councils – faced with a daunting agenda following reorganisation – are applying criteria inherited from their predecessor authorities and have not yet reviewed the economy or effectiveness of their expenditure. In a few instances, where arrangements are co-ordinated through another, lead, authority, the council may not even know what it is paying for.

46. Budgets, and therefore the cost cut-off points above which authorities will not support a service, also vary for historic reasons. This helps to explain why the average subsidy per bus mile, on supported services, varies markedly from place to place [EXHIBIT 8]. Other factors include:

- differences between the fares charged by different authorities on their supported services (which tend to reflect general fare levels in the area);
- operators’ costs (which vary locally and which affect the prices that they offer when they bid to provide services);
- the degree of competition between local operators for contracts (which also affects bid prices); and
- the quality standards set by different authorities.

But some authorities fail to respond to inter-authority differences with sufficient vigour and could more robustly question and review their existing budgets and policies.

EXHIBIT 8
Subsidy per bus mile on supported services
Subsidy per bus mile on supported services varies markedly between authorities.

Note: Data are for 1997/98 and net (after any fare income).

Source: Passenger Transport Executive Group plus Audit Commission survey
Support for accessible transport now represents significant expenditure for many authorities

Accessible transport services

47. Accessible transport services, such as dial-a-ride, are targeted at people who have difficulty getting to the bus or railway station or on or off buses and trains. They can be particularly important to older women; for example, in Greater Manchester, the typical member of the Ring-and-Ride scheme is a 74-year-old woman who lives on a pension and whose household does not have a car (Ref. 26). However, some elderly people and others with more minor mobility difficulties, which hinder their getting on and off conventional buses, can use the easy-to-board low-floor buses that are increasingly coming into use. (People with shopping and young children in buggies also find these buses more convenient.) Some authorities have been encouraging the introduction of such buses – for example, by specifying them for their supported routes or by entering Quality Partnerships with operators which are introducing them. Regulations under the Disability Discrimination Act are likely to require that all new buses be fully accessible to people with disabilities, though it is likely to be 15 to 20 years before the country’s entire bus fleet meets these requirements. The Act also covers taxis.

48. But the current demand for services, and the number of potential customers, is considerable. The number of older people in the country is rising; and over one-fifth of elderly people have difficulty getting to, or then using, a bus or train (Ref. 27). At present, authorities that fund extra services, or improve existing ones, almost always find that this generates extra use.

49. Support for accessible transport now represents significant expenditure for many authorities. For example, the six PTAs spent over £16 million on it in 1996/97, carrying four million passengers. But, expenditure per head of population varies widely between areas and a minority of city councils report that they do not support accessible transport [EXHIBIT 9, overleaf]. Differences persist when expenditure is compared with indicators of possible need – for example, city councils’ expenditure per head of population aged over 65 ranges from nothing to over £18 per person. The variation in expenditure thus appears to be explained by willingness to fund rather than any demonstrable difference in need.

\[\text{Draft regulations specify that all new buses used in local service be fully accessible from January 2000 (midi/full size single deck); January 2002 (double deckers) and January 2005 (minibuses).}\]
There is considerable variation in spending per capita on dial-a-ride services.

Source: Passenger Transport Executive Group and Audit Commission survey

50. The longer-term effects of the Disability Discrimination Act may be difficult to predict; for example, people with disabilities may wish to travel more as shops and other facilities are modified to be more accessible to them. Conversely, increasing incomes and car ownership among elderly people may mean that people with mobility difficulties may increasingly choose to apply for 'orange badges' and make their own travel arrangements. In any event, door-to-door services are likely to remain important, although they are likely to begin to complement public transport rather than substitute for it. As yet, few authorities have begun to review their support for accessible transport to take account of demographic and social changes and the likely effects of the Act. And few have explored whether their current mix of arrangements for people with disabilities represents the best way of meeting the needs of this target group. People with disabilities are often clients of councils' social services departments. Those departments often provide transport for their clients — for example, to and from day centres — in vehicles similar to those used for accessible transport services. Yet the potential linkages and overlaps between these two types of provision are rarely considered.

51. Even when specialist accessible transport is necessary, targeting services well is challenging. Few authorities have separated the 'gatekeeping' function of deciding whether someone is entitled to use accessible transport from the actual provision of the service; potential customers often directly contact the service provider, which in most instances is a charitable or voluntary body that is funded by the authority. This failure to separate functions weakens the authority's managerial controls over the service. In addition, the extent of the disabilities suffered by potential customers varies considerably. Some may be relatively
...as services are potentially over-subscribed, care is needed to ensure that members of a scheme are treated equitably when they try to book trips.

mobile; others may be in wheelchairs and require escorting. It normally costs more to transport the latter – fewer customers will travel in each vehicle and it will take longer for them to board and leave it. Poorly designed performance indicators – for example, a cost-per-trip measure that fails to discriminate between different types of client – may thus force services away from those with the greatest need for help. And, as services are potentially over-subscribed, care is needed to ensure that members of a scheme are treated equitably when they try to book trips. For example, people in particular areas, or who can telephone from home and do not have to rely on public telephone boxes, should not be allowed to make disproportionate use of the service.

52. To try to ensure that services are used by those with most need, some city councils and PTEs apply stringent checks on eligibility, which may include medical evidence. Others argue that over-stringent eligibility criteria may lead to social exclusion. Some rely on self-assessment, making it possible to register with, and use, dial-a-ride services without having to provide proof of need. These city councils and PTEs often argue that the relative inconvenience of the service acts as a brake upon misuse – journeys can be slow and circuitous as the vehicle travels from one user's home to another. Elsewhere the 'social' aspects – the chance to travel with regular companions – are seen as a positive aspect of the service. Many services set a charge, but often at the level of the concessionary fare that would apply on a commercial bus service. One authority sets fares above those charged on the commercial bus network, to reflect what it sees as the premium nature of the service. Elsewhere, use of the service is rationed – people are, for example, allowed only one trip per fortnight.

53. As with concessionary fares and supported bus routes, authorities usually have, or can obtain, a lot of information about some aspects of the service. For example, they usually know the number of people registered with a service; often, providers have arrangements for contacting people who have not used the service for some time to establish if they are still in the area or wish to remain members of the scheme. Authorities usually know the number of trips made. Some also examine patterns of use but such analysis is less common. The ways in which records are kept help to explain why. For example, a computerised booking system may simply hold the last date upon which a member used a service or the address or addresses visited, but not the number of trips made.

54. Greater Manchester PTE has commissioned research which found that one-third of people registered with the service use it every week; a further third never use it [EXHIBIT 10, overleaf]. Interviews with non-users established that many experienced periods of good and bad health and drew upon the service only during the latter, or that they viewed their membership as a fallback if their health and mobility declined. But analysis of this sort is rare. Most authorities have little understanding of how frequently different people use the service and cannot demonstrate that it is well targeted.
EXHIBIT 10

The variation in how frequently people use a dial-a-ride service

One-third of people registered with the service supported by Greater Manchester PTE use it every week; a further third of those registered never use the service.

Source: Information from Greater Manchester PTE (Ref. 26)

Demonstrating value for money

55. Problems with policy-setting and in monitoring effectiveness do not negate the role of local authorities in supporting public transport. However, authorities need to demonstrate value for money and ensure that they do not spend money unnecessarily or pay too much for services. The circumstances in which they work are challenging and they face considerable difficulty in deciding how best to:

- **calculate payments to operators for concessionary fares.** Complex technical adjustments are made to take account of the extra journeys that people make because they pay a reduced fare;

- **let contracts for, and manage, subsidised bus services.** Three groups of companies now account for over half the bus industry’s turnover. In many places, there is a single dominant operator;

- **work with bus operators in Quality Partnerships.** Partnerships may be most attractive to operators that seek to expand the market rather than compete with each other for share of a declining one; but operators must also comply with competition legislation. In addition, authorities are sometimes spending more than operators and doing so without having agreed any targets or measurable outcomes with the operators;

- **manage accessible transport services to secure value for money.** Services are not always exposed to competition;
...people tend to travel more when fares are reduced...

- improve the value for money that they obtain from their involvement with rail, within the constraints of existing franchise arrangements; and
- ensure that they control their in-house costs and demonstrate that in-house working is efficient and competitive.

### Concessionary fare reimbursement

56. City councils and PTEs reimburse operators for the income that they forgo by not charging the full fare to concession holders. Payments for elderly and other adult concessions have normally been based upon the number of concessionary journeys made and the difference between the full adult fare and the concessionary rate. (This approach is not necessarily valid for children’s concessions; the evidence from city council areas suggests that operators will provide such a concession as a commercial decision, if there is no publicly funded children’s concession. Nexus, the Tyne and Wear PTE, reimburses operators for its children’s concession against an assumed, commercially offered half fare for under-14s.)

57. However, because people tend to travel more when fares are reduced, these payments are usually adjusted downwards using a trip generation factor [BOX H and APPENDIX 2]. The exact treatment of the generation factor is a major influence on how much the authority pays. The factors, which are used by individual city councils and PTEs, vary considerably [APPENDIX 2]. Small alterations to the value used in a particular locality can have a major impact on the amounts paid to operators.

58. Picking the right value for the factor is difficult, as the calculation is based upon assumptions about how, on average, people would behave in hypothetical circumstances (if they had to pay the full rate). Different calculations, models and research provide different values for the factor. As a result of the very considerable technical difficulties with the calculation, city councils and PTEs cannot be certain that they are using the right value for the factor and may sometimes be overpaying operators.

59. Some operators also have complaints about the formulae. For example, improvements to the services that they offer to concession-holders may also increase the numbers of journeys that people make. Such increases should be ignored when the generation factor is set, as the rises have not been caused by the price difference between the full and concessionary fare. Operators claim that this is not always done, unfairly reducing their income and thus reducing, or removing, their incentive to improve the services used by people with concessions.

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1 Authorities have powers to require bus operators to participate in schemes, and thus to be reimbursed using an authority’s choice of factor; however, operators have rights of appeal to the Secretary of State.
People tend to travel more when fares are reduced

Mrs Smith aged 59
Mrs Smith is 59. Neither she nor her husband has a car. She uses the bus only when she:
- goes to the supermarket, which she does twice a week; and
- visits her daughter, which she does once a week.

She pays £4.80 a week to the operator (six single tickets, each of which costs her 80p).

Mrs Smith aged 60
Mrs Smith reaches 60 and obtains an elderly person's concessionary pass. This means that she pays only a flat fare of 30p for each single ticket.

She continues to go to the shops twice a week. Because the bus costs less, she now visits her daughter twice a week. And she also visits a friend once a week. The full single fare to her friend's is also 80p but, as with the other trips, Mrs Smith only pays 30p per single ticket.

So now she is paying the operator £3 a week (that is, ten single tickets at 30p each).

The local authority's reimbursement to the operator
The local authority has to reimburse the operator for the loss of income caused by the concessionary rate. If the authority paid 50p (the difference between the full fare – 80p – and the concessionary rate of 30p) every time Mrs Smith used her concession, it would give the operator £5 a week (ten single tickets at 50p a ticket).

But the operator has also received £3 from Mrs Smith and would thus have a total income of £8. This is more than the £4.80 a week the operator received from Mrs Smith before she retired. As Mrs Smith now gives the operator £3 a week, the authority has to pay only £1.80 in order to leave the operator with the same income as before.

Trip generation factors
In other words, the authority applies a trip generation factor, which takes account of the fact that Mrs Smith now makes ten journeys a week, when previously she made only six, to reduce its liability to the operator from £5 to £1.80.

Note: The example is illustrative. In practice, generation factors are intended to reflect the average of many people's behaviour and not the actions of a single individual.

Source: Audit Commission
60. A further problem for authorities and PTEs is that the data on the number of journeys made by concession-holders, and on the associated full fares for those journeys, may be unreliable. The information can be collected in several ways [BOX I]. Accurate data from electronic ticketing machines (ETMs) can often be best. However, any system of payments based primarily on returns from operators – whether manual or computer-based – creates opportunities for abuse and may be subject to error. For example, one PTE has been pursuing the recovery of over £100,000 in concessionary fare reimbursements overpaid to an operator. Surveys by the authority or PTE thus have a key role in reimbursement, to help robustly to validate and verify ETM or other data from operators. Authorities and PTEs have to make even more use of survey data when operators do not have ETM technology. Surveys also have an important role when concession-holders travel free or pay a flat fare, as ETM data will not then show the distance travelled or associated full fare. However, some authorities are carrying out relatively little sampling.

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**BOX I**

**Data on the number of journeys made by concession-holders and the associated full fares**

Data may be collected in a number of ways:

- the operator’s staff may record use of the concession on an electronic ticketing machine (ETM) when the user boards the bus or train. (Operators have their own reasons – such as preventing fare income fraud by their own employees and ensuring that they are reimbursed for use of concessions – for seeking to ensure that this information is accurate.) These data are downloaded into the operator’s computer system, collated and used to invoice the authority.

- reimbursement calculations are sometimes based on non-ETM based returns from the operator – for example, because the operator has not installed the machines. Sampling and profiling again have a role. Alternatively, reimbursement may be based entirely on surveys; and

- if the concession-holder travels free of charge or for a flat fare, the ETM, and manual records, will show only that a pass was used but not the distance travelled or the full fare for the journey. Surveys can then be used to establish the pattern of concession use and to relate this to full fare tables.

*Source: Audit Commission*
61. The reimbursement formula creates opportunities for exploitation by operators when they set full fares. For example, an operator in an area with a free or flat-fare travel concession might identify which of its routes were predominantly used by concession-holders. It could then raise fares on these routes. Concession-holders would not have to pay any more, following the increase, and would continue to make the same number of trips. The operator's income from the authority would increase (as this is based on the full fare). Though other passengers might travel less, in response to the higher fares, each person who did travel at full fare would pay more. Overall, the operator's income – from fares and from payments by the authority – might increase.

