time for change?

BUSES

The ITA Bus Strategy for Tyne and Wear
2012

TYNE AND WEAR INTEGRATED TRANSPORT AUTHORITY
Gateshead Council
Newcastle City Council
North Tyneside Council
South Tyneside Council
Sunderland City Council
NEXUS

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Executive summary

Buses are a vital public service – they have a major role to play in the way the public go about its daily life because of the economic connectivity they help to achieve. As with all public services, efficient and affordable delivery is paramount.

For individuals without access to a car, the bus is their main means of accessing employment, educational and shopping facilities, as well as a range of other essential services. Local bus services are, and will continue to be, important for the economy and the environment in Tyne and Wear. However, with patronage declining, car usage increasing, and car ownership rising rapidly, now is the time for action.

Combined with rising customer expectations of such an important public service, this is the background to the production of this document, the Tyne and Wear Integrated Transport Authority's (ITA's) 2012 edition of the Bus Strategy.

The Strategy is founded on the three overarching objectives of the ITA, as shown in the following diagram, and aligned with current national policy and the Tyne and Wear Local Transport Plan. It has a simple vision to *"Ensure that buses play a central role in providing a simple, affordable and integrated public transport system in Tyne and Wear"*.

This document sets out how the ITA intends to meet this vision, starting with a more detailed analysis of current trends and issues. From this, three clear Strategy objectives are identified: *to arrest the decline in bus patronage; to maintain (and preferably grow) network accessibility; and to deliver better value for public money*.

A list of specific deliverables is then derived for each, building upon the work that the ITA has done already, setting out clearly where the ITA would like to be, and how it intends to get there. To achieve these deliverables, the ITA will consider all options available to it, in order to identify which of them stand the best chance of supporting successful delivery. This will include such options as Voluntary Partnership Agreements, Quality Partnership Schemes and Quality Contract Schemes.

Finally, a list of principal and supporting targets is included. The three principal targets relate to the objectives of the Strategy, providing a clear data set against which to judge the implementation of the Strategy. Reporting on progress towards these targets will take place on an annual basis, allowing a review of the effectiveness of the deliverables, as well as any changes. The Bus Strategy itself will also be refreshed periodically to take account of changing circumstances.

The government's vision is for a 'better bus' – this is the same for the ITA, Nexus the Tyne and Wear local transport authorities, the bus operators, and most importantly, bus passengers. Through implementing this Strategy, that <u>must</u> be our common goal.

National Transport Policy

ITA Objectives

- Supporting economic development and regeneration
- Addressing climate change
- Supporting safe and sustainable communities

Tyne and Wear Local Transport Plan

North East Local Enterprise Partnership

Strategy Vision

Ensure that buses play a central role in providing a simple, affordable and integrated public transport system in Tyne and Wear

Strategy Objectives

- Arrest the decline in bus patronage
- Maintain (and preferably grow) accessibility
- Deliver better value for public money

Strategy Deliverables

- Fully integrated, multi-modal public transport network
- Unified and consistent customer offer and guaranteed standards of service
- Enhanced consultation on network changes
- All infrastructure is accessible and of a high standard
- Adopt accessibility standards and targets
- Common brand and accessible, high quality buses
- Integrated network
- Affordability for the customer and taxpayer
- Simplified fares and ticketing offer
- Improved environmental standards

Tyne and Wear Local Transport Plan

North East Local Enterprise Partnership

Bus Strategy Delivery Project

Nexus Strategies

- Customer Service
- Engagement
- Fares and Ticketing
- Safety and Security
- Equality and Diversity

National Transport Policy

Local Transport Act

Competition Commission Investigation

Targets, Monitoring, Delivery Options and Action Plans

1. Introduction

1.0.1 Buses are a vital public service – they have a major role to play in the way the public goes about its daily life and because of the economic connectivity they help to achieve. The government[1] recognises that, '*Many people rely on their local bus to get to school, to work, to the doctors, to visit their friends and family, or to go shopping.'* They are clear that, *'Given their importance in providing employers and businesses access to labour markets, buses are important for a well-functioning and growing economy'*. As with all public services, efficient and affordable delivery is paramount.

1.0.2 For individuals without access to a car, the bus is their main means of accessing employment, educational and shopping facilities, as well as a range of other essential services. In order to connect people to opportunities and socially necessary services, public transport must be affordable, available, accessible and acceptable[2].

1.0.3 The contribution that the bus can make towards growth in the economy is often underestimated[3]. Approximately 40% of workless households in the UK do not have access to a car, so good public transport services are vital in enabling them to access employment opportunities[4]. 1 in 10 bus commuters would be forced to look for another job if they could no longer commute by bus[5]

1.0.4 Buses often provide the principal public transport connection to town and local centres, which can be of significant benefit to the retail economy. Improved access to City Centres can add up to 25% more benefit to the local economy.[6]

1.0.5 The bus industry itself contributes £2.1 billion per year to the UK's economy and is a major mode of travel for many people. Outside London, 63% of all public transport trips are made on a local bus, and there were 2.3 billion bus journeys in total in 2010/11[7]. Of that figure, there are more than 139 million journeys per year on buses in and around Tyne and Wear.[8]

1.0.6 Yet congestion in urban areas costs the economy £10.9 billion per year[9] and, with little or no signs of congestion easing, a plan of action needs to be brought forward which will significantly reduce this cost. An

[1] Department for Transport (2012), Green Light for Better Buses
[2] Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in Our Cities?
[3] Greener Journeys website (30 March 2012), Buses to Provide Good Return for Investment
[4] Greener Journeys website (30 March 2012), Buses to Provide Good Return for Investment
[5] Institute of Transport Studies, University of Leeds (2012), The Bus and Economic Growth Report
[6] Institute of Transport Studies, University of Leeds (2012), The Bus and Economic Growth Report
[7] Department for Transport (2011), Annual Bus Statistics 2010/11
[8] Nexus Continuous Monitoring
[9] Cabinet Office (2009), An Analysis of Urban Transport

effective bus service can attract people away from their cars and reduce congestion in the main centres, particularly for trips of between 2 and 5 miles in length.

1.0.7 It is also estimated that poor air quality, CO_2 emissions and noise in urban areas costs the economy a minimum of £8.7 billion each year[10]. Car travel is the largest source of transport-related emissions, accounting for 59% of domestic greenhouse gas emissions in 2009[11], so modal shift from car to bus can play a major role in reducing carbon emissions. For example, if 50 commuters who travel to and from work each day by car[12] were to switch to bus, CO_2 emissions would reduce by 21,272kg each year[13]. The carbon footprint of each individual making the switch would reduce by approximately two thirds.

1.0.8 Over 1 in 10 people in metropolitan areas travel to work by bus[14]; of the 39 million recorded passenger trips by bus in Tyne and Wear, 31% were to access employment or education, 40% for shopping and trips to essential services and 29% for leisure reasons.[15]

1.0.9 The North East, according the DfT's National travel Survey 2009/10, has the lowest levels of car ownership in England, outside of London; however car ownership is also growing at the fastest rate of any region. Nevertheless the North East still has the highest number of trips taken on local bus per person outside of London. In 2009/10 this equated to an average of 74 trips on local buses for each person.

1.0.10 These headline facts illustrate just how important local bus services are, and will continue to be, for the economy and the environment in Tyne and Wear. However, with patronage declining, car usage increasing, and car ownership rising rapidly, now is the time for action.

1.0.11 Combined with rising customer expectations of such an important public service, this is the background to the production of this document, the Tyne and Wear Integrated Transport Authority's (ITA's) 2012 edition of the Bus Strategy.

1.0.12 The ITA itself has three overarching objectives:

- Supporting economic development and regeneration,
- Addressing climate change, and
- Supporting safe and sustainable communities.

The objectives in the Tyne and Wear Local Transport Plan are closely aligned to these objectives.

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[10] Cabinet Office (2009), An Analysis of Urban Transport
[11] DfT Statistics (2012), Table ENV0201, Greenhouse gas emissions by transport mode: UK, 1999-2009
[12] Medium diesel car with engine size of 1.7-2 litres is assumed
[13] Nexus Business Intelligence (May 2012)
[14] DfT (2008) Public Transport Statistics
[15] Nexus Continuous Monitoring Data

1.0.13 In order to help deliver these objectives, this Bus Strategy sets a simple vision to:

> *"Ensure that buses play a central role in providing a simple, affordable and integrated public transport system in Tyne and Wear"*

The remainder of this document sets out how the ITA intends to meet this vision, starting with a more detailed analysis of current trends and issues, and ending with a clear identification of deliverables and targets against which to judge the implementation of the Bus Strategy.

2. Current trends and issues

2.0.1 Despite the significant role that the bus plays, the Department for Transport (DfT)[16] recognises that there are a number of long term issues to address when aiming to improve bus services, including:

- *'Bus passenger numbers have been in a slow, long-term decline, notwithstanding the popular concessionary travel scheme … This decline is particularly apparent in our largest cities*
- *Fares are increasing above inflation (6.8% above inflation between March 2005 and March 2011), with real impacts on the young and lower income groups*
- *In many areas, there is little direct competition for bus passengers*
- *Local councils often spend significant amounts of money on putting on services for communities not well-served by commercial services, at a time when they are under pressure to deliver savings'.*
- *Bus customer satisfaction remains relatively high.*

These issues are no different in Tyne and Wear, as the analysis in the following parts of this section illustrates.

2.0.2 Bus passenger satisfaction is relatively high across the UK, with an average of 85% of the latest Passenger Focus survey of bus users saying that they were satisfied overall with their local bus service[17]; within Tyne and Wear the figure was 91%. Again, this is fairly similar in Tyne and Wear, although whilst 80% of customers are satisfied with bus services, some bus passengers consider customer service on public transport to be poor[18].

[16] Department for Transport (2012), Green Light for Better Buses
[17] Passenger Focus (2012), Bus Passenger Surveys, March 2012
[18] SMS (March 2010), Customer Service Strategy Market Research Report

2.1 Patronage

2.1.1 There are a number of factors affecting patronage decline, including

- The economic situation and therefore the number of jobs;
- Car ownership and fuel prices;
- The relative attractiveness of bus as a mode of transport, including frequency, fares and punctuality.

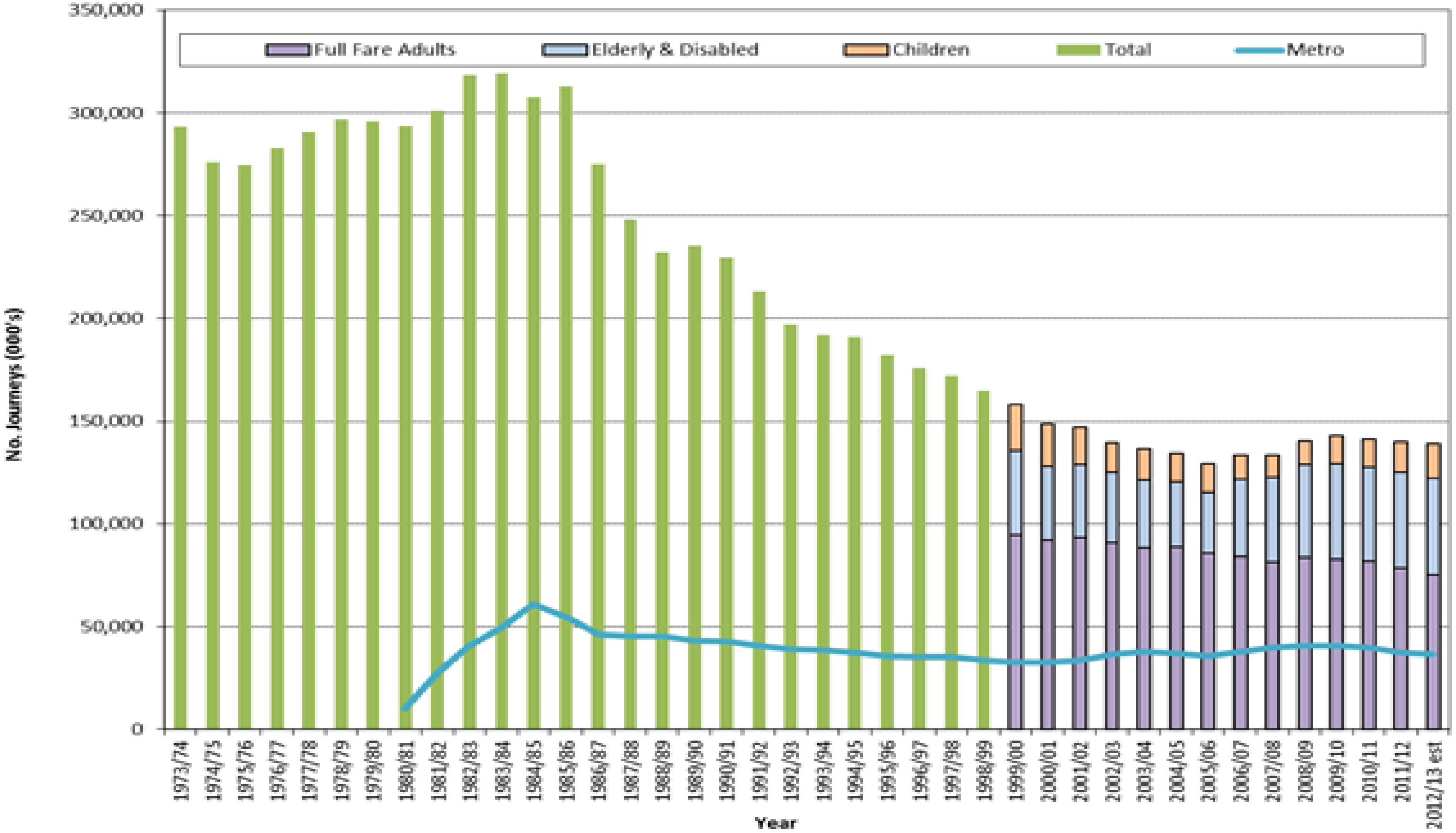
2.1.2 Although there has been continued and significant investment into Tyne and Wear buses and infrastructure, patronage still continues to decline, as shown in Figure 1 and 2[19].

2.1.3 Whilst the introduction of free concessionary travel in 2008 has had a positive impact on patronage amongst those aged 60+, the number of passengers paying the full adult fare has continued to decline (Figure 2). Although patronage increased in 2008/09 for the first time in 17 years, this growth proved to be only temporary as patronage has since declined again.

2.1.4 For context Metro patronage is shown on figure 1.

[19] Nexus Business Intelligence (May 2012)

Figure 1: Bus patronage 1973/74 to 2012/13 in Tyne and Wear[20]
** forecast figure for 2012/13 (Note: passenger type breakdown not available prior to 1999)



[20] Nexus Business Intelligence (May 2012)

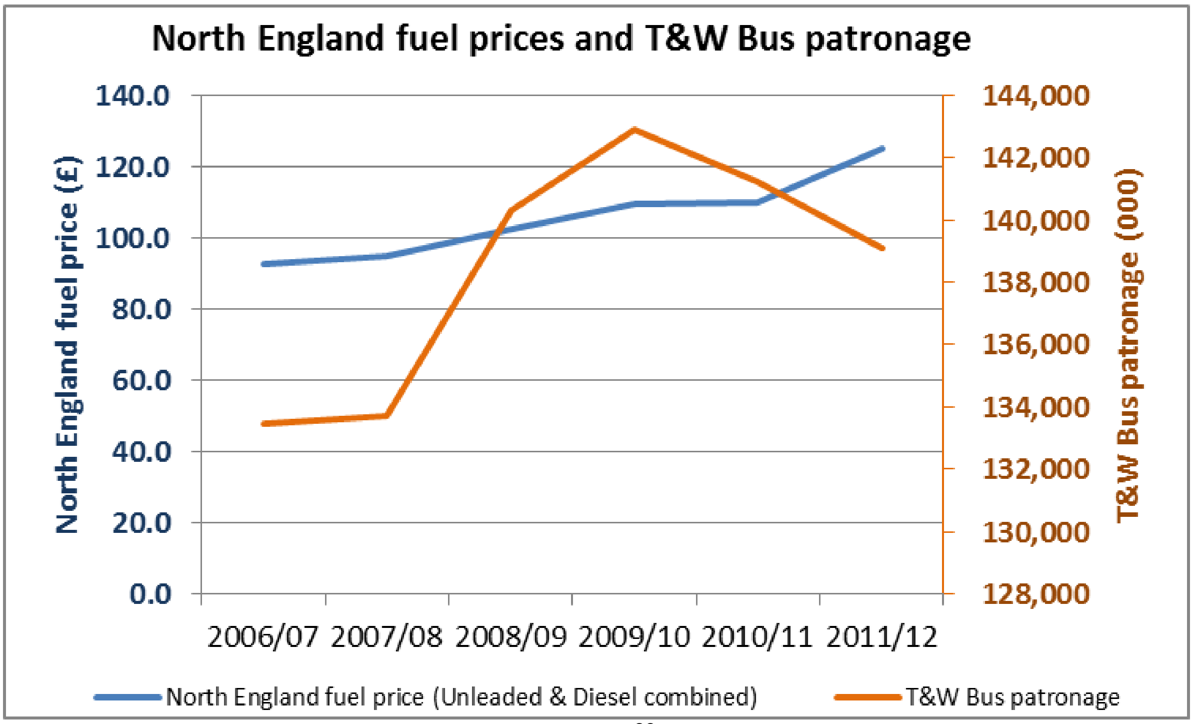


Figure 4: Cost of Fuel in the North of England[28] and Tyne and Wear Bus Patronage

2.1.14 The rising cost of fuel has had an adverse impact on the bus operators, however, in terms of increased operating costs. CPT figures suggest this rise has been on average 2.2% above RPI since 2004[29] The impact of such increases is often felt by passengers in the form of increased fares and/or reduced network operations. Both of these issues are considered in more detail in sections 2.2 and 2.4. According to the Institute of Transport Studies nationwide bus operator margins have fallen from 13-14% to 8% leading to fare increases and routes being cut.[30]

2.1.15 What is clear from the trends in patronage is that reversing the current trend, notwithstanding the external economic influences that are more difficult to predict, is of paramount importance, and is a common goal of government, the ITA and all bus operators within Tyne and Wear.

2.2 Fares and ticketing

2.2.1 Since bus deregulation in 1986, the cost of bus travel has risen throughout England and the greatest increases have been in PTE areas, where bus fares rose by 95% between 1995 to 2008[31]; in contrast the average rise in the rest of England was 51% over the same period. According to Nexus's monitoring statistics the equivalent figure for Tyne and Wear is 124%. The average fare in Tyne and Wear in April 1995

[28] AA Fuel Price Report - UK and overseas prices February 2012, (http://www.theaa.com/motoring_advice/fuel/index.html)
[29] CPT, cost index for bus operators in Northern England.
[30] Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth
[31] DfT Public Transport Statistics GB Bulletin 2002-2009 editions, cited in pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?

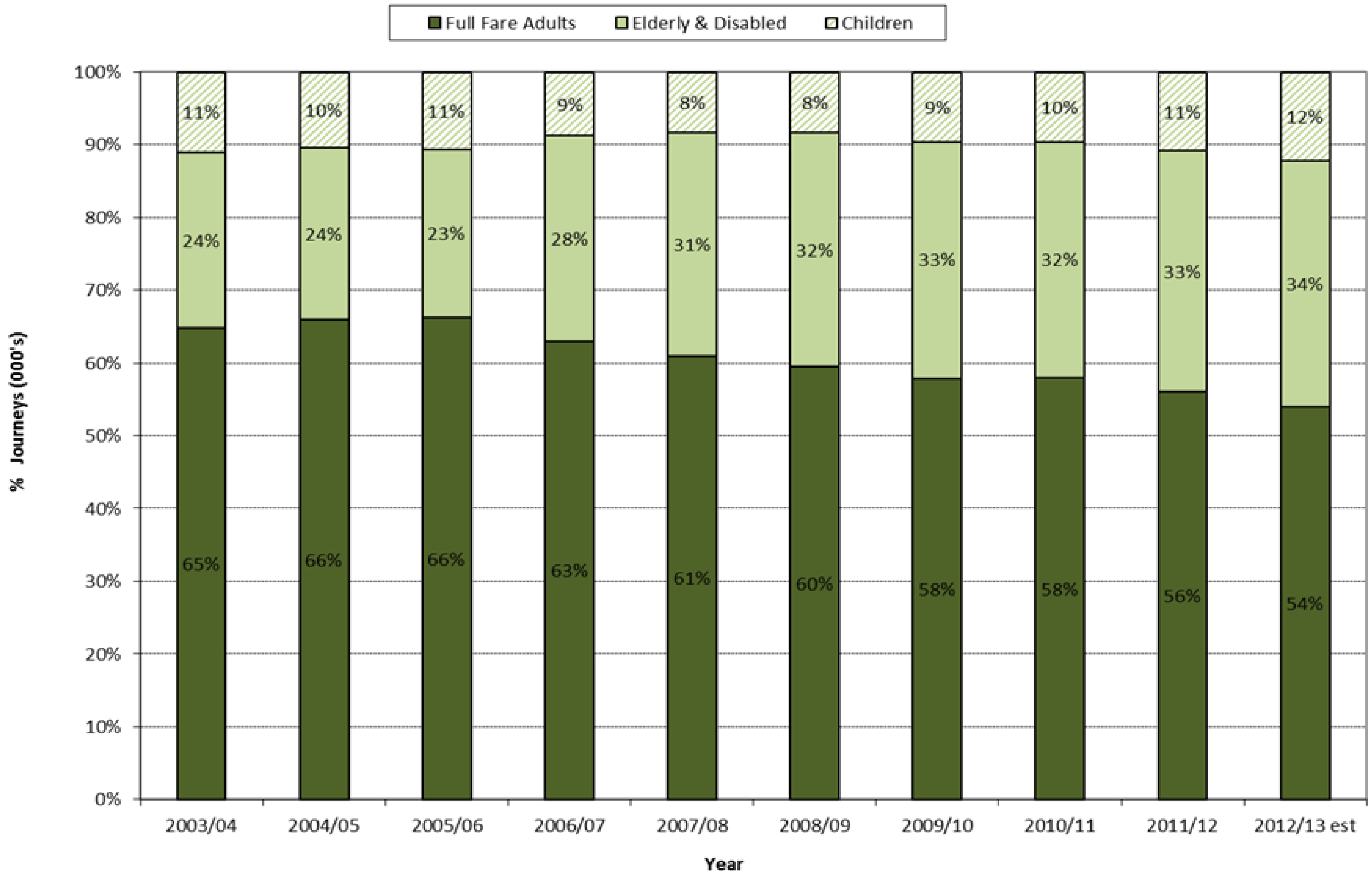


Figure 2: Bus patronage breakdown by passenger type 2003/04 to 2012/13 in Tyne and Wear (Note: forecast figure for 2012/13)

2.1.5 Bus use in Tyne and Wear has declined faster since 1997/8 than in any other Metropolitan area.[21] As can be seen in figure 2 the decline in fare paying passengers on bus has continued, whilst concessionary travel has grown. However this growth is starting to show more recent signs of slowing.

2.1.6 **The Economy and Jobs:**

Buses provide a multiplier effect in other areas of the economy, helping to increase economic performance, connect people to jobs and support the vitality of town and city centre.[22]

2.1.7 It is almost certain that the more recent patronage decline has also been affected by external economic conditions, such as rising rates of unemployment and increased living costs, factors which are evident in the decline in the Gross Value Added (GVA) of the regional economy.

2.1.8 The unemployment rate in Tyne and Wear has increased rapidly since 2009, which has inevitably resulted in fewer adults travelling by bus, and the trend is mapped by the overall decline in patronage across the North East, as shown in Figure 3.