62. PTEs are increasingly basing reimbursement upon notional full fares set by themselves, rather than on operators' full fares, and varying generation factors during the year. This guards against exploitation by operators, can significantly reduce the costs of funding concessions and helps PTEs to manage their concessionary fare payments against budget. But PTEs and PTAs need to ensure that such arrangements do not commit them to unnecessarily high payments. For example, operators in one PTE's area have been guaranteed that they will receive the entire concessionary fare budget even if journey numbers fall [BOX J]. Though the initial arrangement has reduced the PTE's expenditure, the PTE risks paying too much to operators if journey numbers should decline markedly.

BOX J

Capping concessionary fare reimbursement

In one PTE area, letters about the new arrangements included the following:

’Advantage to the politicians is that they now know their costs full stop! In turn operators will get every penny of the budgeted funds.’

Joint letter from PTE and operators' collective negotiating body to individual operators

‘This year’s deal has been based on a ‘pot’ system which has given the Executive a fixed budget but which has ensured that moneys not spent through recession in ridership has been channelled back to operators in the form of increased payments on the balance.’

Letter from operators' collective negotiating body to individual operators

Source: Audit Commission fieldwork at one PTE
63. Councils and PTEs need to be aware of the ways that changes in the remuneration for concessionary travel might affect operators’ behaviour and the impact that this might have on other people using public transport. One authority increased the factor in 1997, reducing its costs and operators’ incomes. The dominant local operator subsequently raised fares, increasing the difference between concessionary and full fares and so reversing some of the income reduction that the operator had suffered when the generation factor changed. The rise also increased the travel costs of those dependent upon public transport but who did not receive a concession. Operators might also withdraw services, if a change in reimbursement causes their total income from some routes to fall below the cost of providing those services.

64. However, city councils and PTEs may not always need to reimburse operators using generation factors. In one city, elderly people buy a pass from the dominant local operator and then pay a flat fare for all journeys on that operator’s vehicles; other operators in the area also accept the pass. People pay for the pass using National Travel Tokens\textsuperscript{1} issued to them by the council, plus a small top-up which they pay themselves. In another city, the authority purchases similar passes – which entitle the holder to half fare travel – at a fixed price and distributes them to concession holders. In both cases the passes cost about £30 per passholder per year. These approaches also help to cap the authorities’ expenditure.

**Supported bus routes**

65. Once the decision to subsidise a route has been taken, the next stage is to arrange services. City councils and PTEs must outsource provision; they must also, with certain \textit{de minimis} exceptions, place these supported services through competitive tender and can award contracts for a maximum of only five years. One of the concerns of many staff of the PTEs and city councils is that the numbers of bidders has fallen in some areas, due – they argue – to the increasingly consolidated nature of the market. They fear that prices will rise as competition for contracts declines; and the Association of Transport Co-ordinating Officers has identified a sharp – 12 per cent – increase in average tender prices for local bus contracts let since April 1998 (Ref. 28). Some officials believe that it will be increasingly difficult to take effective action – due to the absence of a suitable alternative provider – if a contractor fails to perform. From the provider side, operators argue that rising prices may reflect increases in costs or that operators have found that they had underpriced winning bids made in earlier years. They also argue that entry to the tendered market is relatively easy and likely to increase if established providers are seen to be making excess profits.

\textsuperscript{1} National Travel Tokens can be used, instead of cash, to pay for bus journeys.
66. There is also concern among many staff about their authorities’ and PTEs’ vulnerability to price-fixing cartels. Accusations of these, and other, anti-competitive practices have been commonplace since the bus industry was privatised but few have been proved. However, the Office of Fair Trading (OFT) has recently had success in breaking a cartel in Liverpool and Manchester [BOX K]. And, in November 1998, the OFT asked the Restrictive Practices Court to prohibit an alleged market-sharing and price-fixing agreement relating to the supply of home-to-school bus services in Hull. This followed an investigation by the OFT’s Cartels Task Force, acting upon a complaint from Kingston Upon Hull City Council.

67. Authorities can adopt different contract strategies. A key decision is whether the authority accepts the revenue risk (that is, keeps the fare revenue collected by the operators) or passes the risk to the operators (that is, allows them to keep the fares). There are advantages and disadvantages for both parties to this process [APPENDIX 3]. The choice affects contract prices, monitoring arrangements and the incentives for the bus operator to improve services:

- allowing the operator to retain the revenue may provide an incentive to try to increase the use of the service. However, where this may mean the operator investing effort or money in a service that is not, and has little prospect of becoming, commercially viable, the likely return may be insufficient to have the desired effect; and
- smaller, risk-averse operators may be more willing to bid for contracts if authorities or PTEs bear the risk. More bids and increased competition for contracts should, in turn, lead to keener tender prices.

Research in the early 1990s showed that the net cost per mile of tendered services to several county councils was lower when the authority accepted the revenue risk. The approach produced savings, even after allowing for the extra administrative costs of checks to ensure that the authority received the fare income due to it (Ref. 29).

68. Generally, the PTEs have well-developed methods for monitoring whether the bus services that they subsidise have actually run, if they are punctual and reliable and if they meet quality standards, and to try to ensure that the authority receives any fare income due to it. These methods usually involve some mixture of reporting by the operator (for example, based upon ETM returns) and of monitoring by the PTE. But good arrangements have not been universal. For example, late in 1997 one PTE’s auditors commented that:

Currently less than 1 per cent of contract journeys are observed by [the PTE’s] officers. This level of presence represents a minimal incentive for operators to both perform and to report non-performance. The results of the journeys monitored show that the level of non-compliance is significant ...It is reasonably clear that the current level of monitoring resources result in non-performing operators facing little chance of being detected.
BOX K

Breaking a bus cartel

Price-fixing and market-sharing agreements between ten bus operators in the north-west of England were ended by the Restrictive Practices Court on 5 November 1998. The agreements effectively kept fares higher than they might have been in a competitive market. All of these agreements were uncovered after a prolonged investigation by the OFT’s Cartels Task Force.

Mr Justice Buckley, presiding, said that the Court viewed very seriously the blatantly anti-competitive price-fixing and market-sharing arrangements entered into by these bus operators in the north-west of England, which were a matter of considerable public concern.

After a period of intensive competition between MTL (Liverpool) with both First Manchester (then known as Greater Manchester Buses North) and Greater Manchester Buses South, anti-competitive agreements were concluded in 1995:

- MTL withdrew all of its services from Manchester; and
- in return, the two Manchester-based companies each withdrew all of their services from Liverpool.

MTL then took many of the vehicles and drivers that it had withdrawn from Manchester and deployed them in the St Helens area, where it put pressure on the three local operators to enter into a series of market-sharing agreements.

Competition in the bus market in Liverpool was further reduced in 1996 when:

- MTL, North Western Road Car, CMT, South Lancashire Transport and Halton Borough Transport conspired to fix the prices of their fares on one- and two-mile journeys in and around Liverpool and, in addition, fixed the prices of children's fares on weekend and off-peak services; and
- MTL and PMT additionally fixed the prices of children's weekend and off-peak fares on the Wirral.

Source: Audit Commission, based upon material from the OFT
'If we were spending this amount on a capital project, we would be doing much more monitoring.'

Transport co-ordinating officer, fieldwork council

69. Many city councils' arrangements are less advanced than those of the PTEs. Their involvement in public transport is comparatively recent. The relatively smaller scale of their support for public transport means that a dedicated and detailed monitoring operation could be a significant overhead. A minority of city councils have no systems at all in place and no assurance that they are receiving the services for which they are paying. And in many cases, they have only minimal monitoring arrangements.

Bus Quality Partnerships

70. City councils, PTAs and PTEs are increasingly choosing to support bus Quality Partnerships; the White Paper encourages them to do so. Some partnerships involve considerable commitments by the operator; for example, the partnership between Centro (the West Midlands PTE) and Travel West Midlands, the largest bus operator in the area. Elsewhere, however, the contributions from operators have not always matched commitments from local authorities and PTEs. And, sometimes, operators may be doing no more than agreeing that new buses, which they might have purchased in any event, will be used on designated routes. Yet Quality Partnerships can be expensive for local government; in 1997 a survey found that each comprehensive scheme may cost in the order of £150,000 to £200,000. In contrast, operators were estimated to commit to additional expenditure – for example, the marginal extra cost of upgrading facilities when replacing buses – which averages between £25,000 and £40,000 per scheme (Ref. 30). Furthermore, operators, authorities and PTEs have not always developed measurable objectives for partnerships.

71. Research (Ref. 30) has also found that:

• 'in almost two-thirds of the cases recorded [that is, Quality Partnership agreements reviewed] ... there are no undertakings from operators (either formal or informal) to take any parallel measures to improve service quality'; and

• 'only half those involved thought that Quality Partnerships currently worked well, with the major areas of concern being:
  – shortage of local authority funds and a chronological mismatch between operator and authority spending periods;
  – doubts on legality or effectiveness, particularly with regard to low quality competition'; and
  – 'the absence of a formal structure or commitments.'
72. The concerns about low quality operation exist because, in the deregulated market, any bus operator can choose to run a service along any route. Therefore, an authority may invest in infrastructure along a travel corridor, in partnership with a bus operator which invests to improve quality of service on that corridor. However, another operator can also run services along the corridor, without investing to improve quality. The entry of such an operator might result in keener competition, and lower fares. But if this second operator picks up enough passengers, the first operator’s investment in the partnership may not provide it with a commercial return. Quality Partnerships may thus be most attractive to operators that seek to expand the market rather than fight each other for shares in a declining one. But operators will need to avoid behaviour which could be held to be anti-competitive.
If Quality Partnerships are to contribute to meeting the environmental agenda, they will need to persuade significant numbers of car-users to switch to other modes of travel. Evidence for this shift is limited. Increased bus ridership due to switching from cars has been proved in only a few cases; such evidence as is available suggests that increased ridership on Quality Partnership routes is often because existing passengers travel more, rather than because people have switched from cars (Ref. 31). The available evidence also suggests that improving an entire bus route provides better results than spreading the same investment over numerous routes or locations (Ref. 31).

### Accessible transport services

Weaknesses in demonstrating that accessible transport services are well targeted make it difficult for authorities to show that they are obtaining value for money. The care needed when interpreting performance indicators compounds the difficulty. Cost comparisons and zero-based budgeting can help in ensuring value for money but competition to provide services or parts of a service has a key role; it allows authorities to demonstrate that services are being provided at the lowest price commensurate with the quality required. Typically, authorities rely upon a single local provider, often a charity or voluntary body, but do not always require that the provider exposes work to competition. However, in Tyne and Wear, Nexus uses in-house staff to book and schedule services. It also owns the vehicles, but has tendered their maintenance, and the provision of drivers, and awarded the work to an external supplier.
75. In some places, the PTA gives grants of many millions of pounds to a single charity. PTA members are also on the boards of the bodies receiving grants; as the members declare their interest, this is lawful. But so close a relationship requires special vigilance to ensure that the provider does not become complacent and inefficient.

76. Authorities and PTEs should use service level agreements to define the level of service that they expect from providers and the related scales of payment. But they also need to monitor achievement carefully. One PTE had an agreement with a voluntary body. But the Commission’s auditors found that, among other problems, the voluntary body had overclaimed from the PTE.

**BOX L**

Auditors’ findings when they reviewed one accessible transport arrangement

A voluntary body provided accessible transport to a PTE with which it had a service level agreement. The voluntary body received a fixed lump-sum payment plus a bonus if the numbers of passenger trips met or exceeded a target level.

**Overcounting the number of passenger trips**

The Commission’s auditors found that the voluntary body:

- also transported clients for a metropolitan district's social services and education departments. It had included some of these trips in counts submitted to the PTE;
- had not always recorded the number of passengers carried when groups hired its vehicles. Instead, it had assumed that the vehicles were fully loaded when reporting to the PTE; and
- was including trips outside the PTA area in its totals. The service level agreement covered travel only within the former metropolitan county.

The practices meant that the number of passenger trips reported to the PTE were being significantly overstated and might have resulted in the voluntary body receiving bonuses of about £30,000 to which it was not entitled.

**Overcharging passengers**

Passengers were charged for travelling with the voluntary body. The fares were set by the PTA, and included in the PTE’s service level agreement with the body. The voluntary body retained the fare income. The Commission’s auditors also found that the voluntary body was not adhering to the fare scales in the agreement and that the actual fares charged were generally higher.

*Source: Audit report prepared for a PTE by the Commission’s auditors*
Rail services

77. PTEs are co-signatories, with the Office of Passenger Rail Franchising and the train operators, to the local rail franchises covering their areas. The rail franchises were let under competitive tender; those covering the PTE areas do not expire until 2004. The payments made to the operators, in return for providing the level and pattern of services set out in their passenger service requirements, fall year-on-year during the lifetimes of the franchises. The PTEs are free to negotiate changes to arrangements, but any such contract variations must be agreed with the operators. However, the PTEs argue that they have no financial incentive to make changes because of the way in which the Government currently meets the cost to them of the franchises.

78. OPRAF has a performance incentive regime which it applies to most franchises, including the ones to which the PTEs are co-signatories [BOX M]. These OPRAF incentives seek to address the issues of punctuality and reliability which are of such importance to passengers (Ref. 11). OPRAF also monitors a range of aspects of service quality through customer satisfaction surveys; the methodology used in each case is tailored to the particular operator and draws upon initial research that identified the issues important to that operator's customers. OPRAF publishes the results of surveys and details of operators' performance under the incentive regime.¹

¹ Each franchise to which a PTE is co-signatory covers a wider geographical area than the one served by the PTE. The PTEs' requirements thus apply to only a part of the franchise. OPRAF applies its incentives to the entire franchise without differentiating between the parts to which the PTE is and is not a party.