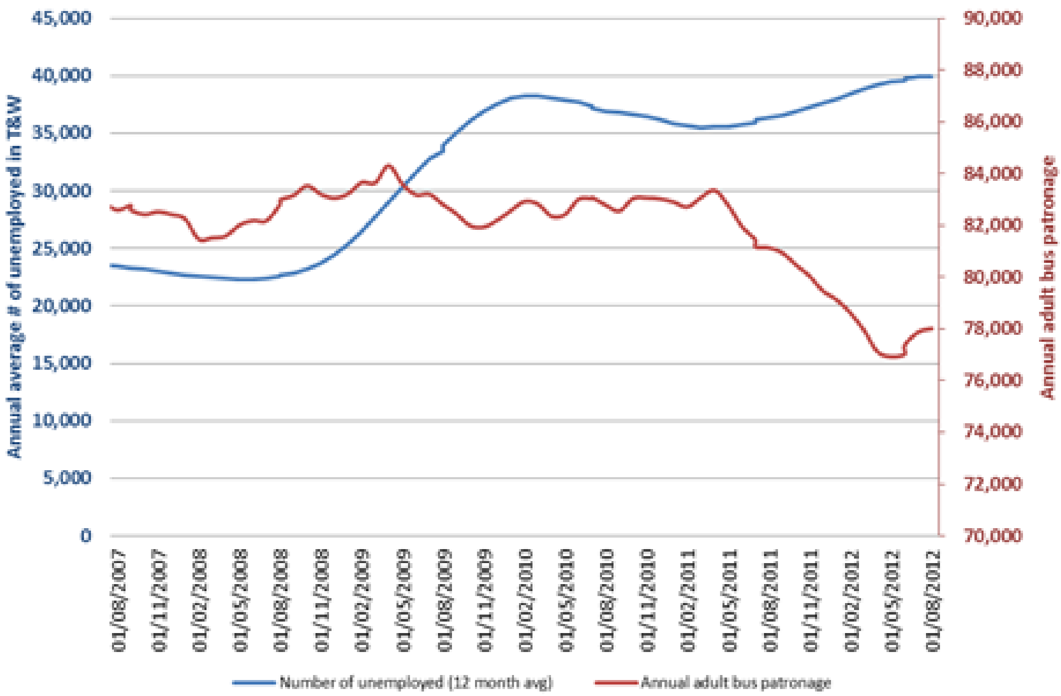


Figure 3: Correlation between bus ridership and unemployment in Tyne and Wear[23]

[21] DfT (2008) Public Transport Statistics
[22] Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth
[23] Nexus Business Intelligence (May 2012)

2.1.9 Predictions of population growth provided by the ONS, estimate Tyne and Wear will grow by 55,000 by 2021. These are comparable with figures used in DfT Tempro model that show population growth of 50,000.

2.1.10 **Car ownership and fuel cost:**

Another factor which is likely to have contributed to the decline in patronage is the rise in car ownership in Tyne and Wear, which has increased steadily in recent years. Travel by car accounts for around 70% of travel amongst potential bus users and is the greatest threat to reversing the downward trend in bus patronage[24].

2.1.11 Car use in UK urban areas is higher than in other European cities[25]. Car ownership in Tyne and Wear has increased by 16% between 2001 and 2011.

2.1.12 Car drivers state they use the car instead of the bus because it is perceived to be:

- Easier (73%)
- Quicker (61%)
- Cheaper (20%)[26]

2.1.13 Additionally although the cost of fuel has increased significantly in recent years, (Figure 4), the overall cost of motoring fell by 13% between 1997/8 to 2007/08 once the impact of inflation had been removed[27] therefore fuel cost increases have not been matched by sustained modal shift from car to bus, despite some local campaigns aimed at informing motorists of the comparative costs. The graph shows bus patronage declining at the same time as the greatest increase in fuel costs.

[24] MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
[25] CfIT (2006) European best practice update cited in Cabinet officer (2006) analysis of urban transport
[26] MVA (June 2012) What the Public Want, Value for Money for Bus Users
[27] DfT (2009) Transport Trends

was £0.66; this compares to £1.48 in April 2008. If fares had increased over that period in line with RPI the average fare in April 2008 would have been £0.95. CPT show that costs within the bus industry have risen, on average by 2.2% above RPI[32]. If fares since 2004 had risen in light with CPT cost increases the average fare would have been £1.38 in 2008.

Date	Average Actual Fare	% Change Fares	% Change RPI	Increase above RPI %	CPT cost increase[33]	Fare if CPT cost increase applied
April-95	£0.66	4.8%	3.5%	1.3%		
April-96	£0.69	4.5%	2.4%	2.1%		
April-97	£0.72	4.3%	3.1%	1.2%		
April-98	£0.75	4.2%	3.4%	0.8%		
April-99	£0.79	5.3%	1.5%	3.8%		
April-00	£0.83	5.1%	3.0%	2.1%		
April-01	£0.88	6.0%	1.8%	4.2%		
April-02	£0.94	6.8%	1.7%	5.1%		
April-03	£1.00	6.4%	2.9%	3.5%		
April-04	£1.07	7.0%	3.0%	4.0%	6.0%	£1.06
April-05	£1.16	8.4%	2.8%	5.6%	8.7%	£1.15
April-06	£1.26	8.6%	3.2%	5.4%	6.9%	£1.23
April-07	£1.38	9.5%	4.3%	5.2%	6.4%	£1.31
April-08	£1.48	7.2%	4.0%	3.2%	5.4%	£1.38
April-09	£1.62	9.5%	-0.5%	10.0%	6.2%	£1.47
April-10	£1.77	9.3%	4.6%	4.7%	1.5%	£1.49
April-11	£1.96	10.7%	5.2%	5.5%	3.7%	£1.54

Figure 5: Average bus fare paid in Tyne and Wear between 1995 and 2011 V RPI and CPT costs index.[34]

[32] CPT Cost index for Bus Operators in Northern England (earliest data available 2004)
[33] CPT Cost index for Bus Operators in Northern England (earliest data available 2004)
[34] Nexus Continuous Monitoring Data

2.2.2 The long term decline in passenger numbers which has occurred over the years coincides with these cost increases. In the light of patronage decline and rising costs elsewhere, fares often increase at a rate which is considerably higher than the Retail Price Index (RPI), as shown in Figure 6 below.

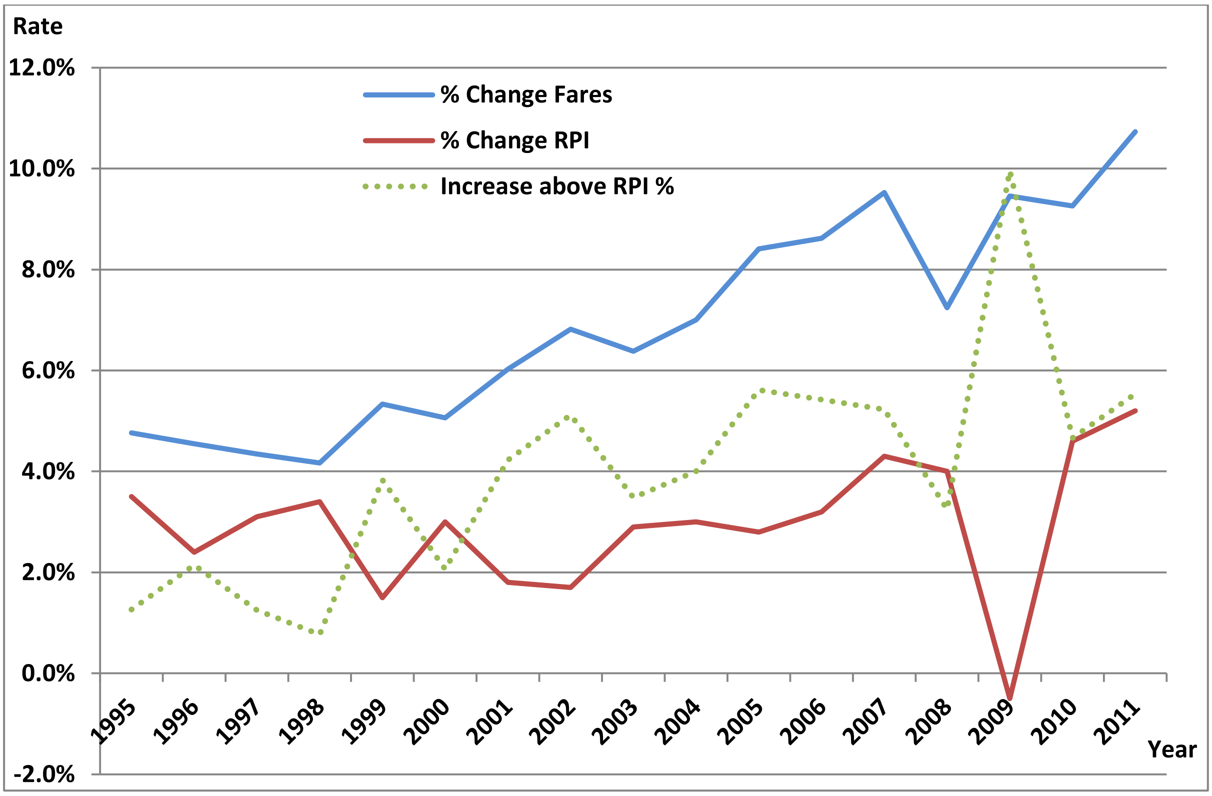


Figure 6: Annual Percentage Change in Fares and the Retail Price Index

2.2.3 "*the attractiveness of bus travel continues to fall relative to motor cars because of the combination of rising fares and greater car ownership*"[35]

2.2.4 Fares differ between operators and market research has found that services provided by some operators are thought of as being more expensive than others[36]. Respondents have also stated that fare increases are occurring too regularly and rises are often seen as high[37]. 1 in 7 passengers surveyed considered the service to offer poor or very poor value for money.[38] Buses being seen as expensive was the number one factor highlighted by respondents in preventing their travel by bus more often.[39] Passenger Focus, told us that once responses from Concessionary Pass Holders had been taken out, Value for Money was

[35] Cabinet Office (2008) An analysis of Urban Transport
[36] Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)
[37] Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)
[38] MVA (2012) What the public want; Value for Money for Bus User
[39] MVA (2012) What the public want, Value for Monet for Bus User

the second most important issue for bus passengers across England (Excluding London)[40]

2.2.5 However, the market research indicated a range of different inconsistencies, or uncertainties, in the current fares system create significant frustration for some passengers. Inconsistencies experienced include:

- different fares between the same two bus-stops (different operators);
- restrictions on bus tickets across different bus operators;
- uncertainty about whether the best-priced ticket is being purchased;
- confusion over restrictions that seem to be applied inconsistently;
- no such thing as a 'return ticket' on some routes;
- restrictions on paying with notes or cards; and
- un-announced fare increases.[41]

2.2.6 The feeling amongst participants was that much of the frustration would be lessened if they were better informed about available tickets (and restrictions); and more tickets could be used on different bus services. The latter would enable passengers to catch the 'first' bus that came along – thereby increasing the perceived service headway and improving reliability. Furthermore, simplification of fares would also reduce the barriers to entry for potential users [42]

2.2.7 Those people belonging to the lowest income quintile make 206% more trips by bus and coach than those belonging to the highest quintile[43], therefore fare increases have the greatest impact on low income households, who are most reliant on the bus. Additionally those on low incomes are least likely to be able to take advantage of the cheapest fares because they are less likely to be able to afford a large financial outlay to purchase a season product.[44]

2.2.8 30% of those who are dependent on bus to access education and training live in the top 10% of the most deprived areas of the country. The bus therefore plays a critical role in helping this group access more productive jobs.[45] Transport costs are cited as the biggest expenditure of

[40] http://www.passengerfocus.org.uk/research/publications/passenger-focus-response-to-nexus-tyne-and-wear-region-draft-bus-strategy-consultation-october-2012

[41] MVA (2012) What the Public want; Value for Money for Bus Users
[42] MVA (2012) What the Public want; Value for Money for Bus Users
[43] DfT National Travel Survey (2008), cited in pteg (2010), the Effect of Bus Fare Increases on Low Income Families
[44] Campaign for Better Transport (2012) Transport Accessibility and Social Exclusion
[45] Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth

further and higher education. The Social Exclusion Unit identified that 6% of 16-24 year olds turned down training because of transport costs[46].

2.2.9 Network contraction also impacts on lower income families, with cuts to bus services serving more isolated estates, making it more difficult for low income groups to access entry level jobs. Also as weekend and evening services are cut back it becomes more difficult to access shift work outside of the core 9-5, Monday to Friday working week.[47]

2.2.10 Research shows that in Tyne and Wear, 58% of customers are satisfied with the cost of fares[48]. However, many customers, especially those making shorter journeys, describe bus fares as expensive[49]. When questioned in focus group research, non-users said that the expense of buses was a barrier to use.[50] The DfT black book shows that fare elasticity equates to 0.42% increase in patronage for every 1% decrease in fares

2.2.11 Dissatisfaction with fares combined with a perception that bus travel is expensive, particularly when compared to other forms of transport, appears to be a contributory factor to the reduction in bus patronage over time. This suggests that a simple, affordable fares structure may encourage greater use of public transport, including bus.

2.2.12 As well as differentiated fares, each bus operator has its own fare structure and set of rules and conditions. Recent estimates suggest that there are over 100 bus ticketing products in Tyne and Wear, and when questioned in focus group research, some customers stated that they were unaware of what ticketing products were available[51].

2.2.13 Operator-specific tickets are normally accepted for travel only on the services of the operator who issued the ticket. Bus users have expressed a desire to be able to purchase tickets which allow travel on services provided by more than one operator[52].

2.2.14 At present there is an existing range of network-wide tickets for those wishing to travel on services provided by different operators in the form of Network One which offers multi-modal, multi-operator tickets[53]. However awareness of such ticketing products tends to be low and they are generally perceived to be expensive[54]. Only 46% of participants who

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[46] Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth
[47] Campaign for Better Transport, (2012) Transport, Accessibility and Social Exclusion.
[48] Nexus (January 2012), Customer Satisfaction Forecast data
[49] Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)
[50] MVA (2012) What the Public want; Value for Money for Bus Users
[51] Public Knowledge (2009), Fares and Ticketing Research (Qualitative Report)
[52] Nexus Informal Stakeholder Consultation (January/February 2012)
[53] including main bus operators, Metro, Ferry and local rail line from Blaydon to the MetroCentre
[54] Public Knowledge (2009), Perceptions of Fares and Ticketing on Public Transport in Tyne and Wear

were involved in external focus group research were aware of multi-modal, multi-operator tickets.[55]

2.2.15 Over recent months a promotion has been taking place in which Network One has reduced the price of its multi-modal day ticket from £6.80 to £5.50 (a 19% price reduction). The price reduction has been backed by a significant marketing campaign. Whilst the promotion is still running, sales of this ticket type have more than doubled over the period of the campaign.

2.2.16 Research has found that public transport users generally rate interchange facilities in Tyne and Wear highly[56]. Customers are generally found to be accepting of interchange, if it works well. However, the lack of integrated ticketing has been cited as a barrier to use[57]; as has poor planning of interchange services which leads to connections being missed.

2.2.17 Customers have stated that more flexible ticketing products, which permit travel on more than one mode, would make interchange more appealing[58]. Customers feel that they are penalised for interchanging between bus services as this can often mean that the services of two different operators are required, leading to the purchase of two separate tickets[59].

2.2.18 There are also several different zoning systems in operation. Market research has indicated that the use of different zoning structures creates an inconsistent attitude towards ticket pricing[60] and is often considered to be unclear[61].

2.2.19 Overall there is a perception that bus travel is expensive and complex when compared to other modes of travel, particularly the car. This causes the travelling public to turn away from bus to car if they have the opportunity.

2.3 Competition

2.3.1 The Tyne and Wear bus network is provided by a range of different operators of differing sizes, but principally by three operators – Arriva, Go North East and Stagecoach. The network consists of approximately 220 different bus routes[62].

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55 Public Knowledge (2009), Perceptions of Fares and Ticketing on Public Transport in Tyne and Wear
56 MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
57 MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
58 MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
59 MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
60 SMS (2010), Customer Service Strategy SMS Report
61 Public Knowledge (2009), Fares and Ticketing Research (Qualitative Report)
62 Figure excludes scholar and work services

2.3.2 In January 2011, the Office of Fair Trading (OFT) referred local bus services to the Competition Commission (CC) following a consultation on the results of a market study into the industry. The investigation specifically examined the economic effectiveness of competition within the local bus service sector.

2.3.3 Whilst conducting their investigation, the CC identified a number of issues which could prevent and/or restrict competition. The study also found that fares tend to be higher in areas where operators with a strong market position are not challenged by a large well-resourced rival.

2.3.4 The CC's provisional results, which were published in May 2011, concluded that in many local areas, '*the largest operator has consistently faced little or no competition*'[63]. Many passengers can therefore '*expect less frequent services and, in some cases, higher fares than when there is more competition*'.

2.3.5 Additional evidence published by the CC to complement its provisional findings found that the three largest operators account for 97.1% of local bus services in Newcastle, and that '*small competitors do not appear to have a significant presence in the supply of commercial services in Newcastle and the surrounding area*'[64].

2.3.6 The CC's final report built on this analysis to note that some operators avoid competing with other operators in the same area. The CC '*found that this conduct has taken place in relation to two operators in parts of the North East of England*'[65] and that '*we expect that detriment to consumers will have arisen from this conduct*'.

2.3.7 The CC's final report also proposed remedies focused on three main areas – an increase in multi-operator ticketing, new limitations on operator behaviour in response to new market entrants, and measures to ensure fair access to bus stations[66].

2.3.8 If the CC's recommendations are taken forward in full, it is not expected that there will be a significant impact on levels of competition in Tyne and Wear. This is because there is already a long-established multi-operator ticketing scheme in existence, incumbents are rarely challenged by new entrants and so limitations on their competitive response do not tackle the root of the problem, and Nexus is not aware of any significant difficulties for operators to gain access to privately-

[63] Competition Commission News Release, 6 May 2011

[64] Competition Commission (May 2011), Local Bus Services Market Investigation, Appendix 6.4 to Provisional Findings Report

[65] Competition Commission (December 2011), Local Bus Services Market Investigation: A Report on the Supply of Local Bus Services in the UK

[66] Competition Commission (December 2011), Local Bus Services Market Investigation: A Report on the Supply of Local Bus Services in the UK

managed bus stations. Therefore, there will be little change to the conditions governing the local bus market, and there is no reason to expect that the high levels of concentration, and the identified detriment to customers, will recede.

2.4 Punctuality and reliability

2.4.1 Market research has found that customers can consider bus punctuality to be poor, although actual recorded punctuality is much better than that perceived by customers. Only 64% of customers consider buses to be on time[67], whereas in reality, 90% of non-frequent services are punctual and the average excess waiting time for frequent services is 0.81 minutes[68], which is significantly lower than the Traffic Commissioner's target of 1.25 minutes

2.4.2 However this still means that of non-frequent services 1 in 10 journeys are not on time ('on time' is defined by the Traffic Commissioner as no more than 1 minute early or 5 minutes late; this is well below the Traffic Commissioner's target of 95%.

2.4.3 The belief held by customers and non-users that buses are unpunctual and unreliable is likely to be a significant barrier to use.[69]

2.4.4 When asked about which aspects of their local bus services they would wish to see improved, passengers tended to focus on the fundamentals of the service – punctuality and reliability[70]. Detailed information relating to the cause of delay to bus services is not published in Tyne and Wear as a matter of course; however causal factors are generally a mixture of traffic congestion, constraints relating to the operation of the highways, and operational issues within the operator's control.

2.4.5 Passenger Focus also ask customers about their perceptions of punctuality in their Bus User Survey. Although their methodology differs slightly from Nexus's own surveys and therefore the actual reported figures are different, they also highlight the fact that improvements to punctuality were important to customers.[71]

[67] Nexus Business Intelligence (May 2012)
[68] Nexus Continuous Monitoring
[69] MVA (June 2012), What the Public Want; value for Money for Bus Users
[70] MVA (June 2012), What the Public Want: Value for Money for Bus Users
[71] http://www.passengerfocus.org.uk/research/publications/bus-passenger-survey-results-for-areas-and-operators-in-the-north-east-march-2012

2.5 Accessibility

2.5.1 In 2011, 33.5% of households in Tyne and Wear did not have a car[72] – those without access to a car tend to be reliant on public transport. Yet research has found that the amenities people can reach by public transport are not always the best services, or those they would use if they had the choice[73].

2.5.2 Bus Kilometres operated in PTE areas fell on average by 13% between 1997/8 and 2007/8.[74] In the three years from 2009 to 2011, commercial bus mileage reduced by 3.8 million kilometres within Tyne and Wear[75]. A number of changes to bus services took place between August 2011 and March 2012, and as a result, there was a 2.8% decrease in the number of households with access to bus services operating to a 10 minute frequency[76]. Network changes have also seen increased journey times to employment and major centres. This is supported by DfT regional transport statistics which show bus mileage in Tyne and Wear down by 31% since 1997/8; one of the largest declines of any PTE area.[77]

2.5.3 As well as the decrease in peoples' ability to access frequent bus services, there have been further commercial service withdrawals elsewhere. The withdrawal of such services can isolate those reliant on bus services thereby increasing levels of social exclusion, unless additional public funding can be found to maintain them as secured services.

2.5.4 Service withdrawals hit those on a low income particularly hard as they often have no alternative to travelling by bus.[78] Withdrawal of bus services can significantly reduce access to shops, healthcare facilities and employment opportunities and, as informal research conducted by Nexus found, the withdrawal of services, particularly in rural areas and at night, is of great concern to many public transport users[79]. This is discussed in more detail in Section 2.2 above.

2.5.5 Focus group research commissioned in March 2011 found that the majority of participants felt that they were not consulted about service changes and only learned about the changes after they had been implemented[80]. Bus operators are under no obligation to consult with

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[72] DfT (2012), Tempro website
[73] Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?
[74] Dft (2008) Public Transport Statistics bulletin
[75] Outputs from Tyne and Wear Accessibility Model (May 2012)
[76] Outputs from Tyne and Wear Accessibility Model (May 2012)
[77] DfT Regional transport statistics (2008), cited in Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?
[78] Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?
[79] Nexus Informal Stakeholder Engagement (January/February 2012)
[80] MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

customers before implementing service changes, although there are some local examples of good practice when it comes to customer consultation.

2.5.6 When commercial bus services are withdrawn, there is normally an immediate pressure to use public funding to secure the service if essential links to services will be lost as a result. However, if more commercial de-registrations occur and pressure on public funding grows, this will be become increasingly harder to achieve.

2.5.7 The key issue to address, therefore, is what a long term sustainable bus network in Tyne and Wear would look like, acknowledging that, for some communities, a traditional bus service is not a viable option.

2.6 Value for money for the taxpayer

2.6.1 As discussed in 2.2 above, 1 in 7 passengers in Tyne and Wear feel that bus services do not offer value for money.[81] However bus services are also underpinned by the taxpayer through a variety of sources.

2.6.2 In 2009/10 bus industry revenue in England came in almost equal parts from fare paying passengers and from public funding[82], although the make-up of this varied between regions.