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**BOX M**

**OPRAF’s incentive system**

The system covers:

- **Punctuality**
  - OPRAF has set benchmarks based upon performance before the franchises were let. Operators receive payments if they exceed this benchmark but pay penalties to OPRAF if their performance falls below the benchmark. This system therefore penalises operators whose trains run late or which fail to run timetabled trains.

- **Train lengths**
  - Operators are required to have a ‘train plan’ showing how they will deliver the required capacity on peak commuter services into London and some other cities. An operator which fails to meet the plan makes payments to OPRAF.

- **Changes to the timetable**
  - This penalises operators which change the timetable from the printed version. But penalties are less than those incurred, under the punctuality incentive, for cancelling trains without warning. Operators thus have an incentive to handle disruption in a planned way and to give passengers notice of amended services.

*Source: Audit Commission, drawing upon the OPRAF Annual Report 1997/98 (Ref. 32)*
79. The franchises to which the PTEs are co-signatories include additional quality arrangements – the service quality incentive regime (SQUIRE). The PTEs set out detailed requirements on matters such as the cleanliness of stations and trains and arrangements to provide for passengers’ personal security (for example, good station lighting) and the provision of information [BOX N]. The train operators either receive bonus payments or suffer financial penalties, depending upon how they perform against a set of benchmarks. The benchmarks are based on the service quality levels that existed at the time of franchising.

<table>
<thead>
<tr>
<th>SQUIRE</th>
<th>Description</th>
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<tbody>
<tr>
<td>Timetables</td>
<td>Are correct pocket timetables available at each station?</td>
</tr>
<tr>
<td>Posters</td>
<td>Are correct posters displayed?</td>
</tr>
<tr>
<td>Poster frames</td>
<td>Are poster frames present and undamaged?</td>
</tr>
<tr>
<td>Seats</td>
<td>Are seats undamaged and usable?</td>
</tr>
<tr>
<td>Ticket offices</td>
<td>Are ticket offices staffed and queue times adequate?</td>
</tr>
<tr>
<td>Waiting rooms</td>
<td>Are waiting rooms open and no smoking signs displayed?</td>
</tr>
<tr>
<td>Shelters</td>
<td>Are waiting shelters undamaged and usable?</td>
</tr>
<tr>
<td>Lights</td>
<td>Are lights undamaged and working?</td>
</tr>
<tr>
<td>Lifts and escalators</td>
<td>Are lifts and escalators working?</td>
</tr>
<tr>
<td>Toilets</td>
<td>Are toilets open, clean and properly stocked?</td>
</tr>
<tr>
<td>Cleaning and access</td>
<td>Are public areas litter free, graffiti free and all access points open?</td>
</tr>
<tr>
<td>Clocks</td>
<td>Are clocks working and showing the correct time?</td>
</tr>
<tr>
<td>Train cleaning</td>
<td>Is train interior litter free, windows clean, no graffiti?</td>
</tr>
<tr>
<td>Train destination</td>
<td>Are all destination displays working and correct?</td>
</tr>
<tr>
<td>Train seats</td>
<td>Are all seats undamaged and usable?</td>
</tr>
<tr>
<td>Train toilets</td>
<td>Are all toilets open, clean and properly stocked?</td>
</tr>
<tr>
<td>Train poster frames</td>
<td>Are train posters frames present and undamaged?</td>
</tr>
<tr>
<td>Train announcements</td>
<td>Are the correct announcements made?</td>
</tr>
</tbody>
</table>

Source: One PTE’s report to a committee of its PTA summarising SQUIRE results
The approach to regulation in the PTA areas thus differs significantly from that followed elsewhere on the rail network. OPRAF's franchise requirements focus on the services to be run, whether they are provided and whether they run to time. In other words, OPRAF uses output measures which address issues of key importance to customers. In addition, operators set fares (within regulatory constraints specified in the franchise agreements) and retain fare income. They thus have direct incentives to innovate and to improve arrangements in order to attract more passengers and income. But, in the PTA areas, SQUIRE adds to OPRAF's output-based performance regime by seeking to control the quality of the operator's inputs at a considerable level of detail (for example, whether poster frames are undamaged). The position may, however, change. The Commons Select Committee on the Environment, Transport and the Regions has been impressed by SQUIRE and has recommended that similar regimes be developed for other, non-PTE, franchises, where operators have monopoly powers (Ref. 33). OPRAF is currently examining this option, in advance of the creation of the new Strategic Rail Authority.

In some areas, such as Greater Manchester, SQUIRE is fully operational and has been applied to other services such as the Metrolink light rail system. Elsewhere SQUIRE has met teething troubles – for example, in agreeing the sampling methodology with the operator. The regime has been in place for about two years and it is not yet clear how it will influence passenger outcomes – for example, whether it will significantly help to increase passenger rail traffic or persuade people to switch from road travel to rail. However, SQUIRE is unlikely to generate significant extra traffic if operators' performance remains static, or decreases, against the benchmarks. Nor is it likely to do so if existing customers' general satisfaction with rail services remains static or falls. In one PTE, service quality improved for some SQUIRE measures over the first year of the system's operation but deteriorated for others. Over the same period, the proportion of dissatisfied rail users, and the number of very satisfied ones, both fell [EXHIBIT II].
EXHIBIT 11

Satisfaction with rail services in the first year of SQUIRE

In one PTE, the proportions of both dissatisfied rail users and of satisfied ones fell in the first year of SQUIRE.

Note: One per cent of those surveyed were ‘very dissatisfied’ in each of the four quarters.

Source: One PTE

82. The treatment of fare income in some PTA areas also differs from that on the rest of the rail network. Four of the six PTEs set the fares for, and keep the fare income from, the rail services that they support; two allow the operator to keep the income. The four which retain the income use the ticketing incentive regime (TIRE) to provide operators with an incentive to prevent ‘ticketless travel’ (that is, fare evasion). Payments and penalties under TIRE typically account for about 1 per cent of the total payments that PTEs make to train operators. The system sets benchmarks for the percentage of passengers travelling without tickets, based upon surveys carried out prior to franchising. Deviations from the benchmarks are monitored using ticket inspection surveys and attract penalties or incentive payments. For example, in one PTE’s area, an increase in ticketless travel, from 3.3 per cent in the benchmarking survey to over 8 per cent, equated to a penalty of £214,000 payable by the operator.

\[\text{Government grant to each PTE covers the net cost to the PTE of the franchise (that is, the cost after allowing for fare income) where the PTE retains the fares; grant covers the gross cost of the franchise when the operator keeps the fares.}\]
83. The four PTEs that set the fares and retain the fare income are taking the commercial risk on the services specified under the franchise. This insulates the operator from risk but also removes the incentive for it to increase passenger numbers and revenue. In addition, the operator does not lose fare income if patronage falls because of poor quality of service. This lack of direct, fare-related, incentives for the operator accentuates the importance of the OPRAF and SQUIRE performance regimes. However, there is no evidence at present to show whether a PTE’s retention of the fare risk on services leads to different outcomes – for example, in terms of increased passenger numbers or fare income – to the alternative of allowing the operator to retain the risk.

**Ensuring that in-house working is efficient and competitive**

84. PTAs and PTEs employ 3,000 people and spend £18 million a year on corporate management and planning. Many of these staff work in direct labour organisations maintaining and running tunnels, ferries and metros; the corporate expenditure includes work on capital projects, and member support and policy advice to the PTA. PTAs and PTEs have had to restructure and redefine their roles following the deregulation of the bus industry and the privatisations of bus and rail operations. But their remaining in-house activities have not been exposed to many of the competitive pressures that have been applied in other areas of local government. Those pressures have led to much improved specification of service needs, performance monitoring and control of costs.

85. PTE operations contain many examples of good practice; for example, a recent audit report described a PTE direct labour unit as appearing to be ‘well run and well co-ordinated and providing a good standard of service to the PTE’. But over the last few years the Commission’s auditors have also identified, and the PTEs have followed up, opportunities for further improvements in performance. Examples include reducing sickness absence levels in one PTE (which were considerably above the average among local authorities in the region); better supervision of staff, jobs and standards in an in-house maintenance unit; and reducing the levels of planned and casual overtime in a PTE.

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1 As discussed in paragraph 67, it may often be best for authorities and PTEs to accept the risk when letting contracts for bus services. But this may not be so for rail. Authorities and PTEs let many relatively small bus contracts and are able to stimulate bids from small operators, and reduce tender prices, by accepting the risk. In contrast, each PTE is a co-signatory to a single franchise which covers all local rail services across a substantial geographical area. Accepting the risk on rail may not, therefore, stimulate bids in the same way as in the bus market.
As discussed earlier, city councils and metropolitan districts are major purchasers of transport services, to meet their obligations as local education authorities. City councils commonly spend more on free home-to-school travel than on supporting public transport [EXHIBIT 12]. This expenditure includes the travel costs of pupils with special needs who may need to use adapted vehicles or be escorted during their journeys. But it also includes many pupils who travel on unmodified buses and coaches hired by the LEA. However, such purchasing is not always co-ordinated with the tendering of socially necessary bus services. PTEs, city councils and metropolitan districts may thus be missing opportunities to exploit client-side economies of scale when tendering for bus services.

EXHIBIT 12

**LEA expenditure on free home-to-school travel, 1997/98**

City councils commonly spend more to meet their LEA obligations to provide free home-to-school transport than they do to support public transport.

Note: Calculation excludes client-side staff costs of letting contracts, etc.

*Source: Audit Commission survey*
Consulting the public and reporting back to them on achievement against targets lie at the heart of best value. Consultation and performance measurement are also central to LTPs. City councils are responding corporately to best value and are publicly accountable for their performance across a wide range of services under the Audit Commission’s annual performance indicator regime.

The PTAs and PTEs are also seeking to adapt to best value, as well as to the changing transport agenda. They have experience of consulting with the public, for example, on individual capital projects plus, in some cases, on their corporate strategies. They will have to work with the metropolitan districts in their areas when preparing LTPs but already have experience of co-operating successfully with them. For example, the TPP capital bidding system included a joint bidding element (‘the package bid’) which metropolitan districts, PTAs, and PTEs prepared in partnership. But the PTAs and PTEs have less experience of reporting on their performance to the public; for example, the Audit Commission has not yet set performance indicators that apply to transport services or to PTAs.

And some aspects of the PTA/PTE structure may make it particularly demanding to involve and to report back to the public to the extent envisaged in the DETR’s Draft Guidance (Ref. 20) and required by best value:

- there is no direct link between the PTA and local electors and council taxpayers. PTAs can have a low public profile. There may be relatively little public understanding of what they do or how they are performing;
- PTAs fund themselves by levying the metropolitan districts. The leaders of the metropolitan districts usually meet before the levy is set; and PTA members normally take account of the views offered, and the consensus reached, in that meeting when they decide upon the levy. But the leaders’ meeting has no statutory basis and, taking place in private, the decision-making mechanism is not transparent to the public. There is thus no publicly accountable debate about the potential impact of increases or reductions in the levy on other services provided by the district councils;
- PTEs consist entirely of officials whose role may also be obscure. The West Midlands PTE adopted the Centro name and brand to help raise public awareness; Tyne and Wear PTE uses the brand name Nexus, and West Yorkshire PTE the name Metro, for similar reasons. Merseyside PTA and PTE jointly operate as Merseytravel. Such measures seem to have heightened public awareness, but customer research suggests that people do not always understand what such bodies are doing. For example, some believe that Centro still owns and runs the buses in the West Midlands.
90. In addition, PTAs have not routinely set targets for all aspects of PTEs’ activities. As a result, they do not know the extent to which all of the different areas of PTE expenditure contribute to achieving their policy objectives and cannot demonstrate that they are always selecting the most cost-effective ways of meeting those objectives. PTEs currently compile considerable amounts of comparative unit cost and other data which they exchange with each other through the Passenger Transport Executive Group (PTEG). Comparisons between PTEs need to make proper allowance for the differing geographies, public transport networks, histories and socio-economic circumstances of the PTA areas. But PTAs and PTEs will need to do more to benchmark services in order to meet best value requirements. And PTEs will need routinely to report to PTAs on comparative performance to a greater extent than they do at present.

91. Some argue that the low profile of PTAs is immaterial – passengers are interested in the punctuality and reliability of the bus, not who owns, operates or funds it. However, it is vital that the work of the PTA is transparent and accountable to the public and that the PTA is rigorous in its scrutiny of the PTE. And partnership working with metropolitan, districts, operators and others is likely to increase pressure on PTAs and PTEs to become more transparent.

Conclusion

92. PTAs, PTEs and city councils are in the front line of the changing transport agenda. They spend significant sums of money, have considerable influence over the local transport network and offer many examples of good practice. But their planning processes have often paid insufficient attention to their revenue expenditure on concessions, subsidised routes and other activities. In consequence, they cannot always demonstrate the extent to which their expenditure contributes to improving service quality and achieving social, economic and environmental objectives. For example, they can rarely demonstrate that subsidy is reaching the people whom they most wish to help. They also face difficulties in ensuring that they are not over-generous to providers in their subsidies, particularly in reimbursing operators for concessions, when tendering for bus services and when working with bus operators in Quality Partnerships. They also need to do more to demonstrate that accessible transport services are operated efficiently and effectively. The legal framework within which they have to operate is sometimes challenging: for example, deciding how much to reimburse bus operators for concessionary travel is intrinsically difficult. Responding to the transport White Paper and the best value regime will add to the challenges that they face. For example, PTAs are not yet as transparent and accountable to the public as they will need to be under best value. PTEs in turn will need to improve their benchmarking and be more transparent to PTAs.
Improving Local Transport

Local transport authorities have a crucial role in promoting service improvements. From summer 1999, local transport plans will help them to do this and should link to best value performance plans. Partnerships between PTAs and metropolitan district councils, between neighbouring authorities and with operators are vital in achieving integrated and sustainable transport provision. Members can help by challenging existing approaches and by adopting a strongly consumerist, user-driven view of needs and how to meet them.
93. The previous chapter described the key issues that authorities and PTEs need to address if they are successfully to respond to the new transport agenda and best value. Some are already working in fresh ways; others can catch up and make the further improvements required. All authorities should:

- **help to meet local needs.** They should review policies, set objectives and targets and draw up plans;
- **measure performance and achievement.** They should use the outputs from these to inform policy and investment decisions;
- **ensure that help reaches the people who most need it;**
- **obtain better value for money; and**
- **improve accountability and transparency.**

Central government can help by improving the framework within which local transport authorities and PTEs work. The rest of this chapter discusses how best to do this. It illustrates the way forward with examples of good practices which authorities and PTEs are already following.