2.6.3 Generally across the country public support for bus services came from three sources:

- General Network support and subsidy (normally from the Local Transport Authority)
- Concessionary travel payments (normally from the Local Concessionary Travel Authority)
- BSOG (direct from government)

2.6.4 Total operating costs for the industry, as shown in section 2.2.1, and public support for services has risen sharply between 2004/05 – 2006/07 and again in 2009/10.[83]

2.6.5 In Tyne and Wear public financial support for bus services is estimated to account for approximately 42% of bus operator income (£62 million per annum); this equates to £40m on Concessionary Travel payments; £10m on Secured services and £12m on BSOG payments. The amount of money spent on securing services over the last 10 years has grown significantly.

2.6.6 Whilst financial support has in general risen in metropolitan areas the financial support in London, which is perceived to have high levels of

[81] MVA (2012) What the Public What; Value for money for bus users.
[82] MVA (2001) underpinning policy; modelling bus subsidy in English Metropolitan Areas, a report for Pteg
[83] DfT (2012) Transport Statistics Table BUS0503b

public subsidy for its regulated bus market, has in fact fallen over recent years[84]

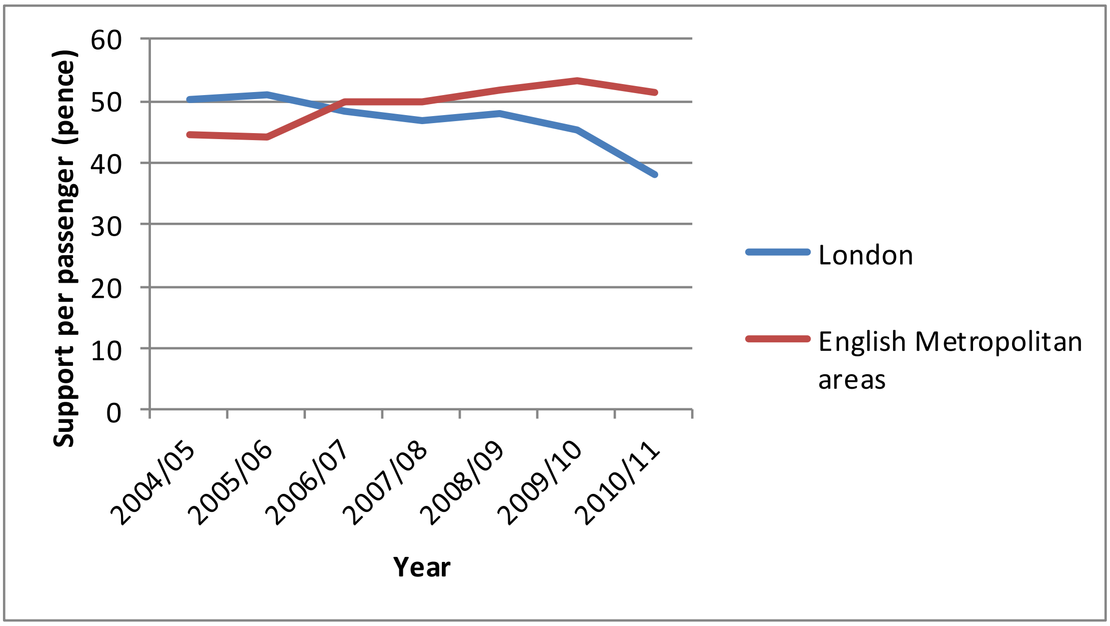


Figure 7: Total Government Support per passenger Journey (Pence) at 2010/11 prices

2.7 What does this mean for the Strategy?

2.7.1 The preceding analysis demonstrates that current trends and issues affecting local bus services in Tyne and Wear are similar to those recognised by the DfT as facing the industry as a whole.

2.7.2 The continued pressure on public finances means that, to deliver an efficient and affordable bus network in Tyne and Wear requires a focused strategy and prioritised interventions.

2.7.3 With this in mind doing nothing is not an option. The bus market in Tyne and Wear is faced with four clear trends:

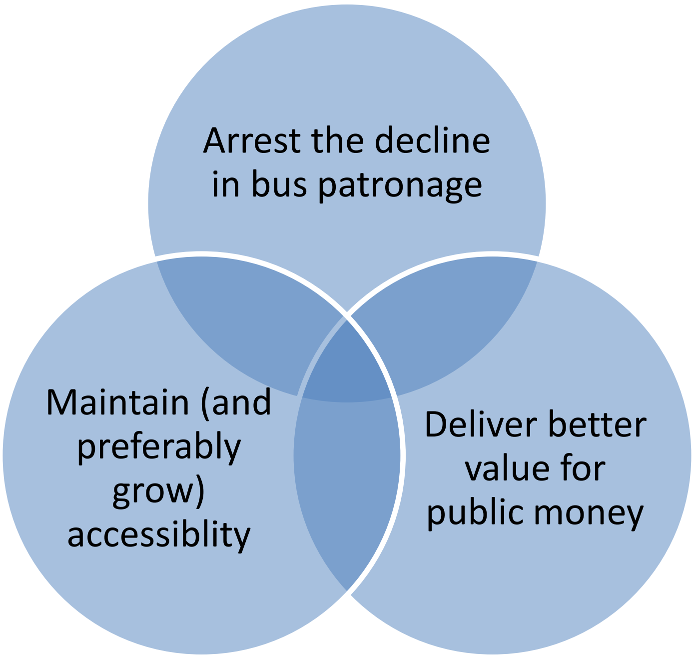
- Falling patronage;
- Rising fares;
- Increasing reliance on public funding which is unsustainable;
- Contracting network.

[84] DFT (2012) Transport Statistics Table BUS0503b

2.7.4 Therefore three key objectives have been set for this Bus Strategy. These are:

- Arrest the decline in bus patronage;
- Maintain (and preferably grow) accessibility; and
- Deliver better value for public money.

The remainder of this Strategy takes each of these objectives in turn and identifies what has been done, and what needs to be done, to achieve them. It should be noted that some of the proposed interventions overlap in terms of which objectives they aim to deliver.



3. Arresting patronage decline

3.0.1 The analysis in the preceding section shows that bus patronage is influenced by a range of factors, one of the principal ones being the economic climate which in recent times, has had an adverse impact on patronage by reducing the overall demand for travel.

3.0.2 However, the graph in Figure 1 also shows a steady decline throughout the 2000s, particularly amongst fare paying passengers, when economic conditions were more favourable, so although the overall economy does influence travel demand, it is clearly only one of the factors affecting bus patronage. Therefore, this Strategy cannot assume patronage decline will be reversed solely as a result of economic recovery in the future, although it could help arrest decline.

3.0.3 The challenge of reversing patronage decline falls in two main areas: maintaining current patronage levels and attracting new users. The rise in car ownership as described in the section 2.1 above is clearly a threat to both of these areas. Therefore, it is crucial to understand what improvements current and future users will want to see to maintain, or change, their behaviour.

3.0.4 Recent research in Tyne and Wear[85] identified that the three priorities for improvement for existing bus users were increased frequency, improved punctuality/reliability, and better value for money.

3.0.5 Overall the research indicated that passengers would be willing to pay for some service improvement. On average this was between 4p and 10p per journey for significant improvements in service headways, on-board service quality, improved reliability, increased hours of operation and improved journey time reliability.[86]

3.0.6 The aspects of service to which respondents were most willing to accept a deterioration were responses to litter and graffiti, and space for wheelchairs and buggies.[87]

3.0.7 Bus service reliability and punctuality were rated more important than journey time, and participants indicated they would find it acceptable for journey times to increase if these aspects of service quality improved.[88]

3.0.8 For existing passengers, therefore, improvements should be targeted at on increasing the number of high frequency services, improving punctuality and reliability and increasing perception of value for money.

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[85] MVA (June 2012), What The Public Want, Value for Money for Bus Users
[86] MVA (June 2012), What The Public Want, Value for Money for Bus Users
[87] MVA (June 2012), What The Public Want, Value for Money for Bus Users
[88] MVA (June 2012), What The Public Want, Value for Money for Bus Users

3.0.9 For potential bus passengers, the research[89] examined the barriers to bus use for those who could in theory have used a bus, but who chose not to. The top three reasons given were: the need to interchange; a feeling that the bus took too long to reach the desired destination; and a view that buses were too expensive. This research is supported by Passenger Focus as being the key barriers to bus use.[90]

3.0.10 When asked what service improvements were more likely to encourage them to use a bus, potential users ranked punctuality/reliability, lack of interchange and better value for money as the top three priorities.

3.0.11 There is a correlation between value for money and distance travelled, with journeys covering greater distances generally being regarded as providing better value for money than shorter trips.[91]

3.0.12 Frequent users are more likely to purchase season tickets, which provide a discount, whereas those who travel infrequently and potential bus users are often unaware of the costs of a journey by bus and therefore tend to be less able to make accurate judgements about value for money.[92] However the perception is still that buses are expensive.[93]

3.0.13 When a journey requires the services of more than one operator, many customers perceive that they are unable to buy a single ticket covering the whole journey, thus in their mind making the journey more expensive. If an integrated network is an aspiration, as discussed in section 4, integrated ticketing that does not penalise interchange through overall cost is a major part of making that aspiration a reality.

3.0.14 In terms of interchange, it is clearly an unrealistic proposition to provide a network that has no interchange at all – this would be not only uneconomic, but potentially even more confusing. The perceived barriers to interchange are: waiting time, network instability and ticketing (which relates to both cost and the perceived need to buy several tickets in order to complete a single journey).

3.0.15 If the network is focused around a number of high frequency core routes, then waiting time penalties should be minimised, and if there is a level of stability in such a network, then users are less likely to perceive interchange as a barrier to the same degree. The need to examine further integrated ticketing products is discussed in detail in section 5,

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[89] MVA (June 2012), What The Public Want, Value for Money for Bus Users

[90] http://www.passengerfocus.org.uk/research/publications/bus-passenger-survey-results-for-areas-and-operators-in-the-north-east-march-2012

[91] SMS (2010) Customer Service Strategy Research Report

[92] Woodholmes (2011) Research into Information Provision at Bus Stops

[93] MVA (June 2012) What the Public Want, Value for Money for Bus Users

and it will remain a crucial barrier to gaining new users if it is not tackled.

3.0.16 Translating these findings into this Strategy suggests that focused investment on high frequency routes, improved punctuality and improving users' perception of value for money, supplemented by enhanced information is required. This will ensure that existing and future customers' needs and expectations are met as much as possible in order to arrest the trend of declining bus patronage.

3.0.17 An ideal public transport service should be accessible to all, without discrimination. The ITA has worked with Nexus and its local authority partners over many years to improve physical accessibility to the bus network through the provision of infrastructure to aid level boarding, better access to bus stops and enhanced features across the network.

3.0.18 This improvement has been match by complementary investment by bus operators in low floor vehicles. The continuation of this type of investment in infrastructure, principally through the Local Transport Plan, will ensure potential users are not deterred from taking the bus because of concerns over physical accessibility.

3.0.19 Personal safety and security impacts on customers' willingness to travel; particularly at night. Respondents stated they would like to see more on-board CCTV, better lighting at stops and for the driver to be more selective about who they let on board.

3.1 Where the ITA would like to be

3.1.1 Centre for Cities classifies Integrated Urban Transport as *'the organisational process through which the planning and delivery of elements of the transport system are brought together, across modes , sectors, operators and institutions, with the aim of increasing economic and social benefits*[94].

3.1.2 This definition captures what the ITA is trying to achieve – that public transport in Tyne and Wear is truly integrated in order to increase economic and social benefits. An integrated system will improve social mobility, making it easier for passengers to travel around the region, accessing jobs and services and thus contributing to growth in the local economy.

3.1.3 The ITA would like to promote the development of a network that is designed such that all public transport modes link with one another. In this way, multi-modal and multi-operator journeys will become simpler and easier and, as a result, patronage will increase as the identified barriers to use are addressed. The ITA is also looking to ensure that information promotes travel by bus by being simple and easy to use,

[94] Centres for Cities (2008), On the Move: Delivering Integrated Transport in Britain's Cities

rather than potentially acting as a barrier by being complex or confusing.