### Helping to meet local needs

94. The new local transport plans (LTPs) should set out how authorities will meet people's needs. In preparing plans, authorities should review existing policies and practices. In the PTA areas, the metropolitan districts and PTAs will need to do this in partnership, as they are to prepare joint LTPs. Best value considerations should inform the development of LTPs and, in turn, LTPs should feed into to authorities' best value performance plans [EXHIBIT 13, overleaf].

### Identifying needs

95. Authorities need a good understanding of the current public transport market in their areas; what people think of, and want from, services; their priorities for change; and how much local taxpayers are prepared to pay. Public consultation is a key element of both best value and of the DETR's and Welsh Office's *Draft Guidance* on LTPs (Refs. 20 and 21). Some authorities and most PTEs already have experience of such consultation. For example, Tyne and Wear PTA and Nexus, its PTE, consulted widely when developing their public transport strategy, *Towards 2010.*

96. Systematic surveys to identify the transport issues that most concern people will also be important. As well as commissioning their own research, authorities and PTEs can draw upon surveys conducted elsewhere. For example, Centro, the West Midlands PTE, has already carried out research to find out what local people think about transport issues and to identify barriers to the use of public transport. Exchange of information through officer groups may also be useful. Surveys on public perceptions by, for example, the Automobile Association (Ref. 34) and Railtrack (Ref. 11), are also available.
97. Authorities should take account of the views, needs and requirements of elderly people and people with disabilities. This will help to inform decisions about funding levels and the respective roles of concessionary fares, accessible transport and low-floor buses in meeting people’s needs. In Greater Manchester, consultation with users of accessible transport already feeds into business planning processes [CASE STUDY 1].

Reappraising existing policies and practice

98. A willingness to think radically is at the heart of best value. For example, why do we provide this service? Could we achieve our objectives in different ways? Might alternative ways of helping remote communities be preferable to supporting a bus service – for example, capital grants to allow local voluntary groups to purchase community minibuses? Do we need to fund concessions for children? Is the current concession for elderly people more generous than the Government’s proposed half-fare scheme? If so, is this the best use of resources to help this target group?

99. As part of these processes, authorities should consider and consult upon the relative extent to which they will use ‘carrots’ (better public transport) and ‘sticks’ (to discourage car use) to achieve their goals [EXHIBIT 14, overleaf]. Restrictions on car use may be more important in
addressing the environmental agenda set by the transport White Paper than increased subsidy for public transport. For example, if people find commuting by car unattractive, bus operators then have clear financial incentives to provide better services. Car-parking policies and charges thus have an important part to play.¹

¹ The report on income and charging, which the Commission is to issue later in 1999, will include a discussion of car-parking charging strategies.

CASE STUDY 1

Consulting on accessible transport services

Most dial-a-ride (Ring-and-Ride) services in Greater Manchester are operated by a PTA-sponsored charitable company – Greater Manchester Accessible Transport Ltd (GMATL). The service is substantial; 60 minibuses carry around one million passengers a year, at a cost to the PTA of £3.5 million.

Promoting user involvement

To foster participation and involvement by users, Ring-and-Ride steering groups have been set up in each metropolitan district area in Greater Manchester. Groups are made up of PTA and district council members, users (usually through voluntary sector representatives) and GMATL officers. They meet quarterly to discuss service planning and performance, and passenger correspondence and complaints. To further promote user participation, GMATL also arranges occasional visits to the service’s headquarters for users to see how the operation works.

Input to business planning

Each of GMATL’s depots prepares a local service plan. These are discussed with the Ring-and-Ride steering groups. They form the basis of the GMATL business plan which is presented to the PTA and director-general of the PTE. Alongside normal monthly reporting, quarterly progress reports are made to the PTA, culminating in full year reporting and the GMATL Annual Report and Accounts.

Source: Audit Commission fieldwork
Carrots and sticks
Car drivers will not be tempted out of their cars simply by improved public transport; some measures of coercion are also needed.

Source: Audit Commission

100. Authorities should consider whether park-and-ride schemes will play a part in their strategies. In some schemes, the car parks are close to town centres, have little environmental impact and are no more than seasonal overflow arrangements (for example, they operate only at Christmas). But some schemes have had important impacts, particularly in compact, historic cities such as Oxford and York and when closely linked to car restraint. Frequent and reliable bus services are important, as are pricing policies which compare favourably with the costs of city centre car parking. Even so, schemes can need careful nurturing and subsidy for some years. But the scheme at Oxford is now largely self-financing (that is, the buses are operated commercially, without subsidy, at most times); the one at York [CASE STUDY 2] is also on course to be self-financing.

CASE STUDY 2

Park-and-ride at York
York is an historic city that is popular with visitors. Public opinion surveys have revealed that local people are concerned about traffic congestion. The city council has developed a transport strategy aimed at promoting sustainable development and minimising traffic generation. Park-and-ride has a central role in this.

The services use low-floor, low-emission vehicles in park-and-ride livery. Parking is free and income is generated solely from the bus fares. The quality of the buses plays a significant part in drawing motorists out of their cars and is a key element in improving the image of public transport. Under the innovative five-year contract let in 1995:

- the contractor is responsible for all aspects of the service, including the maintenance of the car-parking facilities, security, marketing and promotion;
the contractor pays the authority an annual fee to cover the cost of running and monitoring the contract. The city council employs a full-time park-and-ride monitoring officer to check the service and liaise with the operator;

- the city council guarantees the operator a level of income for each year of the contract;

- the predicted revenue should be enough to provide the operator with its expected rate of financial return; and

- if the service generates higher profits during the five-year period, these are shared between the council and contractor.

The city council and operator have jointly published a customer contract setting out the standards of service that the customer can expect from park-and-ride. The council monitors performance in a variety of ways including examination by council staff, and on-vehicle electronic detectors. Independent ‘mystery passengers’ are also employed to monitor and assess service quality standards. If service levels are not met, the monitoring officer can issue remedy, warning or default notices. If the number of defaults reaches a particular level within a given timescale, the operator incurs liquidated damages. These are deducted from a performance bond held by the council.

The city council’s car-park-pricing policy ensures that park-and-ride fares compare favourably with city centre car-parking charges.

The service now runs from three sites around the city and carries more than one million passengers a year. In ten years’ time, the city expects to have five sites operational, with a predicted annual patronage of two million. This will represent approximately one million cars a year kept out of the city centre. The council’s intention is that the service should be financially self-supporting; it is on course to break even by the end of the contract period.

Source: Audit Commission fieldwork, drawing upon material from York City Council
Reducing the need to travel is a key element in the new transport agenda

Links to other policies and plans

101. Authorities should also ensure that transport policies and plans link effectively with other policies and initiatives. Reducing the need to travel is a key element in the new transport agenda. Transport issues should thus be considered fully when setting policies and making individual decisions about land use, home-to-school travel, the siting of educational and other facilities, countering economic and social exclusion and furthering economic development. Public transport implications and requirements should be covered fully when new developments are considered. For example, developers have sometimes agreed to support new bus services that will serve their sites. York City Council and Bristol City Council are examining transport arrangements as part of their best value pilot projects. Both are seeking radically to re-examine the relationships between home-to-school transport, social services transport, accessible transport and expenditure on public transport to see if they can identify better ways to meet clients’ needs.

102. All authorities should cover school travel in their local transport planning. They should take account of the needs of all pupils and students, including those entitled to free LEA-funded travel. They should seek, in co-operation with schools and education departments, to provide the most appropriate and cost-effective mix of arrangements. This will often be a combination of commercial bus and rail networks, subsidised bus services that complement and supplement the commercial network, LEA-funded provision of travel passes to some pupils and students and LEA funding of dedicated buses, coaches and other vehicles. As part of this process, authorities should identify and examine all of their contracts and arrangements with local taxi and hire-car operators, both for home-to-school and all other types of travel and transport. Across their entire authority, some councils are spending hundreds of thousands of pounds a year on taxis and hire cars; they are seeking to rationalise arrangements and to co-ordinate them to make better use of their purchasing power.

103. Plans should take account of passengers’ concerns about personal security. Approaches such as the DETR’s ‘Secure Stations’ initiative seek to improve personal security at railway stations. PTEs already have experience of helping to address fear of crime – for example, through the use of CCTV, good lighting and other measures at bus and metro stations – and of establishing rapid graffiti removal and vandalism repair at bus stations and bus shelters. Plans should take an integrated approach and consider the whole journey; for example, the impact of a secure, well designed railway station may be lessened if people leaving the station on foot at night have to walk through poorly lit underpasses or alleys. LTPs should, therefore, link to authorities’ community safety initiatives.

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1 Taxi or hired car may, for example, be the most appropriate way to transport some pupils with special needs and some social services clients.
Relationships with operators

104. Authorities and PTEs should also review their relationship with bus operators. Outside London, the current legislation creates a strongly deregulated market with a limited role for local authorities. The Government is advocating partnership working with operators, but the current legal framework creates difficulties – operators that are not signatories to a Quality Partnership could operate on Quality Partnership routes. The Government has recognised the difficulty that such unrestricted, low-quality competition may cause. The White Paper proposes that partnerships be given statutory backing, so that only those operators which meet locally determined quality thresholds can benefit from facilities such as bus lanes and priorities at traffic signals that have been introduced under a partnership.

105. At present, authorities cannot apply such thresholds; therefore, Quality Partnerships may appear most viable where operators seek to expand the market rather than capture customers from each other. This creates the possibility of apparent or actual collusion between operators or that particular operators will obtain de facto monopolies on particular routes. Collusion and monopoly both carry the danger of exploitation by operators. Authorities will need to continue to be alert for evidence of unlawful anti-competitive practices and, if necessary, to refer cases to the competition authorities.

106. The White Paper also proposes changes in the law to allow Quality Contracts, which would give authorities complete control over the routes covered by the contracts. Many authorities are interested in participating in pilot schemes. However, the Confederation of Passenger Transport – the transport operators’ body – has commissioned research (Ref. 35) which suggests that such a change would introduce extra costs for authorities and operators, and would reduce operators’ incentives and flexibility to respond to changing commercial circumstances. The different options for regulating the bus market – minimal involvement, partnership and control – involve fundamentally different relationships between authorities, PTEs and operators. It is difficult for an authority or PTE to retain credibility if it says that it is working in partnership with operators but is also seeking to control the bus network in its areas because it does not trust operators’ ability to deliver an effective service. Authorities need a clear understanding of how, and why, they intend to position themselves towards operators, if they are successfully to take forward the new transport agenda.

107. Authorities should also consider the role of the local taxi and minicab trades in meeting transport needs, including their role in helping to provide accessible transport for people with disabilities. For example, taxi voucher schemes, which contribute towards the cost of travel by taxi, can complement or offer an alternative to accessible transport minibus services. Reviews should also cover rail. Relationships with rail operators are contractual and changes require the operators’ consent. But PTAs and PTEs should appraise how they see the franchises changing over the five-year period of the LTP.
Local authorities and the bus market

There are tensions between the different approaches available to authorities.

EXHIBIT 15

Source: Audit Commission
Decisions to spend public money should identify the expected benefits...

Other partners

108. Authorities and PTEs should also identify all of the other partners with whom they will need to work, agree plans with them and apportion responsibility for action. The metropolitan districts and PTAs will have to work together. Other authorities can do so if they wish, particularly where major travel-to-work corridors cross local authority boundaries. Some councils already co-operate; for example, Leicester City Council and Leicestershire County Council work together on traffic and transport issues in central Leicestershire; and authorities in South Wales have come together in the SWIFT initiative (South Wales integrated fast transport) to address travel into and out of Cardiff. Effective working relationships between different departments within an authority, with the police (for enforcement of parking controls and bus priority measures) and with the emerging regional development agencies are also essential.\(^1\) Greater Manchester PTA's pilot project to achieve integrated and sustainable transport relies upon bringing the many organisations together to meet wide-ranging objectives [CASE STUDY 3, overleaf].

Agreeing a programme of action

109. Authorities and PTEs will need to agree with their partners a programme of action to improve public transport. Appendix 4 shows how passengers’ views can be used to identify possible action. The basket of measures chosen may vary from place to place. The exact apportionment of responsibility between different authorities and between operators and authorities may also vary with local circumstances. Authorities’ ability to control many of the issues that concern people is limited. But they should seek to influence operators to improve their performance and expect them to bear an appropriate share of costs; if the new transport agenda succeeds, operators will gain many more fare-paying passengers. Decisions to spend public money should identify the expected benefits, take account of local people's views on priorities, and consider alternative uses that could be made of these funds.

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1 The Audit Commission's recent publication, *Promising Beginnings* (Ref. 36), offers advice on, and examples of, effective joint working in local government. And its management paper, *A Fruitful Partnership* (Ref. 37), covers partnership working with others.
CASE STUDY 3

Linking transport plans with other objectives

Greater Manchester aims to become a model of sustainable and integrated transport. The PTA and PTE, metropolitan district councils, local transport operators, Manchester Airport and the Highways Agency have formed a partnership to:

- reduce congestion
- reduce social exclusion
- make the local economy more effective
- improve the local environment
- make travel safer

The partnership is working to ensure that these aspirations are expressed in transport service improvements:

- information – ‘easy to get hold of, up to date and accurate’
- the waiting environment – ‘as comfortable and safe as possible’
- the services themselves – ‘reliable and simple and pleasant to use’
- fares and tickets – ‘to make travelling easier and better value’

... and to link these to practical measures:

Information initiatives
- unified telephone information service
- printed timetables for all services
- full timetable information on the internet

Waiting environment
- increasing hours of staffing at bus stations
- providing more bus shelters
- new bus and tram interchanges

Service initiatives
- more buses that meet EU emissions standards
- higher frequency buses, trains and trams
- more bus priority measures

Fares and ticket initiatives
- introduce one-day travelcards
- promote more single tickets for all modes of travel.

Implementation of the project is being phased over 1998 and 1999.

Source: Audit Commission fieldwork
Measuring performance and achievement

110. Authorities should set targets and establish arrangements to monitor achievement and report the results to members and to the public. To meet the DETR’s and the Welsh Office’s requirements for LTPs, authorities will need a very wide and structured set of performance indicators. These should cover economic, social and environmental objectives [BOX O], as well as safety and the integration of different transport modes. Objectives should cascade to cover the contributions made by different aspects of expenditure. (See Appendix 5 for further options.) As in Merseyside, the emphasis should be on drawing together key indicators of performance across service areas and linking them to wider objectives. Performance measurement, and reporting achievement and outcomes to the public, should cover bus Quality Partnerships; for example, authorities and operators should report on issues such as patronage, reliability and customer satisfaction. In Tyne and Wear, Quality Partnerships include measurable commitments about service reliability and about operators’ providing customer care training to their drivers.

BOX O

Some possible performance indicators

<table>
<thead>
<tr>
<th>Impact on attitudes towards public transport</th>
<th>People’s satisfaction with public transport</th>
<th>The public’s views – users; non-users; car-owners, etc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental and economic objectives</td>
<td>Congestion</td>
<td>Total traffic volumes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Modal split – car, bus, train, bike, etc</td>
</tr>
<tr>
<td>Environmental objectives</td>
<td>Air quality</td>
<td>Average and peak values of pollutants</td>
</tr>
<tr>
<td>Social objectives</td>
<td>Concessionary fares</td>
<td>Take-up per target group (by type of concession)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Usage per passholder within different target groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual cost per passholder</td>
</tr>
<tr>
<td>Subsidised bus services</td>
<td>Usage/patronage/number of trips</td>
<td>Average number of journeys per user per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average subsidy per bus mile and per passenger trip</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average annual subsidy per user</td>
</tr>
<tr>
<td>Accessible transport</td>
<td>Take-up (for example, registration) per target group (for example, people with different levels of mobility)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use per target group</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cost per trip, within different target groups</td>
</tr>
</tbody>
</table>

Source: Audit Commission
111. Within this framework, authorities should carry out trials, monitor results and perform cost-benefit analyses of a range of options before committing themselves to long-term, large-scale expenditure. There is already much evidence on people's views about public transport (for example, Box C and Exhibit 5). Experiments such as the Line 33 initiative in the West Midlands certainly show that capital investment by the public and private sectors in partnership can have an impact [CASE STUDY 4]. However, most of the growth in passenger numbers on Line 33 was from existing bus-users rather than from people switching from cars, reflecting the apparent intractability of drivers' behaviour in the absence of car restraint. Improving an entire route or corridor brings better results than spreading improvements more thinly over parts of many different routes. But more evaluation will help to inform policy and investment decisions. For example, is it better to make high quality improvements to a single route or to spend the same amount on somewhat lower quality improvements to two routes? Authorities should avoid making excessive and unnecessary use of consultants and external advisers but should consider asking independent outside researchers to evaluate trials and experiments which may lead to significant later investment. They should also identify performance measures, and set target levels of achievement, for their major projects. They should agree these with partners where necessary.
CASE STUDY 4

Line 33

The Line 33 Bus Showcase scheme in the West Midlands is a pilot to trial partnership working and the impact of improvements that are intended to address passenger concerns. It was launched in February 1997 as a partnership involving Centro (the West Midlands PTE); Travel West Midlands (the main local operator), Birmingham City Council, Walsall Metropolitan Borough Council and West Midlands Police. It involved upgrading the existing route 33.

Measures included:

- better shelters installed to a new design with wide access for wheelchair-users, internal lighting and seating (including child seats at certain stops)
- changes to kerbs at bus stops to make it easier to get on and off the bus – raised kerbs to allow level boarding; tactile surfacing; ‘bus boarder’ kerb build-outs to assist boarding
- new buses – low boarding, flat-floor single-deck buses with storage space for buggies and wheelchairs
- bus priorities to increase journey speed and service reliability – bus lanes, clearways at bus stops; traffic signal priorities
- more frequent services
- improved information – information boards; new pocket timetables; electronic and audible real-time systems, etc
- customer care and disability awareness training for drivers
- distinctive branding – Line 33 logo and colour scheme used on all aspects of the service.

By March 1998, monitoring revealed:

- shorter journey times
- improved reliability
- 20-30 per cent increase in patronage

and
- that customers recognised and appreciated the improvements to the service.

Late in 1998, Travel West Midlands pledged investment of at least £10 million a year for three years in a West Midlands-wide extension of Quality Partnerships.

Source: Audit Commission fieldwork
Ensuring that help reaches the people with the greatest needs

112. Authorities should review their policies to identify those whom they are seeking to help most. Systems should be in place to indicate whether help is reaching those most in need. This involves:

- identifying the target groups for concessionary fares and carrying out appropriate analyses of take-up and surveys of patterns of use. For example, Bristol City Council has found that take-up of its elderly concession is higher in poorer wards; but in the West Midlands, take-up is greater in high-income areas and the PTE is researching the reasons for this. Oxford City Council established, in the early 1990s, that take-up of its elderly pass was fairly uniform across the city, but that the propensity to use the concession was highest in its lowest income ward;

- reviewing subsidy criteria for tendered bus services. Authorities should question whether they need to support buses which have little patronage. As in Tyne and Wear [CASE STUDY 5], they can use a scoring system based on a mix of wider policy objectives (for example, social inclusion) and value-for-money criteria (for example, subsidy per passenger); and

- setting clear and appropriate eligibility criteria for, and assessment for membership of, accessible transport services. Authorities should take account of the impact of the introduction of low-floor buses and of the Disability Discrimination Act. As in Merseyside, they should also have gatekeeping measures to ensure that services are directed to those who need them most [CASE STUDY 6]. And, as in Greater Manchester, research may be needed to identify take-up and usage rates.

CASE STUDY 5

Nexus’ system for identifying and prioritising which bus routes to support

Nexus aims to identify and prioritise which routes to support in a way that takes account of both the social need for a service and its cost.

Services receive a needs score which is based on the purposes of journeys made on them (for example, for health-care; to/from places of education; for shopping); the contribution they make to the public transport network; and social factors (for example, car ownership and unemployment levels) in the areas that they serve.

The needs score of each service is then multiplied by its recovery rate (that is, the proportion of the gross cost to the PTE of providing the service covered by revenue from the service) to provide a total priority score for the service. The priority score thus takes account of need and of passenger demand and cost to the PTE.

Acceptable recovery rates (and thus the net cost per bus mile and net cost per passenger trip) vary from route to route and can be higher on routes with higher needs scores.

Source: Audit Commission fieldwork
CASE STUDY 6

How to become a member of Merseylink dial-a-ride service

Merseylink dial-a-ride service has membership procedures to ensure that all applicants are treated fairly and that services are targeted on genuine need.

Core features are:
- eligibility assessment
- appeals
- issue of passes and pass renewal.

Eligibility assessment

Applicants are assessed on a residency and needs basis
- resident of Merseyside
and in receipt of either
- higher mobility element of disability living allowance (if aged 65 or under);
- highest rate of attendance allowance (if aged over 65); or
- registered blind person.

Alternatively, a note signed by a doctor confirming that the applicant cannot use public transport satisfies the eligibility criteria.

Merseytravel (the name used jointly by Merseyside PTA and PTE) reserves the right to ask members to undergo physical examination.

Appeals

Rejected applicants have a right of appeal and can request a medical examination with Merseytravel’s medical advisers.

Passes and pass renewal

A photocard is issued for use on each trip.

Membership is renewed every two years from first issue date.

Source: Audit Commission fieldwork
Obtaining better value for money

Authorities should ensure that they are obtaining value from public money and are not incurring unnecessary expenditure. They should particularly review:

- **reimbursement for concessionary fares**, particularly the trip generation factor. Use may be made of published research, such as that by TRL (Refs. 38 and 39). Authorities should also review how best to obtain, validate and verify information about the numbers of concessionary journeys made. They should consider whether they can make more use of data from electronic ticketing machines and whether they need to improve their use of surveys;

- **arrangements for tendering, monitoring and managing contracts for supported bus services**. Authorities should specifically consider whether the risk on fare revenue should lie with the public purse or with the operator, taking account of the evidence that suggests that the former practice may produce keener tender prices. They should make use of existing good practice guidance, prepared by the consultancy TAS for the DETR (Ref. 40). They will also be able to draw upon the further advice that the DETR is expected to issue following the White Paper. But, whichever option they favour, they should periodically test the alternative. For example, Leicestershire County Council, which lets contracts both for itself and on behalf of Leicester City Council, accepts the risk on most contracts but, from time to time, passes the risk to the operator to test whether it should switch preference. Robust systems to check that operators are complying fully with the terms of the contracts are also essential. Typically this will extend to selecting key service quality indicators – such as reliability and punctuality – and monitoring on a contract by contract basis. Monitoring arrangements should usually include periodic surveys of local public attitudes, to ensure that the authority’s indicators reflect the issues that people think are most important;

- **how they seek to ensure that accessible transport services are run economically and efficiently**. Authorities and PTEs should ensure that providers have proper business planning processes. They should have detailed agreements with their providers that incorporate agreed targets on efficiency and service patronage and should audit information given to them by their providers. Authorities should also consider market testing parts of the operation, or requiring that supported bodies do so, and be prepared to outsource if this will preserve or enhance quality but reduce cost [CASE STUDY 7];

- **the impact of SQUIRE and TIRE**. Continuing to monitor the systems’ costs and impact, both in terms of bonuses and penalties paid to operators and on service quality, will inform decisions about whether and how to modify the systems. Monitoring will also show if the penalties and incentives are sufficiently large to have a real impact on operators’ behaviour and passenger outcomes. It may also help to inform decisions on how best to incentivise operators under the bus Quality Contracts proposed in the White Paper. PTAs and PTEs should co-operate with each other and, possibly, OPRAF and, later,
the Strategic Rail Authority, to appraise the impact of SQUIRE on customer views and behaviour. For example, they should examine whether the regime helps to generate extra rail travel or contributes to ‘modal shift’ from car travel to use of public transport. PTAs and PTEs should similarly compare the benefits or disbenefits of allowing the operator to retain fare income (as happens in two of the PTE franchises and in all of the non-PTE franchises) with those where the PTE takes the income (as in four of the PTE franchises). This appraisal should be fed into any renegotiation of the PTE franchises and the retendering of the current ones as they expire;

• whether PTAs’ and PTEs’ working practices are sufficiently cost-effective and whether their overheads and in-house costs are justified. PTEs have been improving internal processes. For example, Metro (that is, West Yorkshire PTE) and Nexus have achieved Investors in People accreditation. Nexus has also received a Charter Mark for its in-house rail operation, the Tyne and Wear Metro. Cost control is also important. One method is to use comparative data to investigate differences in staffing costs between PTEs. A second option is to market test wherever possible and to out-source activities if this preserves or improves quality while reducing costs. Benchmarking is a further option; for example, Nexus is involved with rail operators in other European countries to help benchmark its underground rail operations. Tightening performance targets from year to year also helps – Nexus is on course to achieve its target of breaking even against operational costs on its railway by 2000/2001.

CASE STUDY 7

Value for money in an accessible transport operation

Nexus (the Tyne and Wear PTE) funds ‘Care Call’ dial-a-ride services for people with mobility difficulties. Bookings must be made 24 hours in advance; journeys can be made anywhere in the Tyne and Wear area. In addition, a five-day-a-week service is guaranteed for users in regular employment. The service carries around 350,000 passengers a year.

Nexus owns 24 accessible vehicles. Operation and maintenance are carried out by the successful operator following a competitive tendering process.

Quality specifications include requirements for driver training and passenger handling. Contracts are awarded for three years. Previous bidders have included commercial bus operators, taxi companies and the voluntary sector. A £90,000 saving resulting from the tendering process in 1997 was reinvested in network accessibility measures.

Booking and scheduling are done in-house. This gives Nexus a first-hand understanding of user needs as well as enabling staff to maintain direct contact with the operator. Service quality issues can, as a result, be identified swiftly.

Nexus also provides a ‘Care Cab’ taxi voucher service and maintains an approved list of taxi companies that participate in the scheme. Users can buy taxi vouchers worth up to £120 at two-thirds of their face value. This gives users additional flexibility in planning their journeys: for example, users can book the Care Call service for their outward journeys but keep the time of their return journey flexible by using Care Cab vouchers.

Source: Audit Commission fieldwork
Improving accountability and transparency

114. City councils, PTAs and PTEs have an important role in delivering sustainable and integrated transport. But their circumstances, and the challenges that they face, differ. The city councils have been subject to more of the financial and competitive pressures applied to local government. They are comparatively new to issues of public passenger transport, making it easier to review radically their predecessor authorities' approaches. As unitary bodies, they are well placed to integrate policies within their areas, and are having to develop the best value approach across their entire range of services. Addressing best value in transport and developing LTPs will be demanding, given the small numbers of specialist staff employed by some city councils and their current weaknesses in monitoring the impact of their revenue expenditure on transport. It will often require inter-authority co-operation, particularly where different authorities' built-up areas adjoin or where major travel-to-work corridors cross authority boundaries.