3.1.4 The ITA wishes to change the view of those passengers who consider customer service on public transport to be poor by making sure that bus services in Tyne and Wear are of a high standard and well used, in order to grow bus patronage.

3.1.5 In recent years, the bus network in Tyne and Wear has undergone a number of significant changes. Although bus service changes are almost always undertaken in compliance with the Transport Act 1985, a perceived lack of prior consultation can lead to dissatisfaction amongst customers. Wherever possible Nexus undertakes consultation on service and network changes on its secured bus services, and the ITA would like to see this process expanded to include all commercial bus services in line with customer expectation[95]. It is worthy of note that there are already some examples of good practice locally, where bus operators do consult with existing customers before making changes. Where a Partnership exists, consultation also takes place with the relevant Local Authority and with the ITA. However there is no standard process of consultation in place across Tyne and Wear. The ITA wishes to see a standard process developed, regardless of operator.

3.1.6 Passenger Focus have said that in their view it is "important that there is extensive local consultation – the people best able to judge and comment on service being those who use them".[96]

3.1.7 The ITA wants the bus network to be transparent, simple to understand and to meet the needs of Tyne and Wear residents. Therefore, the ITA believes that the general public should be fully consulted on changes to bus services in their area, giving residents the opportunity to have their say and express their views.

3.1.8 The ITA would like to continue the roll-out of bus stop infrastructure improvements across Tyne and Wear in partnership with the Local Authorities.

3.1.9 The ITA would like to move towards a situation where 'better' value for money is not perceived to be one of the top three issues for bus users. This would be achieved if what people are getting for their fare is clear and in line with their expectation.

3.1.10 In the current environment, due to competition law, the prices of operator-only ticket must necessarily remain the preserve of each

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[95] MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

[96] http://www.passengerfocus.org.uk/research/publications/passenger-focus-response-to-nexus-tyne-and-wear-region-draft-bus-strategy-consultation-october-2012

operator. However the ITA would like to see a general commitment that fare increases will be more aligned to the general cost of living, and moves to address the issues perceived by customers who undertake multi-leg or multi-operator journeys. Measures to promote the easy understanding of fare structures are also needed to overcome those barriers identified by potential users.

3.1.11 Passenger Focus have said that in their view fare increases should be more closely aligned with the rate of inflation / cost of living[97]

3.1.12 The ITA wishes to improve perceptions of safety and security on bus and on bus infrastructure, through increasing safety measures that are built into the design of bus infrastructure, and by working with partners on training for staff.

3.2 What the ITA has done

3.2.1 The ITA has already been working with partners to address the factors that contribute to increasing patronage. Deliverables include:

- Worked with bus operators and local authorities to address causes of service delays by means of targeted bus priority measures and effective highway enforcement;
- Secured Better Bus Area Fund resources in partnership with local authorities and bus operators to deliver measures that will improve service punctuality and passenger security;
- Ensured a contract compliance and resultant service reliability through proactive monitoring of secured services; and
- Raised awareness across Tyne and Wear through high-profile campaigns such as the "Buses are getting…" to highlight specific improvements to bus services.
- Investment in passenger facilities such as recent investment in facilities at Haymarket and Eldon square bus station have improved passenger perception.[98] 78% of respondents stated they felt public transport use would increase as a result of the investment at Eldon Square[99]
- Additionally investment in bus priority, such as the Felling Bus priority scheme has improved journey time reliability for services using it.

[97] http://www.passengerfocus.org.uk/research/publications/passenger-focus-response-to-nexus-tyne-and-wear-region-draft-bus-strategy-consultation-october-2012

[98] Nexus Market Research – customer perception scores at Haymarket and Chillingham Road
[99] Next Market Research 2007

3.2.2 When there are increasing pressures on public funding, however, there is a need to focus future investment on those areas that are likely to have the biggest impact.

3.3 What the ITA will do

3.3.1 Based on the preceding discussion, the ITA has identified four deliverables that will address the decline in patronage. The ITA and Passenger Focus[100] believe perception of users and non-users is equally valid as actual performance; hence this strategy aims to address both.

These are:

- Introduce a fully integrated, multi-modal Tyne and Wear public transport network, built around a high frequency core strategic network;
- Provide a unified and consistent customer offer and guarantee standards of customer service through the implementation of a 'Customer Charter';
- Ensure that bus users are fully consulted prior to network changes;
- Ensure that all infrastructure is accessible and of a high standard and includes measures to improve safety.

3.3.2 Investment in infrastructure across the core strategic network should be focused on maintaining, and preferably increasing, punctuality and reliability, as these are key drivers of customer satisfaction. Wherever appropriate bus operators, Nexus and relevant Local Authorities should develop Punctuality Improvement Partnerships (PIPs), following DfT guidance, which will include the setting of punctuality and reliability targets, an agreed set of actions and interventions to meet those targets, and the publication of progress towards them.

3.3.3 The ITA expects that Nexus will work with bus operators to attempt overcome often inaccurate perceptions of punctuality and reliability, and will seek to introduce Real Time Information (RTI) across the local bus network to provide passengers with accurate departure information.

3.3.4 As part of the PIPs, Nexus should work with Local Authority partners and bus operators to monitor performance more closely to identify issues with specific corridors/areas and on a more frequent basis, to identify

[100] http://www.passengerfocus.org.uk/research/publications/passenger-focus-response-to-nexus-tyne-and-wear-region-draft-bus-strategy-consultation-october-2012

congestion pinch points, and to implement congestion reduction measures. The ITA will also seek commitments to improving punctuality from operators in line with the targets for punctuality as established by the Traffic Commissioner.

3.3.5 In order to move towards a more integrated public transport network, the ITA will require that Nexus works with bus operators to produce timetables which complement each other and facilitate transfer, enabling passengers to make easier journeys where services provided by more than one operator and/or on different modes.

3.3.6 To support this, the ITA will require Nexus to ensure that passengers are able to access information easily and in a variety of appropriate formats.

3.3.7 Customers must find it easier to obtain information, and in order to achieve this Nexus will need to exploit new technologies including the internet, mobile and near field communication (NFC) and social media. In particular, Nexus will expand the availability of real time bus data to passengers who have mobile devices through the dissemination of on-bus location data sent from electronic ticketing machines. Nexus has seen a year on year decrease in enquiries by phone and through Travelshops of over 10% whilst access to information via the Nexus website and via mobile phone has grown significantly.

3.3.8 Nexus should nevertheless maintain adequate provision of information for customers who do not have access to the internet, or whose preference is to use paper or voice-based formats.

3.3.9 The ITA wants all customers to receive an exceptionally high standard of customer service and recommends the implementation of a Customer Charter to act as a guarantee, outlining operators' commitments to customers. The Customer Charter should make sure that customers know what they can expect, how current performance levels match those commitments, and should also ensure that those who wish to contact Nexus know how to do so.

3.3.10 Targets for customer satisfaction and perception of safety will be published in the Customer Charter and made available to the public. Performance against these targets should be published periodically, at least once per quarter. Charter updates should be displayed in locations where they can be easily accessed such as the Nexus website, bus stations, interchanges and Nexus Travelshops in Tyne and Wear. Customer Charters are used widely on the Heavy Rail network and have been a feature of Metro since 1999. Passenger Focus believes that a Customer Charter which publishes performance information "could empower customers to ask questions of operators and local authorities".[101]

3.3.11 The ITA wishes to see a consistent and high level of customer care provided by bus operators and Nexus, and will measure this by recording levels of customer satisfaction. In consultation with bus operators, a customer complaint handling process should be developed, with the aim of providing a single point of contact for customer complaints and feedback (including the reporting of lost property).

3.3.12 The ITA will work with bus operators and Nexus to enhance the consultation process over bus service changes. The ITA expects that consultations will be planned well in advance of proposals being finalised, in order to ensure that stakeholders' views are taken into account before changes are made. Consultations involving the affected customers and local residents, including the relevant Local Authority and Nexus, should be open for a sufficient length of time to allow for those affected by the proposals to view them and provide their feedback. The ITA believes that this will result in an increase in community engagement in the planning of bus services, and thus will contribute to greater customer satisfaction and thus bus usage.

3.3.13 Bus stops/stands and stations should be designed and improved to be accessible in line with "Bus and Coach Station Design and Operation: Guidance for safe design & operation of Bus Stations & Interchanges June 2011", produced by industry and government stakeholders. The ITA will work with partners to promote the continued rollout of safety features at bus waiting facilities, including improved CCTV coverage.

3.3.14 Members of the public believe that more should be done to offer value for money local travel, and research conducted in 2009 found that 68% of participants agreed, or strongly agreed with this statement[102]. The preceding discussions would suggest that the best way to improve the perception of value for money is to invest in those that the research shows should have the greatest impact on patronage.

3.3.15 The ITA expects that bus operators and Nexus will explore ways to improve the current ticketing offer for young people between the ages of 16 and 21. The school leaving age will increase to 18 in 2013, and although some attractive operator-only ticket products exist for young people, the ITA believes that the current multi-modal offering is inadequate, particularly for those aged between 16-18 and people in vocational training. After 16 there are some operator specific products

[101] http://www.passengerfocus.org.uk/research/publications/passenger-focus-response-to-nexus-tyne-and-wear-region-draft-bus-strategy-consultation-october-2012

[102] Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)

available offering a discount for those in full time education. However for the majority the only product is a full adult fare for bus and multi-modal journeys.

3.3.16 Simplified ticketing and integrated products

The ITA has an aspiration for a simpler, more easily understood fare structure which is easy for customers to understand regardless of which operator's services they will use. A through journey made by public transport using two or more separate services should not require the purchase of more than one ticket. (ref Market research in 2.2.4)

3.3.17 To contribute to better clarity over fares and ticketing, the ITA suggests that a common naming standard could be adopted for operator-own products (e.g. 'single', 'day ticket', etc) and to replace (or be used alongside) any operator-specific brand names.

3.3.18 The ITA expects that smart ticketing will be expanded to make it easier to pay in advance, and to reward regular loyal customers through incentives and offers on other products.

3.3.19 The ITA, along with other Transport Authorities in the North East, has invested heavily in the NESTI project to allow ITSO smart ticketing to be introduced. The ITA would like to see further development of smart ticketing in Tyne and Wear, including the introduction of multi-operator smart products, widespread use of multi-operator 'pay as you go' products (including fare capping), and integration of transport smartcards with wider non-transport uses. The ITA considers that such measures will increase the attractiveness of public transport, and so promote growth in bus patronage.

4. Maintaining accessibility

4.0.1 As shown in 2.5.2 DFT figures show that the network in Tyne and Wear has decreased in size (measured by kilometres operated) by 31% since 1997/8.[103] In that period patronage has fallen by 19%. Secured bus mileage has increase by 28% since 2001.

4.0.2 The bus network should aim to focus on providing good and consistent access to those services needed by the majority of Tyne and Wear residents. It should incorporate the high frequency core network described in section 2, but also a secondary network that feeds into the core routes and improves accessibility over a wider area. However accessibility in Tyne and Wear has declined over time.

4.0.2 The mechanism by which such feeder services interact with the main corridors will also be important – for example there is little point in a high frequency service arriving at an interchange point just after a lower frequency service has departed. To achieve the best outcome for passengers the overall network operation must be considered and integration within this, as well as the impact of any changes.

4.0.3 'Freezing' a network indefinitely with no changes is neither logical nor practical, given the need to react to changes in demand as travel patterns alter, particularly with new developments, as well as prevailing economic conditions.

4.0.4 What the research shows, however, is that the present frequency of changes is disruptive to passengers[104], and adds to the perception that the public is not consulted. Agreeing a schedule that minimises network changes and allows more widespread consultation should address this issue.

4.0.5 Ideally the bus network should be considered as a whole to ensure the most effective distribution of resources to both meet demand and satisfy local accessibility requirements. However competition law restrictions normally prevent network or timetable co-ordination. Provisions under the Local Transport Act 2008 allow for the ITA to facilitate network co-ordination under certain circumstances, and precedents exist elsewhere in the UK of this legislation being used successfully.