115. PTAs and PTEs have radically changed how they work and relate to each other following the deregulation and privatisations of the last 15 years. PTAs will need to continue to modernise their reporting and oversight arrangements in response to the new transport agenda, LTPs and best value. In particular, members should:

- set a policy framework that covers the entire range of PTE activities. PTAs should fund only those activities that contribute demonstrably to meeting their policy objectives and which do so more effectively than other ways of spending the same money;

- continue to improve performance review. Members should therefore test all PTE activity against policy objectives. They should require PTEs to make more use of the comparative data that they collect, and to develop their benchmarking initiatives further. Members should ask PTEs regularly to report the results of comparisons and benchmarking to them; and

- improve their arrangements for reporting to local people about the performance of the PTA and of the PTE. The Audit Commission will seek to help with this. The Commission has powers to set performance indicators across a range of local government services and to publish the results. It has not previously set indicators specifically for PTAs, although it has specified a basic indicator for metropolitan districts – spending on transport per head of population – which reflects the levy raised by the PTA. The Commission is considering setting indicators for PTAs (and other local transport authorities). The next stage is expected to be proposals in the Commission's consultation, later in 1999, on indicators for 2000/2001. It is likely that these proposals will draw upon the ideas mentioned in this report (Box O and Appendix 5).

116. Given the importance of inter-authority co-operation, metropolitan districts and PTAs should jointly review their arrangements for working together at member and officer level. Options for close working include nominating to the PTA members who hold key positions in the metropolitan districts – for example, on highways and planning...
Improving the national framework

117. Local authorities play a pivotal role in implementing the new agenda that is set out in the transport White Paper. However, they remain poorly placed to address many problems about the quality of public transport, in that:

- many of the issues that concern users and potential users of public transport need to be addressed by operators and regulators. Local authorities can only seek to influence decisions;

- authorities subsidise only a minority of local bus services. They can use this purchasing power to try to raise local standards, but are buying from an increasingly consolidated market. And this money is being spent on services that are, by definition, commercially unattractive and are not normally heavily patronised;

- PTEs are involved with rail franchises but have comparatively little room for manoeuvre until current arrangements expire; and

- authorities spend large sums on concessionary fares but cannot use this expenditure to help to set service levels or quality. The expenditure is incurred to reimburse operators for income forgone because of the concessions, not to purchase services from them. As a result, a poor quality of service for concession-holders impacts upon operators only if it is so bad that the concession-holders choose not to travel. However, many of the elderly people and people with disabilities who use concessions cannot afford any alternative ways of travelling.

118. The transport White Paper proposes the introduction of more Quality Partnerships and the creation of a new arrangement, the Quality Contract. Quality Partnerships can be established now, but some authorities, PTEs and operators are concerned that they may be acting unlawfully, under competition legislation, if they enter into them. Quality Contracts cannot be established until the law has been changed. They will effectively give the successful bidder exclusive rights to run services in a local area. Further details on Quality Partnerships and Quality Contracts are being issued by the DETR in a policy document supporting the White Paper. It is likely that competition for Quality Contracts will be through a tendering process and that, after a contract has been awarded, the local authority will monitor services and ensure compliance with its terms.

119. At present, on-street competition between operators is often limited. But under Quality Contracts the only opportunity for competition will be at the tendering stage; after that, the winning operator will have a local monopoly. Robust defences against cartels or other anti-competitive practices will be essential. To prevent exploitation of the travelling public by the successful tenderer, the Government should allow authorities some control over fare levels. Legislation should also give them effective redress if a contractor fails to deliver the required service.
There are very real dangers to consumers' interests, and to the public purse, if competition in the [bus] industry is stifled.

120. The Government did not follow up the proposal made by some before the White Paper was issued that it create a national regulator for the bus industry (an 'Ofbus'). But it is committed to open and free competition to secure the best interests of consumers and to reward enterprise and innovation. The Competition Act 1998 provides the OFT with significantly increased powers to tackle anti-competitive activities. The Act introduces prohibitions in respect of anti-competitive agreements, decisions or practices and the abuse of a dominant position, and the possibility of imposing financial penalties for breaches of those prohibitions. The Act may be central to the successful implementation of the new transport agenda. The transport White Paper seeks to give more customers to a profitable bus industry, where ownership is increasingly concentrated into a small number of operators, and which already receives about one-third of its turnover from the public purse. There are very real dangers to consumers' interests, and to the public purse, if competition in the industry is stifled.

121. As presaged in the White Paper, the Government is establishing a Commission for Integrated Transport. Its remit includes providing advice on how best to subsidise the bus industry in the longer term. This new body, in conjunction with other work – for example, by the OFT – will need to consider how value for money and service improvements can be achieved in return for support from public funds. Its advice should cover the full range of financial relationships between the public purse and operators. One approach that might be considered, and which might help to raise standards, would allow local authorities to link some of the payments reimbursing operators for the impact of concessionary fares to the quality of services. Such a link might be introduced in conjunction with the proposed national minimum elderly concession. Given the difficulties in arriving at a 'correct' reimbursement to operators for income forgone, the Government could help by issuing further and updated advice on generation factors.
Conclusion

122. Authorities need to review and develop policies and programmes for action in consultation with the public and their partners. They should seek to:

- challenge existing assumptions and practices;
- clarify their relationships with operators;
- strike a balance between ‘carrots’ and ‘sticks’ in their policies;
- link transport and other policies; and
- set up appropriate monitoring arrangements.

123. They also need to ensure that they achieve value for money. PTAs and PTEs will need to co-operate with the metropolitan district councils in their areas; city councils will often need to work with their neighbours. PTA members need a clear understanding of the performance achieved by the PTE. Central government can help by improving and clarifying the framework within which authorities and PTEs must work. Members in PTAs, metropolitan districts and city councils might find the Key Questions on the following pages helpful.

124. Best value and the transport White Paper offer authorities and PTEs the opportunity to help develop an accessible, affordable and environmentally sustainable public transport system. To do so, they will need to challenge their existing approaches and both their own and their providers’ views of what is needed. They should adopt a strongly consumerist and user-driven view of needs and of how to meet them. This will have to address the behaviour and needs of car users as well as those of people who currently depend upon public transport. They, and the city councils, will also need to speak specifically to the social inclusion agenda. PTAs and PTEs have overcome many challenges over the last 15 years but they will have to continue to reinvent themselves, if they are to provide leadership and to act as centres of excellence in changing circumstances. Engagement with the public, and partnership with operators and others, will be increasingly important as they further develop their roles as enablers. For some, this will require a profound switch in emphasis, from a culture of paternalism and control to one of facilitation and co-operation.
## KEY QUESTIONS FOR MEMBERS

### All Aboard

<table>
<thead>
<tr>
<th>Members should ask these core questions ...</th>
<th>... and these supplementary questions</th>
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<tr>
<td><strong>Reviewing policies</strong></td>
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<tr>
<td>What are our current objectives?</td>
<td>Do they need to be updated?</td>
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<td>Why are we supporting the services and activities that we currently fund?</td>
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<tr>
<td>Do we need to modify them in the light of the Draft Guidance on local transport plans?</td>
<td>Do they include all the objectives set out in the Draft Guidance?</td>
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<td>With whom should we consult when reviewing and revising policies and objectives?</td>
<td>What does the public think?</td>
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<td>What are the views of the local business community?</td>
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<td>What do neighbouring authorities think?</td>
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<td>What input are bus and train operators making?</td>
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<td>What do the local police think?</td>
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<td>What do we know about people's travel needs and patterns?</td>
<td>How satisfied are current users with services?</td>
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<tr>
<td>What do people think about public transport services in our area?</td>
<td>What do car-users think?</td>
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<tr>
<td>Do we need to commission any research?</td>
<td>What about people who do not have a car but do not or cannot use public transport?</td>
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<td>How much are local taxpayers prepared to pay?</td>
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<td>What are local people's priorities?</td>
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<td>How important is support for public transport to them compared with other possible uses of public funds?</td>
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<tr>
<td>Have we integrated land-use planning and development control, use of highway authority and traffic management powers, parking policies and practices on school-related travel (including free home-to-school transport) and social services transport?</td>
<td>Have other key committees in the council been consulted?</td>
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<td>Have neighbouring authorities been consulted?</td>
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<td>Do these other players share ownership of, and have they signed up to, policies and proposals?</td>
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<tr>
<td>Do we need to carry out any experiments, pilots or trials before entering into significant financial commitments?</td>
<td>Who will evaluate these? Do we need to commission independent research?</td>
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<td>How will we use results to help us to evaluate the costs and benefits of different options?</td>
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### Setting targets and monitoring achievement

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<tr>
<th>Question</th>
<th>Answer</th>
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<tr>
<td>What targets have we set?</td>
<td>Do our targets and performance indicators cover all of the key objectives set out in the Draft Guidance on local transport plans:</td>
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<tr>
<td>How are we going to monitor achievement?</td>
<td>• protecting and enhancing the built and natural environment</td>
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<tr>
<td>What performance indicators are we using?</td>
<td>• contributing to safety for all travellers</td>
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<td></td>
<td>• contributing to an efficient economy, and supporting sustainable economic growth in appropriate locations</td>
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<td></td>
<td>• promoting accessibility to everyday facilities for all, especially those without a car</td>
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<td>• promoting the integration of all forms of transport and land-use planning?</td>
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<td>How are we going to report to the public on achievement?</td>
<td>Do targets and performance indicators also cover:</td>
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<td></td>
<td>• the take-up, use, unit costs etc of concessionary fares</td>
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<td></td>
<td>• the use, impact, unit costs etc of subsidised bus services</td>
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<td>• the take-up, use, impact, unit costs etc of accessible transport services?</td>
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<td>How frequently are we going to do this?</td>
<td>How frequently are we going to do this?</td>
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### Implementing policies

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<tr>
<td>With whom are we going to work to implement our policies?</td>
<td>What roles do operators, other authorities and the police play?</td>
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<tr>
<td>Do we fully consider the transport implications of new developments?</td>
<td>Do they share the ownership of, and have they signed up to, plans?</td>
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<tr>
<td>How are we going to treat school-related travel?</td>
<td>Do we try to ensure that new developments are well served by public transport and accessible by foot and bicycle?</td>
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<td>How are we trying to discourage, and offer alternatives to, the school run?</td>
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<td>What mixture of commercially run services, subsidised socially necessary services and dedicated, free home-to-school transport best addressesschool-relatedtravelneeds?</td>
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## All Aboard

### Key Questions for Members

<table>
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<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>What role will be played by 'sticks' – such as parking restrictions and charges – in meeting environmental objectives?</td>
<td>Who will enforce parking restrictions, bus lanes etc? Have the police a role? And, if they have, what commitments have they made? How will we monitor whether enforcement is taking place and whether it is effective?</td>
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<tr>
<td>What role will be played by infrastructure such as bus lanes and bus priorities at traffic lights?</td>
<td>Will operators invest in the partnerships? Will this be extra to their normal vehicle replacement programmes? Will they offer commitments on frequency of service and customer care? Have operators also made commitments about those aspects of service reliability which are under their control (for example, that timetables will take realistic account of expected traffic conditions; that timetabled buses will run; that buses will not run early)? Have we and operators agreed measurable targets? Who will monitor performance? What methods will be used? Will we and operators report regularly to the public on performance against the targets? What enforcement arrangements will we need to support Quality Partnerships (for example, to prevent illegal parking in bus lanes)?</td>
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<tr>
<td>What sort of relationship do we want with bus operators?</td>
<td>Do we want to take part in pilots of bus Quality Contracts or of road pricing, once legislation has been passed and opportunities to do so arise? What impact will any involvement with Quality Contracts have on our Quality Partnerships?</td>
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<tr>
<td>Will bus Quality Partnerships be a part of our strategy?</td>
<td>Is there a role for park-and-ride schemes? Are we prepared to make the long-term commitment that may be needed to nurture a successful park-and-ride scheme? Are the proposals linked effectively to our policies about on- and off-street car-parking provision and car-parking charges?</td>
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<tr>
<td>What role do we see for the local taxi and hire car (minicab) trades?</td>
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</table>
## Key Questions for Members

### All Aboard

<table>
<thead>
<tr>
<th>Question</th>
<th>Who are they meant to help?</th>
<th>Who are they actually helping?</th>
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<tr>
<td>What part is played by our concessionary fares scheme?</td>
<td>Whom are they meant to help?</td>
<td>Whom are they actually helping?</td>
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<td></td>
<td>Are we funding any concessions that operators might provide commercially?</td>
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<td>Will we need to upgrade our scheme for elderly people to meet the minimum half-fare standard proposed in the transport White Paper?</td>
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<td>Does our scheme for elderly people provide them with greater benefits than the minimum proposed in the White Paper? If it does, what impact do we expect to achieve from the extra costs we are incurring?</td>
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<td>What part is played by subsidised bus services?</td>
<td>What are our subsidy criteria?</td>
<td>What are our subsidy criteria?</td>
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<td>Whom are services meant to help?</td>
<td>Whom are services meant to help?</td>
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<td>How do we balance needs and cost? Do we have a formal methodology?</td>
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<td>Who actually benefits?</td>
<td>Who actually benefits?</td>
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<td>Have supported services a role in helping to pump-prime:</td>
<td>Have supported services a role in helping to pump-prime:</td>
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<td>• new routes; and</td>
<td>• new routes; and</td>
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<td>• improvements in the quality of service provided by local bus operators – for example, by specifying environmentally friendly or low-floor buses, standards of cleanliness and customer care training?</td>
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<td>Do any supported services serve schools? How does this policy tie in with LEA provision of free home-to-school transport?</td>
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<tr>
<td>What part is played by accessible transport?</td>
<td>Whom are these services meant to help?</td>
<td>Whom are they actually helping?</td>
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<td>Do we need to revise them to take account of demographic and social change, the appearance of low-floor buses and of the effects of the Disability Discrimination Act?</td>
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<td>How do policies on accessible transport dovetail with those on Orange Badges (issued to disabled car users)?</td>
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<td>Could accessible transport arrangements be better integrated with the provision of social services transport?</td>
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</table>
## KEY QUESTIONS FOR MEMBERS

### Are we obtaining value for money from our revenue support for public transport?

- How does our expenditure compare with that of other authorities?
- How do our unit costs compare with those of other authorities?
- How do the take-up and use of our concessions, supported bus services, accessible transport etc, compare with elsewhere?
- Have we robustly explored the reasons for differences?
- When did we last review how to calculate how much to pay to operators for concessions? Are we paying too much?
- Are our officers’ negotiations with operators about concessions well documented and sufficiently transparent for us to demonstrate probity?
- Can we make more use of ETM data when calculating how much to pay operators for concessions? Do we need to improve our use of surveys, to help to verify ETM returns and to capture information that is not available from ETM? Do we also use expenditure profiling to help to validate usage figures provided by operators?
- What contract strategy are we using when we support bus services (minimum cost or minimum subsidy)?
  - If we use minimum subsidy, why do we do so?
  - Do we occasionally experiment with the alternative (for example, if we normally use minimum subsidy, do we occasionally use minimum cost) in order to check whether we are still using the most effective approach?
- Are we satisfied that supported services meet our quality standards?
- How do we check whether supported bus services have run? Do we draw upon ETM and other returns from operators? Do we carry out enough on-road surveys to verify returns from operators?
- Do we have adequate gatekeeping arrangements for the accessible transport services that we support?
- What are we doing to ensure that the costs of accessible transport services are competitive?
- Have we, or the bodies that we fund, exposed enough aspects of accessible transport services to competition?
- Can we exploit client-side economies of scale by integrating tendering for home-to-school buses and for subsidised socially necessary bus services?
- Have we identified all of our use of taxis and hire cars? Is there any potential for rationalisation or to exploit our purchasing power to obtain keener prices?
## Key Questions for Members

### Members of Metropolitan District Councils and PTAs Should Also Ask These Questions ...

<table>
<thead>
<tr>
<th>Question</th>
<th>Supplementary Questions</th>
</tr>
</thead>
</table>
| Are the PTA, PTE and metropolitan districts working effectively in partnership? | Do we need to integrate better at member level?  
For example, should the metropolitan districts nominate key members, such as the chairs of planning or highways, to the PTA?  
Would it help if more PTA papers were routinely circulated to district members?  
Do PTE officials and officers from the districts work together effectively?  
Could we help to foster mutual understanding, for example, by encouraging secondments from district councils to the PTE and vice versa? |
| What role does rail play in our strategy?  
How will this change over the five-year period covered by the local transport plan?  
How is the PTE managing the franchise? | Should the PTE try to negotiate changes to the franchise?  
Who takes the revenue risk on rail operations (PTE or operator)?  
Why was the approach chosen?  
Is it better or worse than the alternative? What is the evidence? Do we need to commission research on this? Should research be carried out jointly with other PTAs and PTEs? Should the PTE alter its approach when franchises are renewed?  
If we take the revenue risk, how much does TIRE cost to administer?  
Has the operator suffered any penalties under TIRE? What impact has TIRE had on ticketless travel?  
How much does SQUIRE cost to administer? What penalties or bonuses are being paid under SQUIRE?  
What impact is SQUIRE having on passenger outcomes? Do we need to commission research on this? Should research be carried out jointly with other PTAs and PTEs?  
Should the PTE continue to use SQUIRE? |
### Key Questions for Members

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do we know enough about what the PTE is doing?</td>
<td>Is the PTE meeting our objectives?</td>
</tr>
<tr>
<td>Is the PTE providing value for money?</td>
<td>Have we set objectives and targets across the full range of the PTE's activities?</td>
</tr>
<tr>
<td>Do we deliver any services directly, rather than through the PTE? For example, do we operate tunnels directly?</td>
<td>Do we receive regular reports about PTE performance, across its full range of activities?</td>
</tr>
<tr>
<td></td>
<td>Does the PTE pass to us copies of its auditors' value-for-money and other reports?</td>
</tr>
<tr>
<td>Is the PTE sufficiently transparent and accountable to the public?</td>
<td>How does its performance compare with that of other PTEs?</td>
</tr>
<tr>
<td></td>
<td>How does its staffing compare with levels elsewhere?</td>
</tr>
<tr>
<td></td>
<td>Do we know enough about the efficiency and performance of its in-house operations?</td>
</tr>
<tr>
<td></td>
<td>Can we benchmark any of its activities against the private sector? For example, how does the cost and performance of its travel line compare with those of private sector call centres?</td>
</tr>
<tr>
<td></td>
<td>Can we benchmark any of its activities against London Transport or public transport operations in other countries?</td>
</tr>
<tr>
<td></td>
<td>Could more of the PTE's activities be exposed to competition?</td>
</tr>
<tr>
<td></td>
<td>What do its auditors' value for money reports say?</td>
</tr>
<tr>
<td></td>
<td>How do we monitor and benchmark performance? Could we expose more work to competition?</td>
</tr>
<tr>
<td>Can we improve current arrangements?</td>
<td>Do people know what the PTA is and what it does?</td>
</tr>
<tr>
<td></td>
<td>Do we need to publish more about the PTA's targets and performance?</td>
</tr>
<tr>
<td></td>
<td>Have people heard of the PTE and what it does?</td>
</tr>
<tr>
<td></td>
<td>Should the PTE publish more, and report more to the public, on what it is doing?</td>
</tr>
<tr>
<td></td>
<td>Should this be included with the PTA's reporting to the public or should it be separate?</td>
</tr>
</tbody>
</table>
Appendix 1

Child's concessions and city councils

Of 15 city councils that provided information in response to an Audit Commission questionnaire:

- three reported that they supported some form of child's concession. In two, the concession was valid only for travel to and from school/college; the third covered the 14 to 19 age group;
- 12 reported that they did not fund a child's concession. Of these:
  - two did not report what operators did;
  - ten reported that the major operator(s) in their areas offered some form of child's concession as a commercial decision. These vary:
    - two-thirds of adult fare to age 16; juvenile scholars' ticket to age 15 (two major operators in area);
    - child's fare at 50-60 per cent of adult rate to age 14;
    - approximately one third off for 5 to 15-year-olds;
    - half fare for children aged 5 to 15; not available after 9pm;
    - under-fives free; 5 to 15-year-olds (inclusive) travel half fare;
    - half fare to age 14; not available before 9am Monday-Friday or after 8.30pm any day;
    - generally half fare to under-16s offered by major bus operators;
    - under-fives free; ages 5 to 15 pay reduced fares [varying from 55 per cent to 67 per cent of adult fare]; scholars over 16 in full-time education can obtain permits to travel at child's fare during school/college time;
    - children pay two-thirds of adult fare to age 16; and
    - free to under-5s; half fare to under-16s (5 to 15 inclusive).
Appendix 2

Trip generation factors

Concessionary fare reimbursement is commonly based upon the formula:

\[ \text{Reimbursement} = N(RF_n - F_c) \]

where:

- \( N \) is the number of journeys made by concession-holders
- \( R \) is the reimbursement factor
- \( RF_n \) is the full fare - the fare that people would pay if there were no concession
- \( F_c \) is the reduced fare that concession-holders actually pay
- \( R = 1/G \)
- \( G \) is the generation factor - that is, \( N \), the number of journeys which people actually made when paying at the lower, concessionary rate, divided by the number of journeys that they would have made if they had to pay the full fare.

This approach means that authorities have to answer a number of questions when deciding how much to reimburse operators [EXHIBIT A2.1, overleaf]. The calculation assumes that the extra travel generated by concessions does not increase operators’ costs (that is, that operators have spare capacity – empty seats – on their buses at the times when concessions apply). If, however, operators had to obtain and operate more buses because of the concessions, authorities would have to cover these additional costs. Most authorities' adult concessionary schemes do not apply during peak travel times, to ensure that operators are not forced to increase capacity. This is because any extra buses needed during the peaks would probably not be required at other times; almost all of their cost would therefore fall on authorities' budgets.
EXHIBIT A2.1
Calculating how much to pay operators for concessionary fares using generation factors

City councils and PTEs need to answer a number of questions before they can decide how much to reimburse an operator.

Source: Audit Commission

Estimating the generation factor

Different calculations, models and research offer different values for the factor. This is because the value used in a particular reimbursement calculation is usually based upon assumptions about how people would behave in hypothetical circumstances (that is, if they had to pay the full rate). Data on what they would actually do is relatively rare. Examples include information on reductions in journey numbers – elderly people made about 25 per cent fewer trips – when Nexus switched from a free travel in Tyne and Wear to a flat-fare scheme in 1992 (Ref. 38) and on changes in travel numbers when it has subsequently raised the level of that flat fare.

To add to the complications, the generation factor itself may vary as fare levels alter. This is because the factor depends upon how people's use of public transport varies with the fares they have to pay – that is, upon the elasticity of demand. And this elasticity might itself alter as fare levels alter – for example, people faced with a rise in fares from 20p to 40p might behave differently when faced with a rise in fares from 60p to 80p. If this is so, then different generation factors are needed for different fare levels; for example, different generation factors would be needed for half-fare journeys where the full adult fare is 40p and another for half-fare journeys made where the full adult fare is 80p.
Furthermore, generation factors are likely to vary from place to place; local circumstances – such as the quality and size of the public transport network available to concession-holders and historic patterns of public transport use – are likely to influence the amount of extra travel generated by concessions.

**The Transport Research Laboratory study**

The Transport Research Laboratory (TRL) has recently found that generation factors in schemes for elderly people vary with the nature of the concession and that:

‘if the more extreme results are ignored’ there is ‘a consistent pattern with the highest generation factors (1.5 to 2.2) for free travel schemes, rather lower values (1.2 to 1.9) for flat-fare concessions and the lowest value (1.2 to 1.5) for half-fare schemes. These ranges may serve as a guide for anyone involved in estimating generation factors in particular cases, but they imply wide ranges in resulting values of reimbursement.’ (Ref. 39)

The generation factor used in city councils visited by the Commission can be compared with the ranges identified by TRL.

**BOX 2A**

### Different authorities tend to use different values of the generation factor

<table>
<thead>
<tr>
<th>Concession</th>
<th>Range of generation factors for this type of concession identified by TRL (Ref. 39)</th>
<th>Generation factor used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat fare</td>
<td>1.2 to 1.9</td>
<td>1 (Authority pays difference between full adult fare and subsidised fare for every trip.)</td>
</tr>
<tr>
<td>Flat fare</td>
<td>1.2 to 1.9</td>
<td>1.35</td>
</tr>
<tr>
<td>Half fare</td>
<td>1.2 to 1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Half fare</td>
<td>1.2 to 1.5</td>
<td>Generation factor not used. Authority purchases half-fare passes from operator for a fixed price per pass and gives these to people entitled to the concession.</td>
</tr>
<tr>
<td>Half fare</td>
<td>1.2 to 1.5</td>
<td>1.25</td>
</tr>
</tbody>
</table>

Note: One city council visited gave £24 in National Travel Tokens to elderly concession-holders. Another city council’s elderly concession gave concession-holders a 30 per cent reduction in fares, rounded to the nearest 5p. PTAs and PTEs have been excluded from the comparison. Their arrangements are more complex and include the use of notional fare tables and adjustments to generation factors in-year, to control costs against budget, as described in the main body of the report.

*Source: Audit Commission*
The effect of changes in the generation factor

Payments to operators vary markedly as the generation factor is altered. To illustrate, consider the following arrangements typical of those found in city councils visited by the Commission:

• a half-fare elderly concession scheme;
• a reimbursement factor for the scheme of 0.7 (that is, a generation factor of 1.42857); and
• £2 million in reimbursements to the operators for the scheme.

In such a case:

• the reimbursements meet 40 per cent of the £5 million difference between the fares paid to the operators by people using the concession and the income that the operators would have received if those people had made the same number of journeys at full fare;
• the operators' total income is £7 million (£5 million from passengers using the concession plus £2 million from the council); and
• the generation factor has reduced the council's liability to the operators by £3 million (from £5 million to £2 million).

Changes in the generation factor would alter the cost to the council in this case [EXHIBIT A2.2, overleaf]. For example, increasing the generation factor by only 0.01 (to 1.43857) would cause:

• the cost to the council to fall from £2 million to about £1,950,000 - that is, by about £50,000 or 2.5 per cent; and
• the operators' total income to fall by £50,000 to £6,950,000. This is a decrease of 0.71 per cent, close to the percentage rise in the generation factor.

Increasing the generation factor to the top of the range quoted by TRL for half-fare schemes – that is, to 1.5 – would cause:

• the cost to the council to fall by about £333,000 to about £1,667,000 (a 16.7 per cent reduction in the cost to the council); and
• the operators' income to fall by the same amount to about £6,667,000 (a decrease of a little under 5 per cent).
EXHIBIT A2.2

How concessionary fare payments to operators vary with generation factor

Payments to operators vary markedly as the generation factor is altered.

Notes: Half-fare scheme. Operators receive £5 million in fares from concession-holders.