[103] DfT Regional transport statistic (2008), cited in Pteg (2010), transport and Social Inclusion: have we made the connection in our citites

[104] MVA (March 2011), Evaluation Performance, Nexus, Market Research, Bus priorities Research

4.1 Where the ITA would like to be

4.1.1 The ITA would like to maintain accessibility in Tyne and Wear, ensuring that as many residents as possible are able to reach employment sites, and essential services and facilities by public transport within 30 minutes. Where possible the ITA would look to grow this provision. A network that is designed to promote accessibility will support economic growth and help to reduce social exclusion.

4.1.2 The ITA has set out a series of targets for accessibility. These include major and local centres, places of employment and key services and facilities. The targets are set out in section 7 and progress towards these targets will be measured by using the Tyne and Wear Accessibility Model.

4.1.3 The ITA wishes to see the development of an agreed protocol for planned network changes taking place only once per year in each part of Tyne and Wear (with a separate process to deal with changes arising from exceptional circumstances). This is intended to address customer feedback about the frequency of changes.

4.2 What the ITA has done

4.2.1 The ITA has already been working with partners to address the factors that contribute to maintaining accessibility. Deliverables include:

- Changes to the secured service network to deliver a more flexible approach to maintaining accessibility in Tyne and Wear;
- Listened to local needs and altered secured services to more closely match identified requirements, taking account of local circumstances and passenger feedback;
- Developing a system of fixed change dates at a district level to minimise customer confusion;
- Adopt a uniform bus livery across many secured services to raise awareness of the secured network and reduce levels of customer confusion;
- Develop a shopper and group travel service to meet specific transport needs.

4.2.2 Maintaining (and preferably increasing) accessibility to the Tyne and Wear bus network will require on-going action, however, focused on the issues emerging from the research with passengers the ITA aims to achieve the accessibility targets set out in section 7.

4.3 What the ITA will do

4.3.1 Based on the preceding discussion the ITA has identified the following deliverables that will help to achieve the accessibility targets set out in section 7.

- **Adopt accessibility standards and targets across the Tyne and Wear Network;**
- **Introduce a common brand and accessible high quality buses;**
- **Work with bus operators to create a more integrated network through timetabling and ticketing initiatives.**

4.3.2 The ITA will also work to promote dialogue with the health and education sectors. The centralisation of many health and education facilities throughout Tyne and Wear has led to an increasing need for new public transport links. The ITA needs to ensure that health and education providers give transport due consideration at an early stage in their development of their plans, ensuring that sustainable travel is a viable option for users of their facilities.

4.3.3 The ITA will work closely with Local Authorities to ensure that the transport network aligns to and supports land use planning policies.

4.3.4 The ITA expects that bus operators and Nexus will work together to ensure that a unifying network brand is developed and adopted to simplify public transport for customers, and to instil a high level of confidence. Such a brand is also intended to promote the bus system to current non-users.

4.3.5 Common branding can take a number of forms, from a full common livery through to common identifiers on locations on bus. The ITA's preference is for branding to be used in such a way as to help with customer confidence in standards and quality.

4.3.6 Finally the ITA will closely monitor progress made towards achieving the accessibility targets set out in this document.

4.3.7 Common branding, combined with simpler ticketing, and easy access to information aim to help overcome perception barriers which stop people from using bus services.

5. Improving value for public money

5.0.1 As discussed in section 2.6 above it is estimated that at present, 42% of the income received by bus operators in Tyne and Wear comes from public sources. Nevertheless the pressure to use diminishing resources to step in where commercial operations have ceased continues to increase. At the same time, patronage continues to decline.

5.0.2 Nexus generally calculates subsidy as:

(Contract costs + Direct contract Management) – Income / Patronage

5.0.3 The ITA's stakeholders rightly expect that it will examine where it will get the greatest return for its investment before allocating resources. At present, a significant amount of the ITA's resources are allocated to Concessionary Travel reimbursement (approx. 40 million in 2012/13). In accordance with current legislation this funding is used to reimburse bus operators such that they are 'no better and no worse off' as a result of carrying eligible passengers without charge. In order to provide budgetary certainty to both Nexus and bus operators, this can often result in a negotiated settlement. As customer research has shown passenger report a lack of consultation on service design. Bus operators receive 42% of their income from public sources, but often commercial decisions, such as withdrawing service from isolated estates, runs contrary to ITA objectives.

5.0.4 Concessionary Travel reimbursement accounts for a large proportion of local bus operator income; however reimbursement is compliant with current legislation and therefore the structure of the industry prevents any form of competitive test being applied to it, despite its size.

5.0.5 At the same time, the ITA like all public authorities is under considerable financial pressure. In these circumstances the ITA is bound to seek to achieve 'more for less', in other words the achievement of its objectives for less public funding than has previously been the case.

5.0.6 Reducing carbon emissions generated by transport is a priority both nationally and locally. Increasing modal shift from car to bus has been shown to reduce transport's contribution to carbon emissions as does improving the quality of the bus fleet.

5.1 Where the ITA would like to be

5.1.1 Just as the ITA wishes to end the spiral of decline between the network and accessibility, so too it wishes to ensure that any future investment in the network is getting the desired results. The local bus network will continue to require support, but it should be targeted support to underpin other parts of this Strategy and its overarching objectives.

5.1.2 The ITA wishes to reduce the level of per passenger support whilst achieving an end to declining patronage, and meeting its accessibility targets.

5.1.3 Additionally the ITA wishes to reduce the amount of carbon from the transport network and has set a target for carbon emissions.

5.2 What the ITA has done

5.2.1 The ITA has already been working with partners to address the factors that underpin the perception of value for money. Deliverables include:

- Co-ordinated the introduction of the North East Smart Ticketing Initiative to provide a framework for the delivery of smart ticketing products;
- Reviewed the provision of secured bus services through the Accessible Bus Network Design Project, to grow accessibility within a constrained resource;
- Upgraded and modernised bus interchanges and increased staffing levels to benefit users;
- Set environmental standards for secured bus services;
- Bid for funding from the Green Bus Fund.

5.3 What the ITA will do

5.3.1 Based on the preceding discussion, the ITA has identified three deliverables that will improved the perception that local bus services are providing better value for money. These are:

- **Ensure affordability for both the customer and the taxpayer;**
- **Simplify fares and ticketing and improve integrated ticket products;**
- **Set improved environmental standards for the bus fleet.**

5.3.2 The ITA will continue to require that Nexus' budget for secured services is expended in such a way that the greatest level of accessibility is provided for the resources provided.

5.3.3 The ITA intends to monitor and contribute to the government's various reviews of bus subsidies, in particular changes to the way in which BSOG is calculated and distributed, and alterations to way in which Concessionary Travel is funded and distributed.

5.3.4 Where services are tendered, The ITA will require that Nexus continues to achieve best value for money through competition in contract award. The ITA also expects that Nexus will seek to align its secured services with the objectives deliverables set out in this Strategy.

6. Bus Strategy deliverables

6.0.1 The following is a consolidated list of the deliverables that are set out in preceding sections:

1. Introduce a fully integrated, multi-modal Tyne and Wear public transport network, built around a high frequency core strategic network
2. Provide a unified and consistent customer offer and guarantee standards of customer service through the implementation of a 'Customer Charter'
3. Ensure that bus users are fully consulted prior to network changes
4. Ensure that all infrastructure is accessible and of a high standard and includes measures to improve safety
5. Adopt accessibility standards and targets across the Tyne and Wear Network
6. Introduce a common brand and accessible high quality buses
7. Work with operators to create a more integrated network through timetabling and ticketing initiatives.
8. Ensure affordability for both the customer and the taxpayer
9. Simplify fares and ticketing and improve integrated ticket products
10. Set improved environmental standards for the bus fleet

6.0.2 To achieve these deliverables the ITA will consider all options available to it, in order to identify which of them stand the best chance of supporting successful delivery. Since November 2011, Nexus, on behalf of the ITA has been examining the preferred delivery options under the Bus Strategy Delivery Project.

6.0.3 The project includes an examination of delivery options such as Voluntary Partnership Agreements, Quality Partnership Schemes and a Quality Contract Scheme. A more detailed description of what each of these options entails is contained in Appendix A. However, one of the main criteria when examining delivery options will be the contribution each makes to achieving the vision, objectives and deliverables set out within this Strategy.

6.0.4 The ITA has already made good use of some of the opportunities this presents by developing a series of partnership agreements that cover selected bus services in Tyne and Wear. However, research has found that residents are generally unaware of these partnerships[105]. Participants have also queried why partnerships are necessary, stating that all partners should automatically strive to provide the best possible service[106].

6.0.5 This Strategy acknowledges the importance of on-going engagement with customers, whether it be asking for their opinion or informing them of service changes.

[105] MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
[106] MVA (March 2011), Evaluation Performance: Nexus Market Research Services, Bus Priorities Research

7. Targets and Monitoring

7.0.1 The approach taken throughout this document has been to identify a small number of objectives that are grounded in evidence, and from that develop a set of key deliverables. To judge how effective these deliverables will be (and have been) requires setting targets that relate to the higher level objectives.

7.0.2 Therefore, three targets have been set for the Bus Strategy, namely:

- **Increase total bus passenger journeys in Tyne and Wear from a baseline of 139 million to 149 million by 2022**
- **Maintain or increase the percentage of the Tyne and Wear population within 400m of a frequent (10 minute) daytime service at 56.8% by 2022**
- **Reduce the reliance of the Bus Network on public sector support from the benchmark of £0.49 in 2012**

7.0.3 These targets will be supported by a number of other targets monitored across Tyne and Wear as shown in the table overleaf, together with on-going market research conducted both locally and nationally.

7.0.4 The supporting targets have been chosen to underpin the principal targets by allowing a more detailed examination of the influencing factors when reviewing delivery options and action plans. For example, they include customer satisfaction with fares and ticketing, as research[107] shows that within the current Tyne and Wear market simplifying fares could increase demand by 2.7% and developing a Customer Charter could increase demand by 1.7%.

7.0.5 They also include measures of both actual and perceived punctuality and reliability, as the preceding discussion noted that there is a gap between them at present, but that both are important to increase patronage.

7.0.6 Reporting on progress towards these targets will take place on an annual basis, allowing a review of the effectiveness of the deliverables, as well as any changes. The Bus Strategy itself will also be refreshed annually to take account of changing circumstances.

[107] Department for Transport (2009), The Role of Soft Measures in Influencing Patronage Growth and Modal Split in the Bus Market in England

Measure[108]	Benchmark	Target 2022
Improve perception of punctuality	68%	78%
Improve actual punctuality of non-frequent services	90%	95%[109]
Ensure that excess waiting time for frequent services is never more than Traffic Commissioner target of 1.25 minutes	0.81	1.25 (minutes)[110]
Improve perception of reliability	65%	70%[111]
Improve actual reliability	99%	99.5%
Improve overall customer satisfaction	80%	85%
Improve satisfaction with cost of fares	58%	68%
Improve customer satisfaction with the range of available tickets	76%	85%
Decrease $C0_2$ emissions	88.4 grams per passenger kilometre	80.1 grams per passenger kilometre
Maintain access to main centres within 30mins (% of Households in T&W) Day time (10am)	57.1%	57.1%
Maintain access to main centres within 30 minutes (% of Households in T&W) Evening (8pm)	52.1%	52.1%
Maintain access to local Centres within 30 minutes (% of households in T&W) Day time (10 am)	97.7%	97.7%
Maintain access to local Centres within 30 minutes (% of households in T&W) Evening (8pm)	95.5%	95.5%
Maintain access to key employment sites within 30 minutes (% of Households in T&W) Day time (10 am)	62.2%	62.2%
Maintain access to key employment sites within 30 minutes (% of Households in T&W) Evening (8pm)	41%	41%
Maintain access to a General hospital within 30 minutes (% of households in T&W) day Time (10am)	67.5%	67.5%
Maintain access to a General hospital within 30 minutes (% of households in T&W) Evening (8pm)	57.6%	57.6%
Maintain access (within 400m) to frequent (10 minute) Service Day time (10am)	56.8%	56.8%
Maintain access (within 400m) to frequent (10 minute) Service Evening (8pm)	0.2%	0.2%
Maintain access (within 400m) of a 15 minute Service Day time (10am)	77.7%	77.7%
Maintain access (within 400m) of a 15 minute Service Evening (8pm)	17.5%	17.5%

[108] Accessibility measured as of March 2012.
[109] Target set nationally by Traffic Commissioner
[110] Target set nationally by Traffic Commissioner
[111] Target set nationally by Traffic Commissioner

NB. Overall customer satisfaction score is made up from a number of indicators These are:

- Reliability of bus services
- Punctuality of bus services
- Speed of bus journeys
- Cost of tickets
- Range of tickets
- Cleanliness of buses
- Overall comfort on buses
- Behaviour other passengers
- Helpfulness of bus driver
- Provision of shelter
- Condition of shelters
- Lighting at bus stops
- Cleanliness of shelters
- Bus numbers on bus stop plates
- Information at stops

8. Concluding Remarks

8.0.1 The government's[112] vision is *'for a 'better bus' with more of the attributes that we know passengers want: more punctual, inter-connected services, an even greener and more fully wheelchair and buggy-accessible fleet and the widespread availability of smart ticketing'*.

8.0.2 The crucial role that local bus services play in influencing quality of life, economic growth and environmental improvements is well understood and recognised. The challenge for all parties is to promote and deliver a 'better bus' at a time of increasing pressure on available funding.

8.0.3 In developing this Strategy, the ITA has examined current trends and issues with local bus services across Tyne and Wear, to develop the three clear Strategy objectives and a series of deliverables. The task now is to work with all parties to turn this Strategy into tangible outputs that help create a 'better bus'.

8.0.4 How the vision and objectives within this Strategy are achieved is probably the next most important task, to be taken forward through the Bus Strategy Delivery Project. This will undoubtedly uncover different perspectives and views on delivery, but all parties cannot let this debate cloud what all of those involved in local bus services in Tyne and Wear wish to see.

8.0.5 The government's vision is the same for the ITA, Nexus, the Tyne and Wear local transport authorities, the bus operators, and most importantly, bus passengers. Through implementing this Strategy, that must be our common goal.

[112] Department for Transport (2012), Green Light for Better Buses

Glossary

Bus corridors- routes with frequent services, normally used by more than one bus service

Bus Service Operators Grant (BSOG)- the support given to bus companies from central government, currently paid in the form of a partial rebate on the fuel duty paid by operators for fuel used operating scheduled bus services

Commercial bus network- the bus network that is provided by operators at their own risk with no financial support from Nexus

Deregulation- the deregulation of buses took place in 1986. Deregulation removed council controls over routes, services and fares and allowed bus companies to determine their own routes, services and fares.

Frequent Services- those where the interval between services is 10 minutes or less

Governance- relates to decisions that define expectations, grant power or verify performance. Typically administered by a government

Integrated Transport System- a public transport network where timetables and services are co-ordinated as much as possible to make it easier to change between bus services and between bus and Metro

Local Transport Authority- in Tyne and Wear this is the Integrated Transport Authority (ITA)

Niche Transport- specialist transport services for those unable to access mainstream public transport services

Pteg (the Passenger Transport Executives Group)- The association of PTEs that are responsible for public transport planning in former English metropolitan county areas outside London.

Quality Contract- A contract let to a bus operator to run specified local bus services under a Quality Contract Scheme

Quality Contract Scheme (QCS)- A scheme under which an Local Transport Authority determines what local bus services should be provided in the scheme area and any additional facilities or services which should be provided. Local bus services may only be provided in that area in accordance with Quality Contracts. Note the distinction between a QCS and a QC. A QCS is the overarching scheme and the QC the individual contracts with operators.

Quality Partnership Scheme (QPS)- Local councils agree to invest in improved facilities and operators who wish to use those facilities undertake to provide services of a particular standard (e.g. new buses, driver training standards, frequencies, timings or maximum fares). Only those operators prepared to provide services to the standards specified in the scheme are permitted to use the facilities.

Real Time Information- information that is relayed to passengers that tells them how their bus service is running in 'real time' thus alerting passengers when buses are running late

Smartcards- a technologically advanced form of ticketing that can be adapted to allow a variety of different ticketing options e.g. multi-modal, single operator, off peak only etc.

Voluntary Partnership Agreement (VPA)- is a particular type of voluntary agreement defined by the local transport Act as and is defined in the Act as a voluntary agreement under which:

- A local transport authority, or two or more local transport authorities, undertake to provide particular facilities, or to do anything else for the purpose of bringing benefits to persons using local services, in the whole or part of their area, or combined area, and
- One or more operators of local services undertake to provide services of a particular standard

Appendix A. Delivery Options

A.0.1 The Local Transport Act (2008) has brought about new and improved opportunities for the key private and public sector bodies to work together. Nexus has already made good use of some of the opportunities this presents by developing a series of quality partnership agreements that cover selected bus services in Tyne and Wear. However, research has found that passengers query why partnerships are necessary, stating that all partners should automatically strive to provide the best possible service[113].

A.0.2 There are four delivery options for consideration when implementing this Strategy: 'do nothing', Voluntary Partnership Agreement, Quality Partnership Scheme and Quality Contract Scheme. This appendix explores the contribution each option could make to achieving the Strategy objectives. The analysis of each delivery option takes in to account the customer's perspective and financial sustainability.

A.1 Do Nothing

A.1.1 Under a 'do nothing' scenario, local bus services would operate as at present – operators would continue to run a network of commercial services, and determine fares, and Nexus would still be required to subsidise socially necessary services which cannot be operated on a commercial basis.

A.1.2 Given the analysis of current trends within this Strategy, it is likely that the network will continue to decline as on-going budget reductions make the current level of service provision financially unsustainable.

A.1.3 The Tyne and Wear version of the National Bus Model[114], which is used for patronage forecasting, predicts that, under the 'do nothing' scenario, bus patronage will continue to decline over the next ten years.

A.1.4 Therefore, none of the three objectives of this Strategy would be achieved through a 'do nothing' approach, and it cannot be advocated as being in the best interests of Tyne and Wear's bus passengers.

A.2 Voluntary Partnership Agreements

A.2.1 A voluntary agreement is a non-statutory term used to describe agreements entered into by one or more bus companies and at least

[113] MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research
[114] The National Bus Model is a demand forecasting model for the bus industry that uses data from a wide variety of sources including patronage, revenue, costs and demographics, and uses this data to project their influence on demand by applying a series of elasticities. The model also provides the functionality to model the effect of applying different interventions to the bus market with regards to estimating the impact on demand, costs and revenue.

one local transport authority, on a voluntary basis. A voluntary agreement can cover any matters on which the parties involved are able to reach agreement, so long as it is within each party's powers to deliver its side of the agreement.

A.2.2 The Local Transport Act creates the statutory concept of a Voluntary Partnership Agreement (VPA). A VPA is a particular type of voluntary agreement, and is defined in the Act as a voluntary agreement under which:

- A local transport authority, or two or more local transport authorities, undertake to provide particular facilities, or to do anything else for the purpose of bringing benefits to persons using local services, in the whole or part of their area, or combined area, and
- One or more operators of local services undertake to provide services of a particular standard.

A.2.3 In order to satisfy the definition of a VPA, an agreement must involve at least one local transport authority.

A.2.4 As implied by the name of the agreement, this is a voluntary arrangement, and even a VPA will often involve the goodwill of the various parties to ensure delivery – typically, VPAs do not include penalty clauses.

A.3 Quality Partnership Scheme

A.3.1 A Quality Partnership Scheme (QPS) extends the principles of a VPA somewhat, in that Nexus and/or local transport authorities agree to invest in improved facilities at specific locations along bus routes (such as bus stops or bus lanes) and operators who wish to use those facilities undertake to provide services of a particular standard (such as new buses, driver training standards, frequencies, timings or maximum fares).

A.3.2 Only those operators prepared to provide services to the standards specified in the QPS are permitted to use the facilities. Whilst other operators are not generally prevented from providing local services in the area covered by the QPS, they cannot use the facilities provided. To that extent, it provides a greater degree of certainty of delivery for all parties than a VPA. Indeed, the DfT envisages that one of the strongest arguments for a QPS in a particular area is to strengthen and reinforce voluntary agreements between authorities and operators, with agreed objectives and outputs on both sides.

A.3.3 A QPS is a statutory scheme – unlike a VPA, it is 'made' by Nexus and/or the local transport authorities. Once the scheme is made, Nexus and/or the local transport authorities are under a statutory duty to provide the facilities identified in the scheme from the dates specified, and to maintain those facilities for as long as the scheme is in operation.

A.3.4 Also once the scheme has been made, any operator providing local services in the relevant area may use the facilities provided under the scheme, so long as they have given written undertaking to the Traffic Commissioner that they will provide services to the standards specified in the scheme. The Traffic Commissioner can take enforcement action against any operator who uses the facilities but has not given the necessary undertaking, or against an operator who has given such an undertaking but who fails to provide services to the specified standards.

A.3.5 The Local Transport Act contains safeguards to ensure that unrealistic conditions are not imposed on operators, and that their legitimate right to a fair rate of return is not undermined. The process set out in primary and secondary legislation by which an operator can object to particular standards included in a scheme, is an important feature of this. But at the same time it places a responsibility on operators to justify the grounds for their objection, thus minimising the scope for vexatious or frivolous objections.

A.3.6 A QPS can be supplemented by Qualifying Agreement, which is an agreement reached solely between the bus operators, but one which must not infringe on competition laws. For example, a QPS may include requirements about frequencies or timings on a route (or in an area) where services are provided by two or more operators, and those operators may need to reach an agreement about which operator will run which services at a certain time.[115]

A.3.7 A Qualifying Agreement may come about as a result of a mutual discussion or as a requirement from a QPS. There is no requirement for a local transport authority to be part of any formal discussions. However, the DfT does encourage bus operators to discuss their proposals with their local transport authorities, and any agreement needs to be endorsed and certified by the local transport authorities.

A.3.8 As described, a QPS (and any supporting qualifying agreements) has the ability to address the objectives of this Strategy, given the incentives for delivery for all parties that a statutory scheme would deliver. To date in the UK, a QPS has typically covered a particular bus corridor or area of operation, because of the legislative process and the safeguards on unrealistic expectations contained within the Local Transport Act.

A.4 Quality Contract Scheme

[115] Department for Transport (2008), Local Transport Act 2008, Improving Local Bus Services: Guidance on Voluntary Partnerships

A.4.1 A Quality Contract Scheme (QCS) is an arrangement which allows local bus services to be specified and operated on a franchise basis. A QCS is more likely to cover a wider area of operation, and all services within it.

A.4.2 Under a QCS, Nexus would determine the standards and network to be provided and would let contracts to bus operators granting them exclusive rights to the specified services. A QCS may consider all areas of the service, including routing, quality, frequency, price and interchange efficiency with other modes.

A.4.3 There is no QCS is operation anywhere in the UK at the present time, although the legislation has been available for some time. The 2008 Act included some changes, ensuring that the process of assessing a QCS proposal is a more transparent, rigorous and appropriate process, and setting out five tests that need to be met for a QCS to be made. These five tests cover the objectives of this Strategy, including value for money.

A.4.4 As well as having the greatest degree of specification of service coverage and quality at the outset, a QCS also has the greatest level of sanction on non-delivery, as repeated failure to adhere to the terms of the QCS would result in the incumbent operator losing the right to operate services under that contract.

A.4.5 As mentioned within the Strategy, the preferred option for implementation should be the one which is expected to make the greatest contribution to achieving the vision, objectives and deliverables set out within this Strategy. If appropriate, a combination of more than one delivery option could be explored and implemented in Tyne and Wear.