Source: Audit Commission
Appendix 3

Main types of contract used with supported bus services

<table>
<thead>
<tr>
<th>Fares</th>
<th>Minimum cost</th>
<th>Minimum subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set by PTE/authority.</td>
<td>Set by PTE/authority.</td>
<td></td>
</tr>
<tr>
<td><strong>Fare income</strong></td>
<td>Passed to PTE/authority.</td>
<td>Kept by operator.</td>
</tr>
<tr>
<td><strong>Advantages</strong></td>
<td>Operator has guaranteed income and bears none of the risks associated with fluctuations in fare income. This may:</td>
<td>Fixed cost to the PTE/council as operator bears risks associated with fluctuations in fare income. Helps with PTE/council budgeting/cost control.</td>
</tr>
<tr>
<td>• lead to lower tender prices from all bidders; and</td>
<td>Operator has incentive (maintaining and increasing extra fare income) to market and grow the service and provide a reasonable level of customer care.</td>
<td></td>
</tr>
<tr>
<td>• stimulate competition and further reduce tender prices. (Smaller operators may find minimum subsidy contracts unattractive, as they may be less able to ride out short-term drops in fare income than larger ones, but be willing to bid for minimum cost contracts). This may be particularly important if a single operator dominates the local commercial market.</td>
<td>Easier to administer and monitor than minimum cost. There may be less need for detailed customer care/service quality standard and associated monitoring as operators have incentives to grow fare income. Reduced need to audit passenger numbers /fare income. (Some monitoring still required to allow PTE/authority to check that the service is still not commercially viable, to have confidence in performance indicators based on passenger numbers and to allow it to apply cost-benefit models when deciding whether to continue to support the service).</td>
<td></td>
</tr>
<tr>
<td>PTE/council receives benefits if fare income is higher than expected, grows, etc. It can also easily identify any profitable services that it no longer needs to support.</td>
<td>Tender prices may be higher than for minimum cost contracts to take account of operators' acceptance of the fare income risk and because of reduced competition if smaller risk-averse operators do not bid.</td>
<td></td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Operator has no incentive to market or grow the service or to provide reasonable customer care. PTE/council may therefore need to include detailed customer care requirements in the contract and to carry out associated monitoring.</td>
<td>PTE/council receives no benefits if fare income is higher than expected or grows.</td>
</tr>
<tr>
<td>As PTE/council bears revenue risk on fares, budgetary control is more difficult. Risk of overspend on budget (that is, that fare income will be lower than forecast when setting budgets). Need to audit fare income.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrangements needed for sharing fare income from multi-modal tickets, return tickets, season tickets, etc, with other operators.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 4

### Improving local bus services

<table>
<thead>
<tr>
<th>What concerns people</th>
<th>What should be done?</th>
<th>Measures that can help</th>
<th>Who should do it?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Difficulty finding out about services</strong></td>
<td><strong>What bus do I get?</strong></td>
<td>Provide clear, up-to-date information.</td>
<td>Public and private partnership. The authority/PTE may carry out most of these tasks but seek contributions from operators.</td>
</tr>
<tr>
<td><strong>Buses don’t serve the places that they want to get to</strong></td>
<td><strong>Does the bus go where I want it to?</strong></td>
<td>Promote frequent and reliable services; extend the network to new areas.</td>
<td>The authority/PTE and operators may consult jointly with users. Public funds may support pilot services and extend existing services, in the expectation that they will eventually become commercially viable.</td>
</tr>
<tr>
<td><strong>The need to change buses</strong></td>
<td><strong>Will my bus connect with other buses and trains?</strong></td>
<td>Integrate the running of buses, trains and (if they exist in the area) trams.</td>
<td>Authorities/PTEs may publish comprehensive information about the network and seek contributions from operators. Operators can work together to co-ordinate timetables; the local authority may set up a forum to facilitate this.</td>
</tr>
<tr>
<td><strong>The cost</strong></td>
<td><strong>Will it be expensive?</strong></td>
<td>Promote attractive fares structures.</td>
<td>Operators set fares on commercial routes, the local authority/PTE on supported routes. The authority controls concessionary fares. Local authorities/PTEs may develop and sell travelcards in co-operation with operators.</td>
</tr>
</tbody>
</table>

- multi-mode multi-operator travelcards (that is, travelcards that are valid on train, bus and tram services provided by different operators)
- discounts for bulk purchase
- other special offers
- through tickets
- return tickets
- off-peak discounts
- concessionary fares
<table>
<thead>
<tr>
<th>What concerns people</th>
<th>What should be done?</th>
<th>Measures that can help</th>
<th>Who should do it?</th>
</tr>
</thead>
</table>
| Inconvenient stops   | Put stops in easy reach. | • consultation with residents and users  
| How close is the nearest stop? | | • better locating of stops  
| | | • more 'hoppa' and minibus services which travel into housing estates etc and so go close to people's homes | Local authorities/PTEs often consult on these issues. Many are now setting targets, such a bus stop within 400 metres of some given size of population, and use geographical information systems to help to identify where stops are needed. The services using extra stops may be commercial or subsidised. |
| Safety at stops      | Improve the waiting environment. | • stops at well-lit location where people feel safe because they can be seen by passers-by, motorists, local residents, etc  
| Will I be safe while waiting? | | • clean, well-lit shelters with no graffiti or signs of vandalism  
| | | • clean, secure bus stations and interchanges— well-lit; no graffiti or signs of vandalism; CCTV; security guards; etc | Many authorities are investing in new passenger facilities as part of Quality Partnerships.  
Authorities and PTEs can enter into agreements with the advertising industry to receive free provision, cleaning and maintenance of illuminated shelters, in exchange for advertising space. Authorities and PTEs should require high levels of cleanliness and rapid responses to graffiti and vandalism. They should consider themselves replacing old, poor quality shelters in locations that are not attractive to advertisers. |
| Waiting for a bus    | Introduce measures to improve reliability and frequency. | • support for additional services  
| Will I have to wait for long? | | • bus lanes and bus priorities at traffic signals to reduce the effects of traffic congestion and so improve reliability  
| | | • better timetabling  
| | | • clear, easy to read timetables at stops  
| | | • better timekeeping | Authorities/PTEs and local police can work together to co-ordinate and enforce bus lanes and bus priority measures.  
Operators can provide realistic timetables, which take account of traffic conditions, and run all timetabled services. They can also encourage bus drivers to try to avoid running ahead of timetable. |
<table>
<thead>
<tr>
<th>What concerns people</th>
<th>What should be done?</th>
<th>Measures that can help</th>
<th>Who should do it?</th>
</tr>
</thead>
</table>
| Getting on/off buses | Promote buses with better access and on-board assistance. | • more low-floor easy-access buses  
• driver training and awareness  
• door-to-door services for special circumstances | Operators are increasingly purchasing low-floor and easier-access buses. Authorities often require that these are introduced as part of a Quality Partnership or when specifying supported services.  
Awareness and customer care training can help ensure that drivers show consideration for people who are experiencing difficulties.  
Door-to-door services have been established in many areas to meet the needs of people with particular mobility needs or disabilities. Authorities will fund these services but they can be provided though voluntary organisation or charities. As these services are comparatively expensive, some authorities are seeking to identify need more closely and persuade people with moderate mobility difficulties to use mainstream services, where these now use low-floor, easy-access buses.  
Regulations under the Disability Discrimination Act are expected to require that vehicle specifications allow better access to people with disabilities. But it will take many years fully to replace the national bus fleet. |
<table>
<thead>
<tr>
<th>What concerns people</th>
<th>What should be done?</th>
<th>Measures that can help</th>
<th>Who should do it?</th>
</tr>
</thead>
</table>
| How long the journey takes | Improve the reliability, speed and punctuality of services. | • realistic timetabling  
• running all advertised services  
• avoiding early running (as people who turn up at the advertised time then miss a service)  
• bus lanes  
• bus priority at traffic signals | Ensuring that buses have priority on the road improves the reliability, speed and punctuality of services. It is important that restrictions on car use and car parking in bus lanes are enforced. The highway authority, police and operators can work together to introduce, and enforce, such measures. |
| Will I get there on time? | Make passengers feel more secure. | • driver training and awareness  
• on-board CCTV  
• radio links to the depot/police  
• local campaigns on personal security  
• clean, graffiti free and well-lit buses | Operators can provide drivers with appropriate training. Authorities/PTEs may stipulate such training in their specifications for subsidised services. Operators can specify security features when ordering new buses. Authorities, operators and the police can work together to promote awareness of personal security issues. |
| Personal safety on the bus | Keeping the bus clean and well maintained. | • newer buses  
• regular cleaning and maintenance | Operators are responsible for these issues. Authorities can include requirements in their specifications for subsidised services. |
| Will I be safe on the bus? | Better driving. | • driver training and awareness  
• swift and effective responses to complaints | Operators are responsible for this aspect of the service. Authorities can include driver training in their specification for supported services. |
| Dirty uncomfortable buses | | | |
| Will the bus be clean and well maintained? | | | |
| Badly driven buses | | | |
| Will the driving be erratic? | | | |
Appendix 5

Some performance indicators that authorities could consider using

<table>
<thead>
<tr>
<th>Local transport plans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitudes towards public transport</strong></td>
<td>People’s satisfaction with public transport</td>
</tr>
<tr>
<td></td>
<td>• the public’s views – users; non-users; car owners, etc</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Congestion</td>
</tr>
<tr>
<td></td>
<td>• road traffic volumes – in total and at peak times</td>
</tr>
<tr>
<td></td>
<td>• traffic speeds – by mode (car, bus, etc) – at peak times</td>
</tr>
<tr>
<td></td>
<td>Reduced car dependency</td>
</tr>
<tr>
<td></td>
<td>• modal split of journeys – car, bus, train, bike, foot etc – overall and at peak times</td>
</tr>
<tr>
<td></td>
<td>• modal split of journeys to/from work</td>
</tr>
<tr>
<td></td>
<td>• modal split of journeys to/from school and college</td>
</tr>
<tr>
<td></td>
<td>• modal split of journeys to/from major shopping and leisure centres</td>
</tr>
<tr>
<td></td>
<td>• average distance travelled by car to/from work, school/college, etc</td>
</tr>
<tr>
<td><strong>Air quality</strong></td>
<td>• average and peak values of pollutants</td>
</tr>
<tr>
<td></td>
<td>• proportion of the total bus network (by vehicle mile) served by low-emission vehicles</td>
</tr>
<tr>
<td></td>
<td>• proportion of subsidised bus services (by vehicle mile) served by such vehicles</td>
</tr>
<tr>
<td></td>
<td>• proportion of dedicated LEA home-to-school services provided by such vehicles</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>Accident levels</td>
</tr>
<tr>
<td></td>
<td>• fatal; serious; minor; adults; children; mode of travel; analysed both in absolute terms and per 1000 population, per 1000 vehicle miles, per 1000 passenger miles</td>
</tr>
<tr>
<td><strong>Economic efficiency</strong></td>
<td>Congestion</td>
</tr>
<tr>
<td></td>
<td>• as above</td>
</tr>
<tr>
<td></td>
<td>Getting to work</td>
</tr>
<tr>
<td></td>
<td>• journey-to-work times by mode</td>
</tr>
<tr>
<td></td>
<td>• cost of travel – car (including parking and any road-pricing charges); bus; train, etc</td>
</tr>
<tr>
<td></td>
<td>Access to education and training</td>
</tr>
<tr>
<td></td>
<td>• percentage of major employers within a defined distance of a bus stop or railway station that receives defined minimum levels of service at times when employees will want to travel to or from work</td>
</tr>
<tr>
<td></td>
<td>• percentage of schools, colleges and training centres within a defined distance of a bus stop or railway station that receives defined minimum levels of service at times when pupils and students will need to travel</td>
</tr>
</tbody>
</table>
## Local transport plans

<table>
<thead>
<tr>
<th>Access for all</th>
<th>Availability of bus services</th>
<th>• percentage of households within a defined distance of a bus stop that receives defined minimum levels of service – at peak times; at non-peak times during the day; at evening non-peak times; on Saturdays; on Sundays. (Different targets may be set for areas that have different levels of car ownership)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Availability of easy-access low-floor services</td>
<td>• proportion of the total network served (by vehicle mile) by fully accessible low-floor vehicles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proportion of subsidised services (by vehicle mile) served by such vehicles</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td>• commercial fare levels; fares on supported services; peak and off-peak fares; season ticket costs; fares paid by people entitled to concessions</td>
</tr>
<tr>
<td>Concessionary fares</td>
<td></td>
<td>• fare levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• take-up per target group</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• total number of trips in a year per target group</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• the average number of trips made in a year per passholder, analysed by different target groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• pattern of use, for example, the 10 per cent of heaviest users of concessions account for x per cent of journeys; y per cent of passholders never use their pass</td>
</tr>
<tr>
<td>Accessible transport</td>
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<td>• take-up (that is, registration) per target group</td>
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<td>• total number of trips in a year, per target group</td>
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<td>• the average number of trips made in a year per member of the scheme, analysed by different target groups</td>
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<td>• pattern of use; for example, the 10 per cent of heaviest users account for x per cent of journeys; y per cent of members never use the service</td>
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<td>• average annual cost per user (supported bus services)</td>
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<td>• proportion of gross cost covered by fare income (minimum cost contracts for supported bus services)</td>
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<td>• net cost per passenger trip (accessible transport) by client target group (for example, degree of disability)</td>
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<td>• proportion of accessible transport expenditure exposed to competition</td>
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<td>• proportion of PTA and PTE administrative, support and direct labour services exposed to competition</td>
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<td>• take-up and use of concessions (as above)</td>
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<td>• take-up and use of accessible transport (as above)</td>
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Good public transport makes a vital contribution to the quality of life in local communities. It ensures that people with disabilities and those on low incomes have access to affordable bus and train services, provides access to training and jobs for those without a car and, by offering an alternative to the car, can help to reduce road congestion and harmful car emissions. Local authorities in urban areas outside London thus subsidise public transport and travel, even though most buses and trains are now owned and operated by private companies.

However, service quality does not always meet people’s expectations; and services provided by different companies do not always link with each other to provide an integrated public transport system. Local authorities have a key role in improving matters but will need to work with each other and with operators. Local authority members need to challenge existing approaches and provider-based views and champion the needs of users.

This report is essential reading for those in passenger transport authorities, passenger transport executives, metropolitan district councils and city councils who are seeking to address the new transport agenda introduced by the 1998 transport White Paper. It identifies issues that they will want to address and offers advice on the way forward, illustrated with examples of existing good practice.